Summary of submission to the Productivity Commission's Inquiry re National Competition Policy from the Railway Technical Society of Australasia

Under National Competition Policy, much attention is given to rail - rail competition for freight, but until recently, little attention has been given to competitive neutrality affecting road - rail competition for freight. For example, in the 25 years to 1999, in 1999 dollars, the Federal Government outlaid some $43 billion for roads and less than $2 billion for upgrading the entire rail system. During this time, the National Highway System has been substantially upgraded while the state of the national rail system has disintegrated to the point where Engineers Australia gave an "F" rating to the rail lines linking Australia's three largest cities. Work on the Sydney Freight Bypass recommended by the Commission in 1999 and other basic work recommended in a 2001 National Track Audit work is only now about to commence whilst grain lines in many states of Australia are in need of rehabilitation. In addition, there needs to be harmonisation between the states of track access arrangements and rail safety regulation.

It is suggested that there are many opportunities for further reform in Australian land transport, and to make it less dependent on imported oil. In addition, whilst present arrangements persist for land transport, Australia's international competitiveness is being eroded.

In considering National Competition Policy, the Government should also integrate Ecologically Sustainable Development principles with NCP principles. The costs to Government and the community of effectively encouraging freight and passenger road transport include noise pollution, air pollution, greenhouse gases, congestion, road accidents and road maintenance. These affect not only quality of life, but also impose a considerable monetary cost that could be considerably reduced by comparatively little increased investment in rail track.

Greenhouse gas emissions in 2010 are projected to be almost 47 per cent above 1990 levels. Australia needs to reduce dependence on oil imports, reduce greenhouse gas emissions, and move towards a principle of "polluter pays". Transport costs to users should more closely reflect the true cost of their travel choices. By moving towards congestion pricing in major cities and mass-distance road user charges for heavy vehicles, Australia would simply be moving closer to world best practice.

Railway Technical Society of Australasia
Engineers Australia
11 National Circuit
BARTON ACT 2600

Submission to the Productivity Commission re National Competition Policy May 2004

1. The Railway Technical Society of Australasia (RTSA) is a technical society of Engineers Australia, and welcomes the present inquiry by the Commission. RTSA understands that Engineers Australia will be making a submission to the Commission to this inquiry.

The RTSA now has over 850 members and hosted a major Conference on Railway Engineering in November 2002 at Wollongong with over 400 participants. A further Conference on Railway Engineering to be held 20-23 June 2004 at Darwin.

This submission on National Competition Policy (NCP) updates two earlier submissions to the Commission in its enquiries into Progress in Rail Reform, and the National Access Regime. We also draw on more recent submissions to the Federal Government including to the ACCC in regard to the ARTC Access Undertaking, the AusLink Green Paper, and a 2004 pre-budget submission re land transport. A copy of the summary to this pre-budget submission is attached as Appendix A and the full submission may be viewed at www.rtsa.com.au

2. The RTSA welcomed the initiative of the Federal Government in producing the AusLink Green Paper in November 2002. The approach adopted by AusLink is consistent with the findings and recommendations of the 1998 report 'Tracking Australia' from the House of Representatives Standing Committee on Transport etc (the Neville Committee). AusLink is also consistent with the 1999 'Smorgon' report on revitalising rail, and the final report of the Productivity Commission's inquiry 'Progress in Rail Reform'. The RTSA was an active participant in these inquiries, and a copy of our full submission to the AusLink Green Paper may be found at either of the two websites www.rtsa.com.au or www.dotars.gov.au

At the time of writing this submission, the RTSA was awaiting the Government's White Paper on AusLink.

3. It is suggested that there are many opportunities for further reform in Australian land transport, and to make it less dependent on imported oil. In addition, whilst present arrangements persist for land transport, Australia's international competitiveness is being eroded.

4. The Commission is invited to consider the present inquiry into National Competition Policy (NCP) from a "triple bottom line" perspective. This in part is consistent with the Government's request to report on NCP on the Australian economy **AND the Australian community more broadly** (emphasis added).

