Submission to the Productivity Commission's Draft Report on *Progress in Rail Reform*

Railway Technical Society of Australasia April 1999

1. The present submission to the Productivity Commission will respond to the March 1999 Draft Report, and a question on notice given at the October 1998 hearings as to whether Federal land transport dollars should be diverted from road construction to rail track upgrading. This submission will draw upon a previous submission to the House of Representatives Standing Committee on Communications, Transport, and Microeconomic Reform (the Neville Committee) examining the role of rail, and, a recent submission by the Institution of Engineers, Australia to the Senate Select Committee on a New Tax System.

2. Reference will also be made to our brochure 'Fix the Rails' (copy attached) that conveys our strong support for certain recommendations of the Neville Committee, and, our new summary report on the need for training of engineers (copy also attached).

3. The RTSA welcomes the draft report, but hopes that the final report can be improved in several areas, including engineering factors such as track quality, plus energy efficiency and rail's potential contribution to sustainable transport and greenhouse gas reductions.

4. More recognition of the findings and recommendations of the report 'Tracking Australia' from the Neville Committee would be appreciated in the Final Report, particularly in the areas of:
   i. track infrastructure quality - both condition and alignment,
   ii. the need for more Commonwealth funding in the short term, and,
   iii. education and training of rail staff.

In regards to <u>track condition and alignment</u>, the Draft Report appears to give only a few pages to this area, one of which (page 196) notes, inter alia, *'...a large disparity in road and rail investment'* with generous funding of some roads, whilst ***'...there has been inadequate investment in some parts of the rail network'*** (page 198, Commission's emphasis). The

RTSA would like to see the Final Report give more attention to track quality and engineering standards, to the level of detail that was given in the Neville Committee's report (which gave particular emphasis to the Geelong-Ararat section - where concrete sleepers that have sat by the side of the degraded track for four years are only now being inserted - which is also an illustration of the negative aspects of rail separation of functions). Quoting from our initial submission.: *"...Unfortunately, while Australia boasts probably the world's most energy efficient freight trains (being the privately owned iron ore trains), much of the nation's interstate mainline network is in an unsatisfactory state. For example, the network has numerous speed-weight restrictions due to:*

- *old wooden sleepers in Victoria;*
- *light weight rail on the Melbourne to Albury standard gauge track;*
- *a curve for every kilometre plus steep ruling grades from Albury to Sydney*
- *poor alignment from Sydney to Brisbane; and*
- *some 575 km or 40% of the mainline interstate track in NSW fails to meet basic fast freight train standards of no grade steeper than 1 in 66 and no curve radius tighter than 800 metres. (Between Melbourne and Perth the failure figure is only 4%)."*

The issue of antiquated safeworking systems also deserves more comment in the final report. One example is that cited in the ABC 7.30 Report for 6 November 1998, with an old staff system between Acacia Ridge (in Brisbane) and Casino (NSW) requiring big heavy freight trains to stop at every crossing loop.

Poor mainline track alignment also needs more attention in the Final Report, as does the more positive aspects of Queensland Rail's Mainline Upgrade (MLU) to remedy speed weight restrictions. It seems MLU only rates one mention in the draft report (page 71), and a negative view, which is odd, since MLU was an essential part of rail reform in the 1990s. However, a more balanced picture is that the MLU track upgrading, including 120 km of high quality deviations and hundreds of new bridges, allowed for faster and heavier freight trains. MLU also assisted the introduction of the Brisbane - Rockhampton tilt train on 6 November 1998. It should also be noted that MLU was done with a minimum of disruption to existing train operations, with track possessions measured in hours rather than days.

The Need for more Commonwealth Funding in the short term Fixing poorly maintained standard gauge track on good alignment in Victoria, or good track on poor alignment in NSW and the Adelaide Hills, as recognised by the National Transport Planning Taskforce (NTPT) in 1994-95, and the Neville Committee's report in 1998, will require investment. The RTSA considers that the Final Report needs to say more in this regard, and that if the Commission cannot endorse the Neville Committee's recommendation for funding, it should at least endorse the recommendation of the Smorgon Committee to expedite the $250 million investment, and then provide an extra $470 million.

