

Response to the Productivity Commission Draft Report - Enquiry into the National Transport Regulatory Reforms

15 January 2020

Contents

Table of contents

1	Introduction	3
2	Fatigue Management Harmonisation	3
3	Intermodal Freight	3
4	Productivity	4
5	Interface Agreements	4

1 Introduction

Arc Infrastructure Pty Ltd (**Arc**) has reviewed the Productivity Commission's *Draft Report on National Transport Regulatory Reform (Draft Report)* dated November 2019 and welcomes the opportunity to provide further responses to the matters raised in the Draft Report.

Arc does not intend to respond to all matters raised in the Draft Report, but will focus on responding to queries raised by the Productivity Commission in connection with rail regulatory reforms and associated requests for information.

2 Fatigue Management Harmonisation

Above rail operators bear the risk arising from fatigue and have developed management plans to deal with those risks. Variances in compulsory fatigue management policies from state to state increase compliance costs for above rail operators and are unlikely to lead to improved safety outcomes. A nationally consistent fatigue management regime is likely to reduce compliance costs for above rail operators and is likely to improve safety outcomes.

Arc notes that ONRSR completed a review of fatigue management and drug and alcohol policies in mid-2019. ONRSR made a series of recommendations which, if adopted, would lead to a more consistent national regime. There is significant industry support for adoption of the ONRSR recommendations, and a wider review into fatigue management and drug and alcohol policies across the transport industry.

Arc suggests that fatigue management policies developed and implemented by above rail operators and approved by ONRSR would deliver safe outcomes with reduced compliance costs for above rail operators. Where an above rail operator has a suitable fatigue management policy in place which has been approved by ONRSR, that policy should be acceptable to all Australian jurisdictions.

3 Intermodal Freight

Arc supports investment in and long term planning for intermodal freight infrastructure, and the development of policies and regulation that promote the movement of increased volumes of freight on rail. Increasing freight movement on rail will lead to numerous improvements both to road safety and amenity in communities including:-

- Safer roads as a result of fewer heavy vehicle movements;
- Decreased wear and tear on road infrastructure;
- Increased amenity in local communities as a result of reduced noise and traffic congestion;
- Lower carbon emissions resulting from fewer heavy vehicle movements.

Arc recognises that road and rail freight are imperfect competitors, with rail being more efficient over long distances with large volumes of freight. Arc does believe

however that there are intangible societal benefits to supporting rail freight transportation over road freight movement.

Long term planning and investment in intermodal freight infrastructure is vitally important for future logistics planning in Australia. The government led Inquiry into National Freight and Supply Chain Priorities (March 2018) (**Inquiry**) identified that freight movements are anticipated to grow up to 80% between 2010 and 2030, currently 65% of that freight is moved by rail with 35% being moved on road. The Inquiry identified that the development of intermodal freight terminals would be of key importance to managing the freight movement growth. The importance of long term planning for this infrastructure should not be underestimated.

4 Productivity

A focus on the facilitation and adoption of new technology provides the best opportunity to improve productivity outcomes in the rail industry. ONRSR effectively supports the adoption of emerging technology by responding to developments in a timely fashion. Arc suggests that ONRSR could further encourage the development of emerging technology by sharing knowledge amongst rail industry stakeholders. As a central regulatory body, ONRSR is uniquely placed to identify emerging trends in the rail industry and disseminate information. In doing this, ONRSR could facilitate improved productivity outcomes without requiring a direct mandate to focus on productivity gains.

Arc believes that a review to identify further opportunities for productivity and efficiency gains in the rail industry would be beneficial.

5 Interface Agreements

Interface agreements (and the *Rail Safety National Law*) (**RSNL**) create an obligation for infrastructure managers and road managers to consider risks and risk mitigation strategies at specific infrastructure interfaces. The requirement to give due consideration to safety risks arising at particular locations and implement risk mitigation strategies at those locations likely improves safety outcomes.

Increasing awareness of the respective obligations of infrastructure managers and road managers created by the RSNL would improve the negotiation process. Typically rail infrastructure managers are aware of their obligations under the RSNL and ONRSR ensures that rail infrastructure managers comply with those obligations. However some road managers with limited exposure to the RSNL are either unaware of their obligations or unaware of the extent of their obligations.

In instances where a road manager does not engage in meaningful discussions to address risks at the interface, optimal safety outcomes cannot be achieved. Rail infrastructure managers are unable to fully mitigate the risks that arise at road/rail interfaces without cooperation from the relevant road manager. The best method of reducing risk at road/rail interfaces is for the relevant stakeholders to engage in meaningful and informed discussions in a cooperative manner. Many road managers are prepared to engage in discussions but lack information and guidance

as to their rail safety obligations, providing resources to road managers focussed on interface safety would likely lead to improved safety outcomes.

Interface agreements at road/rail interfaces are effective at managing safety risks when the road manager and infrastructure manager are engaged in the process. Greater education and awareness of rail safety obligations that fall on road managers would improve the risk management process which in turn would lead to improved safety outcomes.