Consistent with this approach would be:

i) moving towards "user pays" unless there are clearly defined Community Service Obligations (CSOs);
ii) moving towards a "polluter" pays principle;
iii) better integration of revised NCP principles with Ecologically Sustainable Development (ESO) principles; and
iv) a reduction of imported oil inputs and Greenhouse gas emissions.

5. In respect of land transport, the Society would trust that the Commission would give serious consideration to the benefits to the Australian economy and community of achieving competitive neutrality between road and rail freight.

This may well warrant a separate enquiry, or, as proposed by the Commission in 1999 from its work on the Progress in Rail Reform enquiry, a separate enquiry into road provision, funding, and pricing.

The Senate Select Committee on the Socio-economic consequences of the National Competition Policy (2000 Report 'Riding the winds of change' page 130) had recommendations including that: transport should be a matter for priority consideration by the CoAG; and the National Competition Council should address the issue of road - rail competition for freight as a matter of urgency.

Although the Commission's proposals and these recommendations were not then acceptable to Government, there has been some change since with the release of the AusLink Green Paper in 2002.

6. Under National Competition Council, much attention is given to rail -rail competition for freight, but until recently, little attention has been given to competitive neutrality affecting road - rail competition for freight. Some notes on **competitive neutrality** affecting road and rail follow.

A. Both rail and road need ongoing infrastructure improvements; however, the rail lines linking Australia's three largest cities are not "Fit for Purpose", and have twice been given an F Rating by Engineers Australia (formerly IE Aust).
B. Work recommended by the Commission in 1999 with a Sydney Freight Bypass is still to commence. Even when this and other work proposed under the scope of the recent agreement between the Australian and NSW Governments (for the ARTC to take a 60-year lease) is completed at a cost of $872 million, the Sydney - Junee track will still need further upgrading including some straightening. Here, the special Sydney - Brisbane upgrade at a cost of $460 million announced in the 2004 Federal Budget is most welcome. As below, Grain Lines in NSW and other States need adequate maintenance and in some cases rehabilitation.
C. Road pricing for heavy trucks and rail track pricing for freight trains is seriously "out of kilter". The basic problem was recognised by the Industry Commission in its 1991-92 Annual Report (p197-198) as follows: *"Annual fixed charges are not efficient because costs vary with the distance travelled and the mass of the vehicle. The result is that some vehicles - the heaviest travelling long annual distances - will meet less than 20 per cent of their attributed costs. Charges for heavy vehicles that reflect costs they impose are essential to ensure best use is made of the nation's road and rail infrastructure, and that industry location decisions are appropriate in terms of minimising the overall cost of economic activity. Differences between the recommended charges and road-related costs are greatest for vehicles competing with*

rail. The charges, as recommended, will therefore potentially distort the long-haul freight market as rail reforms take effect."

D. Track access arrangements are mixed, with State borders providing unnecessary impediments. They are, at best, described as in transition.

E. As observed by an overseas speaker to AusRail Plus 2003, Australia over-regulates its rail industry, but under-regulates the road freight industry.

7. The RTSA supports the recommendation of a 1998 House of Representatives Committee report 'Tracking Australia' *"... that the Commonwealth develops a more consistent, equitable approach to transport infrastructure charges to ensure competitive neutrality between modes."*

As stated by the Bureau of Transport Economics 1999 Working Paper No 40 'Competitive neutrality between road and rail' on page xi, *"Under the current road user charging system, trucks overall are undercharged for their use of the road system. Moreover, larger more heavily laden vehicles and those travelling larger distances are charged the least (per tonne kilometre) while smaller, less heavily laden vehicles and those travelling shorter distances cross-subsidise them."*

These comments relate to the first determination of the National Road Transport Commission for road user charges for heavy trucks. They also apply to the second determination of charges now in effect. The National Transport Commission is now moving to the third determination of charges but these will not come into effect until 2005. It will be difficult to achieve full cost recovery of road system costs from heavy vehicles for some years, but it is trusted that some progress will be made in the third determination.

8. There has been a tendency by some in government to consider privatisation as the solution to all rail problems – both “above rail” and “below rail”. However, as shown in Australia, New Zealand, and the United Kingdom, some government support and direction is needed, along with more attention to competitive neutrality.