In regards to the education and training of rail staff, the attention given in the draft report is inadequate, and tends to treat all rail employees as if they were similar to each other and just numbers. Running a large railway is a complex business, and requires a diversity of skills, trades and professions (including accountants, engineers, and now lawyers). To realise its potential, rail infrastructure will need to be upgraded which requires a significant number of both skilled rail engineers and technically competent managers. The present indications are that in some areas, there will be a serious shortage of qualified railway engineers. The RTSA emphasises the seriousness of the situation, with our new summary report, and quotes again from our original submission re *Skills Training and Education.*
The rail industry has been extensively downsized and it is of concern that, in the future, there will be insufficient Australian expertise to adequately service the rail industry. Shortages have already occurred in specific areas. ...The shortages will become increasingly apparent in the near future as many of the industry's aged workforce retire. Currently, due to the fragmented nature of the industry and the industry's turmoil resulting from large-scale retrenchments, rail organisations have not undertaken skills training to mitigate the anticipated skills shortages, particularly for tradespeople and professional engineers. ***A 6 month research project undertaken by the Institution of Engineers Australia has confirmed that shortages of railway engineers will occur in the future****.*

It is recommended that a rail sector-wide strategy be developed to eliminate future engineering skills shortages. The strategy should be developed by representatives from industry, government, professional associations and education providers.

5. Other comments

i. diesel excise,
ii. competitive neutrality between road and rail,
iii. separation of rail functions,
iv a National Infrastructure Advisory Council, and,
v. the need for more research in the rail industry, and better land transport data

Diesel Excise RTSA appreciates the attention given in the draft report on the diesel excise question, but we invite the Commission to reiterate its earlier recommendations (Rail Transport 1991, Petroleum Products, 1994) that rail should receive a rebate for diesel use; however, **road diesel excise should not fall**. A rail diesel rebate is supported by the Smorgon Committee.

Competitive neutrality between road and rail The RTSA would welcome the proposed inquiry. However, getting road pricing onto a more commercial basis may take some years. It is important that in the meantime, rail infrastructure be 'brought up to speed' including the ATC goal of 80 km per hour for interstate intermodal freight trains. This will require capital works, with some rail deviations in certain locations.

At this stage, we would address the question on notice as to whether Federal land transport dollars should be diverted from road to rail track upgrading. The RTSA accepts the NTPT, Neville Committee, and other recommendations that in effect Federal land transport dollars should be allocated on economic grounds rather than political grounds, with environmental and social factors taken into account. There is ample evidence of 'gold plating' on some Federally funded road works, including for example, the Adelaide Hills road tunnels etc at some $138 million (Neville Committee plus our brochure). The same amount of money spent on the Adelaide - Melbourne railway would allow for double stacking of containers and some realignment to ease grades and curves on the eastern side of the Adelaide Hills. RTSA is not calling for a halt on existing Federally funded road works, although there may be a case for some slowing down and/or imposition of tolls in some cases. However, we would expect all future proposals for road works needing Federal funds to be evaluated, using consistent and transparent criteria, against intercity rail upgrading proposals, and proposals to improve urban rail public transport.

Separation of rail functions The RTSA suggest that there is a very strong case for Queensland Rail (QR) maintaining its current configuration. It is worth noting that, from a technical viewpoint, there is a fundamental flaw in the concept of separating above and below rail sections of the industry. The wheel/rail combination is an integrated system, and keeping wheels rolling on rails in an efficient manner is essential to good rail productivity. If the responsibility for different parts of this system are given to different organisations, inefficiencies in the use of the rail and the use of the rolling stock will start to creep in. Technical advances encompassing the wheel/rail system will be retarded. Evidence of this is already appearing in Australia (with the delay in fixing the track between Geelong and Ararat where new concrete sleepers sat by the side of the track in poor condition for four years, the delays in installing a triangle at Parkes, and the delays in improving safeworking systems), and, also in North America where some rolling stock owners have no responsibility for the track. One of the reasons why Government rail systems went into decline in recent decades was the historical fact that the Chief Mechanical and Chief Civil Engineers would not talk to each other. QR has overcome this problem, and is reaping the benefits as shown, for example, by the introduction of the first regular tilt train service in the Southern Hemisphere (which required track upgrading as well as construction of the new tilt trains). But now certain interests want to put a formal division (rather than the artificial one that used to exist) between the two parts of the rail technology!

In addition, the RTSA sees considerable merit in good public enterprise in the operation of efficient railways, and advocates a mixed ownership of rail networks. This is to foster competition between the public and private sector as well as increasing the opportunities for innovative activities.

The RTSA also sees it as essential that public, as well as private, rail entities be entitled to earn a good return on commercial operations, and be able to provide sufficient funds to upgrade their infrastructure and uptake new technology so as to remain competitive.

National Infrastructure Advisory Council (NIAC). The NIAC would be a national council reporting to the Council of Australian Governments (COAG). By June 1997, 22 peak business and industry associations had endorsed the NIAC proposal. The RTSA invites the Commission, in the final report, to at least consider the well supported proposal for a National Infrastructure Advisory Council.

The Need for more research in the rail industry and better land transport data Attention is also drawn to the need for more rail research, which has contracted in Australia over recent years and is necessary for technology uptake. The Federal funding of rail research lags far behind Federal funding of road research. As indicated by the Draft Report in several places, an improvement in the quality and quantity of land transport data in Australia is also called for.