Not so competitive neutrality is easily the greatest hindrance to the Railway reform process. The steel wheel on steel rail has the lowest friction of any form of Land Transport. Thus, Rail requires the least amount of energy to move a given weight. Despite this proven energy efficiency, Road Transport enjoys considerable advantages over Rail which have greatly distorted transport trends in Australia.

It is interesting to note that the N.Z. model of rail reform which has influenced Australian Rail Reform, found it essential to reform the road system simultaneously. Leading to a more accurate user pays system of road charges. To date, there has been no move in Australia to adopt road reform in conjunction with Rail Reform.

This totally compromises the reform process !! How many prospective buyers and operators have avoided Australia as a result of the tilted playing field ?? What effect has this had in undermining the sale prices obtained for recent privatisation's of taxpayers assets ??

The user charges in New Zealand for Road Transport are approximately 4 times Australian rates. Effectively, the average Motorist is paying for the damage caused by heavy trucks. As a result, the cost of Road transport is artificially reduced. This is a major factor in rail reform that must be addressed, as it has caused other side effects which have hampered the rail industry over many years.

Obviously, artificially low road charges result in a greater market share, which unfairly steals traffic from rail. (where all costs are covered by freight charges) As rail's market share has been eroded, the volume of freight railed reduces, thus the fixed maintenance costs must be divided over less traffic which results in even higher unit cost which further reduces traffic. At some stage (that we have reached!) Infrastructure development is stopped to enable fixed costs to be reduced, just to be able to remain Competitive. Eventually, even maintenance can be deferred in a last ditch attempt to compete. Thankfully, we have realised that deferred maintenance is not an option. Indeed, the current situation is a bad enough scenario, with artificially low road charges preventing rail from exploiting the economies of scale that allow it to fund it's own development!

Very Pro-road, Road user charges have prevented rail from continued reinvesting in infrastructure which has minimised a recent maintenance revolution. Q.R. figures state that it cost (in 1989 dollars) around $35 000 per Km to maintain an important mainline annually. However, a modern concrete sleepered mainline, maintained to a

higher standard! cost only $5 000 per Km per year. A change to concrete sleepers, that would normally be funded from freight revenue and slashes maintenance costs by 6/7 ths.

There are many other recent technological advances that also greatly reduce the cost of maintenance. All of which are denied to Australian interstate railways because of a road policy that sees the motorist pay for the damage caused by heavy trucks, not the road freight operator!!

Remember that Rail freight is maintenance paid, Road freight is Motorist paid !!

Benchmarking and worlds best practice have become the evidence to support Railway reform, as Australian Railways fall short of current worlds best practice. It is generally assumed valid to benchmark against U.S. Railroads with minor allowances for the significantly greater U.S. freight task.

However, it is careless to adopt benchmarking without fully understanding the impact of your assumptions.

These benchmark figures conveniently avoid any reference to the most fundamental factor that governs the effectiveness of a Railway, AXLE LOAD, and without taking this into consideration the benchmarks are totally incorrect!

U.S. Railroads have axle loads of 32 - 35 tonnes, 50% more than the 22 tonnes of the Australian interstate system. This has a dramatic effect on efficiently running trains. For a given trailing load, the train is 50 % longer, requiring 50 % more rollingstock (and 50 % more capital investment in rollingstock) Because the locomotives are 2/3 rds the weight, they can only usefully be 2/3 rds as powerful, hence, the number of locomotives required and the fuel consumed increases. As there is 50 % more axles and brakes, the resistance to be overcome to move the train is greater and the resistance per tonne increases. As the train is 50 % longer, longer passing loops are required and loading times are increased and so it goes on.

Because of the increased number of wagons, the actual nett revenue load is reduced as more unproductive weight must be hauled. As it costs more to operate the train, the freight rate per tonne is higher.

Hence, if an Australian operator were equal to a U.S. operator, they would still appear 2 - 3 times more inefficient, due to our cheaper standard infrastructure! Not to allow for this is pure deception!

Indeed, to compare with Europe is equally incorrect, although axle loads are similar, vastly different road policies have influenced railway investment in different ways ! We have staked our future on roads whereas they have adopted a user pays system which has not detracted from railway development.

While I agree that reform and improvements are essential (as they should always be) I firmly believe that our railways are doing better than the flawed system of benchmarking would have us believe. Perhaps if the Australian figures were taken into account with respect to infrastructure investment (or lack thereof !!) I am certain that out freight task per $ million invested would be quite enviable. This would also illustrate how favoured roads are in Australia!

To my knowledge, I have seen nothing published on the impact of axle load on benchmarking. As this is fundamental to the operation of Railways , I am extremely concerned that critical decisions have been made without appropriate expert advice. Name dropping Eminent people does not automatically qualify as expert advice. Stephen Bright, in his book " The Line Ahead" stated " The main decisions are made by people who have no investment in keeping the Railways alive and intact"

The entire push for Rail Reform and Privatisation is due to the considerable expense required to sell A.N. unencumbered. Ironically, pre National Rail, A.N. was the most dynamic and innovative government railway in Australia and was operating on a commercial basis. Indeed, A.N. realised the importance of quality infrastructure and embarked on a visionary project to concrete sleeper it’s entire interstate mainline and to be funded internally, everything that should be expected of a Railway! After this project was completed, the track and interstate business were transferred to N.R. with the debt remaining at A.N. Left with intrastate business only, A.N. had no opportunity to benefit from its infrastructure improvements, remember the maintenance benefits of concrete sleepers, 1/7th the annual cost of wooden sleepers! Obviously A.N. was now terminally ill in this situation. Why was such a situation allowed to Occur??

To sell A.N. without debt cost the taxpayer about $ 1 billion, the same amount that is urgently required for the upgrade of the interstate network.

A similar situation occurred to A.N.'s successor N.R. It was to be both an operator and an infrastructure provider. Until a change of policy gave the infrastructure provider task to ARTC (after more than 2 years) with yet another start-up cost.

Railway history in Australia is littered with examples of government policies compromising railway development. With the move to government owned , commercially run railways, the ability of government to change policy direction without due consideration of the consequences, should no longer exist. Inappropriate policy changes during recent years has cost the taxpayer about the same as is urgently needed for track upgrading !! Perhaps it is time to let the railways go about their task without government interference.

As suggested by the Neville inquiry, the time is right to form a Land Transport Authority (and a specialist rail department within) that can liaise with all levels of government, private, government and prospective operators to strategically plan and develop the Australian Railway infrastructure.

On one hand, the government is attempting to increase rails competitiveness, on the other hand it continues a policy that favours a less efficient form of transport by not requiring full cost recovery which totally prevents rail from becoming competitive. Whereas the government systems may have tolerated this, the new private operators will not be so obliging! Until this is addressed, Rail Reform is effectively only rhetoric.

A Second Submission by:
Stewart G Hames.
10 Homebush Street.
Dalby, Qld. 4405.
Ph (07) 4662 1268

Suggested reading on road funding:
Australiasian Railway Association fact sheets.
Rail 2000 Newsletter issues 41 - 44.