In Britain, under a vertical separation model, a privatised track company called “Railtrack” failed to adequately invest in track (with some loss of life) and, eventually went

“broke” (after much speculation and profit taking). The “above rail” performance has been mixed.

In New Zealand, after the privatisation of the rail system in 1993, and offering shares to the public in 1996 with some promoters doing very well, by 2003, TranzRail Holdings needed Government support. This was initially with a buy back of Auckland track followed by buy back of all track with a commitment in 2003 to invest $200 million over five years.

In Australia, the effects of rail privatisation, including franchising, has also been mixed. The first sale of three 'above rail' parts of Australian National in 1997 has not been overly problematic. However the Victorian rail passenger Franchises obtained by National Express had to be returned in December 2002 to the Victorian Government. Moreover, the Victorian track leased by what became Freight Australia (an innovative above rail operator) has been allowed to deteriorate. This track was also the subject of protracted arguments about access and maintenance, and no progress was made on desirable gauge standardisation of freight lines. Accordingly, several organisations, including RTSA have recommended that on sale of Freight Australia, the track revert to the Victorian Government with public and private sector funds provided for deferred maintenance, upgrading and gauge standardisation.

There are questions about the long term future of grain lines, particularly in NSW, Victoria and potentially Western Australian when transitional sale provisions expire in 2005. A summary of the RTSA submission to the NSW Grain Infrastructure Advisory Council is in Appendix B; with the full submission at www.rtsa.com.au.

9. There are serious questions about the current economic model or environment that the Australian Rail Track Corportation (ARTC) operates and whether the model can generate sufficient funds for asset renewal. These issues were raised by RTSA with the ACCC in their consideration of the ARTC access undertaking (see www.rtsa.com.au again).

As noted by the ARTC Track Audit released in 2001, train operators, the track owner, and the wider community are beneficiaries of track upgrades. The Track Audit apportioned the benefits of an “optimal” track upgrade as 70, 5, and 25 per cent respectively. RTSA has put a case to Government for a more substantial track upgrade (see www.rtsa.com.au for fast freight AND passenger trains, and Appendix C for a summary), and welcomes the Treasurer's 2004 Budget announcement of an additional $460 million to the ARTC for track upgrades.

The “optimal” scope of works at a cost of $872 million provided for under the NSW-ARTC agreement should be regarded as only the first stage, and planning should commence now for a major Melbourne – Sydney track upgrade between 2009 and 2014 that will include track straightening.

However, some train operators (and a major one in particular) appear to be preoccupied with ever-lower track access fees. This then flows on to encourage the ARTC to be not only very efficient in maintaining its track, but may also cause the ARTC to be unduly wary of investing in major track upgrades. The need to be very cost effective may also have been a factor in the innovative and prize winning approach taken to rehabilitation of the Melbourne – Albury track around 2001, which is now subject to speed restrictions.

Two other negative factors affecting rail track under present arrangements occur. The first is where a major train operator and government-owned track owner argue for years over a cost-effective investment. Two examples from the 1990s are the delays from 1995 to 1999 to install concrete sleepers into degraded track from a giant pile of sleepers at Maroona, Vic; and, a delay over the same period to build a simple triangle at Parkes, NSW to facilitate through-movement of Sydney – Cootamundra – Broken Hill – Perth superfreighters. Delays in the present decade include replacement of antiquated safeworking between Casino (NSW) and near Acacia Ridge (Qld), also Harden to Wallendbeen (NSW), plus the long overdue South Sydney Freight bypass that was the subject of a specific recommendation of the Commission in its 1999 Report on Rail.

The second factor is when Government has for many years to date set aside high external costs of road freight, and allocate relatively generous funds for National Highway System upgrading whilst denying adequate funds for the Defined Interstate Rail Network.

. A further factor could be an aversion to the prospect of the mainline track eventually being owned by merchant banks (as per a recent *Business Review Weekly* article in an interview with Mr. Paul Little of Toll Holdings, a joint owner of Pacific National) . A further factor could be an aversion to the prospect of the mainline track eventually being owned by merchant banks (as per a recent *Business Review Weekly* article in an interview with Mr. Paul Little of Toll Holdings, a joint owner of Pacific National)

The cost of present arrangements with rail carrying only 10 to 20 percent of intercapital city freight between Melbourne, Sydney, and Brisbane are high. The Bureau of

Transport and Regional Economics have given (Information Sheet 22) 2003-04 tonnages as estimated (projected from earlier tonnages) as 24.6 million tonnes by road and 6.27 million tonnes by rail. Estimates of external costs may be derived using ARTC Track Audit estimates of unit external costs as revised for a Queensland Transport Study study as given in Table 1.

TABLE 1 : REVISED (AND TRACK AUDIT) EXTERNALITY COSTS

Externality		**Road (c/ntk)**		**Rail (c/ntk)**	
		QLD	**(TA)**	**QLD**	**(TA)**
Noise pollution	Rural	0.003	(0.003)	-	-
	Metro	0.006	(0.006)	0.004	(0.04)
Air pollution	Rural	-	-	-	-
	Metro	0.11	(0.11)	0.03	(0.03)
Greenhouse gases	Rural	0.17	(0.16)	0.064	(0.01)
	Metro	0.20	(0.16)	0.064	(0.01)
Congestion costs	Rural	-	-	-	-
	Metro	0.09	(0.09)	-	-
Accident Costs		0.50	(0.32)	0.03	(0.03)
Increased road maintenance		1.00	(0.64)	-	-
TOTALS	**Rural**	**1.673**	**(1.123)**	**0.094**	**(0.04)**
	Metro	**1.906**	**(1.326)**	**0.128**	**(0.074)**

Reference: Queensland Transport (2003), Rail Studies, "Land Freight External Costs in Queensland' and ARTC Track Audit Booz-Allen & Hamilton Appendix A, page 24,

10. The Fuel Taxation Inquiry recommended **a detailed study into transport external costs.** Support from the Commission for this approach would be appreciated.

A further option is that the **Productivity Commission be requested to hold a full inquiry into urban transport.** The Industry Commission released in 1994 a significant report on urban transport and in response, the then Federal Government agreed to hold a further inquiry within three years. However, the new inquiry is yet to take place. A new inquiry could also usefully address the topics of road provision funding and pricing that were favoured by the Productivity Commission in its 1999 report on progress in rail reform.

11. The use of Public Private Partnerships (PPP) in project delivery has to be done carefully. Australia's record is mixed, with situations such as Sydney's Airport Rail Link showing a need for caution. PPP should not be seen as getting public debt off the government balance sheets or 'finding a market response' to funding requirements as PPP replaces up front debt with other long-term liabilities. There needs to be more experience developed in PPP, particularly the development of a mature Public Sector Comparator (PSC). This, along with the abandonment of 'Commercial-in-Confidence' provisions of contracts would give rigour and confidence to PPP. Presently PPP is more transactional based, seemingly on a specific project, rather than an industry sector viewpoint. PPP's are pushed either by project developers (to gain profits from construction or operations) or from equity trusts (to gain earnings for equity holders).

The development of a PSC and new accounting standards for infrastructure asset depreciation and concession agreements are emerging and it would be imprudent to move faster than the development of these standards. Lumbering future generations with inappropriate debt – unable to generate returns, should be guarded against. The term '*Inter-generational Equity*' for the provision of infrastructure assets should be adopted as a guiding principle of the White Paper.

A further limitation of PPP in land transport is that whilst it has provided finance for construction of some toll roads, and with the assistance of three Governments has allowed for the likely construction of the Alice Springs - Darwin railway line, PPP faces severe constraints as a way of funding long overdue capital upgrades of existing rail lines subject to third party access. Along with third party access rights and vertical separation of above and below rail

functions acting as a disincentive to investment in mainline track straightening and other upgrading, long standing 'highway subsidisation' of road freight operations will also discourage intercity rail investment. Underrecovery of road system costs for the heavier long distance trucks not only diverts more intercapital city freight onto road, but places pressure on track owners to lower rail access pricing.

Accordingly, **it will be necessary for significant advances to be made in reaching competitive neutrality between road and rail regarding access pricing and regulatory environments before Government can reasonably expect the private sector to provide adequate funds for the track upgrades required to significantly reduce train transit times.**

12. The need for better land transport data was acknowledged by the Productivity Commission in 1999 (p. 8 report on rail) and Freight Action Logistics Agenda on page 29 "The Lack of Industry Data" there is a need for improved data. The Government response to this agenda (p7) gives an undertaking to "improve the collection and analysis of strategic information and data…"

There remain significant problems in transport data in Australia, with the Senate Committee on Environment etc in its 2000 report 'The Heat is On' recommending (no 65, p. 247) "*that work be undertaken to ensure the regular and comprehensive reporting of transport statistics such as passenger motor vehicle and public transport usage, walking and cycling patterns, safety, rail and road freight, etc."*

The Government response to this recommendation (AGO, 2001) was somewhat weak. The Green Paper recognises the value of better information, and in regards to roads notes (on page 85) that improved data is needed. Steps that will be taken to improve transport data could well include, as per the United States:

i) regulatory requirements on transport providers to annually report freight and passenger inputs (including energy) and outputs; and

ii) the formation of a National Bureau of Transportation Statistics.

There is also a need to involve the States in data collection. This should include robust estimates of road vehicle kilometres derived from actual annual vehicle registration

procedures. This data is often provided by third parties to State road authorities (e.g. in NSW on a ‘pink slip’ needed by vehicle owners) – it is simply a matter of using this data.

13. National Competition Policy (NCP) objectives should be redefined to be *"consistent with our obligation to current and future generations to sustain the environment"* (as per the AusLink Green Paper). This paper recognises that (p19) [transport] *"greenhouse gas emissions in 2010 are projected to be almost 47 per cent above 1990 levels."*

In a similar way, NCP should give more support to the National Strategy for Lowering Emissions from Urban Traffic with a National Action Plan, as approved by the Australian Transport Council in August 2002. To quote from the communique for this meeting: *The Strategy and Action Plan developed by the National Transport Secretariat in collaboration with all states, territories and the Commonwealth government provides a groundbreaking national approach to reducing greenhouse emissions from the transport sector.*

Ministers noted that the National Strategy is the first agreed national approach driven by the transport sector to reducing greenhouse emissions, creating greater momentum than can be achieved via a fragmented approach.

The National Action Plan builds on the large range of activities already underway in each state and territory. The positions are, within the next 5-10 years:

a fully integrated transport system that allows for timely, reliable, accessible and safe travel will be operational.

programs that encourage people to take fewer trips by car will be operational in each jurisdiction and a nationally cooperative approach between jurisdictions will have been developed.

transport costs will have moved from predominantly fixed to predominantly variable costs. This outcome will address cost variations in transport modes and ensure that transport users experience more of the true cost of their travel choices.

a significant improvement in the emissions efficiency of urban vehicles will have been achieved.

nationally developed policy and benchmarking tools for the integration of transport and land use planning will have been implemented. Well-planned urban development reduces the need for car trips and improves the ‘liveability’ of towns and cities.

a nationally developed transport investment framework for investment decisions across all transport modes of travel will have been trialled and implemented.

14. The education and training of rail staff remains important. 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. This requires a significant number of both skilled rail engineers and technically competent managers. The present indications show that in some areas, there will be a serious shortage of qualified railway engineers.

The RTSA notes the seriousness of the situation which was addressed in a six month research project undertaken by the Institution of Engineers, Australia and a 1999 report "Engineering for Rail Sector Growth" which recommended, inter alia, that a strategy should be developed by representatives from industry, government, professional associations and education providers to eliminate future engineering skills shortages.

The rail industry was extensively downsized during the 1990s 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 such as railway signalling. The shortages will become increasingly apparent in the near future as many of the industry's aged workforce retire, and, the increasing scope of urban rail work along with projects such as Alice Springs - Darwin. Recently, due to the fragmented nature of the industry and the industry's turmoil resulting from large-scale retrenchments, rail organisations with the exception of Queensland Rail have not undertaken skills training to mitigate the anticipated skills shortages, particularly for tradespeople and professional engineers.

The issue of education, training and research was revisited by a Rail Forward Vision Task Force, whose November 2002 report 'Rail in the next decade; where to and how' noted (p v) *"Rail must encourage strong leadership within its own ranks, visionaries and innovators who can draw rail forward faster and more effectively. The vital ingredients are leaders—and younger people who are persuaded to join the industry because of its exciting future and are then trained and nurtured. Career-path planning, succession planning, and training and development are among the most important ingredients of the vision for the future of rail. With these ingredients rail will be able to develop the 'can do' attitude that will drive it forward to*

an increasingly relevant, productive future. This has to be good for the industry and the nation."

15. The challenge of attracting younger people with talent who can make a contribution is not unique to the rail industry, and indeed is faced by the road freight industry as well.

National Competition Policy redefined objectives should recognize the shift in public administration for land transport (and other) policy, as well as the increase in skills, understanding, knowledge and innovation necessary for the transport and other sectors. This must happen through increased competency training, higher education attainment, research and development and 'communities of practice'. After performance improvements in infrastructure and regulations, multi-factor productivity will only come from efficiencies in technologies and effectiveness in implementation. In effect productivity 'within the silos' of the transport modes, and productivity in 'joining up the silos'.

It is not sufficient to view training as something that will be redressed in time by market forces**. Clearly there is a market failure in both up skilling and education attainment within transport that is constraining Australia's future productivity and international competitiveness**. Clearly however there is a lack of a pathway for workers to move from blue collar work based on skills to white collar work based on higher education.

16. The rail industry has supported the establishment, in 2001-02, of a Cooperative Research Centre, namely the Rail CRC, whose major participants include six universities spanning four states (Qld, NSW, Vic, SA), and six rail organisations and supplier organisations. Contributions to the Rail CRC from industry include cash and in-kind. The Rail CRC officially commenced on 1 July 2001 with six research themes. The sixth theme is Industry Skills Development (Industry and Training).

However, for many years, there has been an imbalance between Government funding of road and rail research. The road industry has had the Australian Road Research Board (ARRB) for some years. One option would be to establish an equivalent Road CRC to the Rail CRC. AusLink could then be a contributor to projects related to transport infrastructure and improvements to the efficiency of the transport system though contributions to both the

Road CRC and the Rail CRC. A contribution of around $20 million from AusLink would be an appropriate amount to fund land transport research.

17. On 3 December 2002 the New Zealand government released its multi-modal *New Zealand Transport Strategy*. This document follows approval by the NZ Parliament on 28 February 2002 for a new approach called Moving Forward which increased petrol excise by about 4.7 cents per litre to generate additional funds for rail, public transport and regional development as well as roads and road safety. Further changes were made in December 2003 which includes petrol excise rising an extra 5 cents per litre in May 2005.

The new strategy defines the government's vision for transport and follows consultation over the past three years with implementation to occur through policy, legislation and rules. The strategy includes that by 2010, New Zealand will have an affordable, integrated, safe, responsive and sustainable transport system. Five commendable objectives are stated:

assisting economic development
assisting safety and personal security
improving access and mobility
protecting and promoting public health
ensuring environmental sustainability.

18. It is of note that since 1978, New Zealand has had in place a system of mass - distance road user charges for heavy vehicles. Switzerland has also had truck kilometre charges since 2001 with part of the proceeds forming 45 per cent of a 30 billion Swiss Frank rail development fund. As noted by the BTE Report 105 "Greenhouse Policy options for transport" (p96) , Germany has approved the introduction of a kilometre based highway fee for heavy trucks, with **almost two fifths of the expected $A6 billion raised each year by the levy being applied to rail projects.** It is understood that the levy is about 20 Eurocents per kilometre for a heavy truck, and that it will commence in 2004.

In the interests of making NCP work effectively in the land transport area, a similar approach is warranted for Australia.

APPENDIX A SUMMARY OF RTSA 2004 PRE – BUDGET SUBMISSION TO THE FEDERAL TREASURY

The main areas the RTSA would like to see addressed in the 2004 Federal Budget are:

A. Provision of additional funds to facilitate a long overdue upgrade of the mainline interstate track linking Australia's three largest cities.
B. A change in current aspects of the Tax System to encourage the use of public transport, and to give less incentive for motor vehicle usage.

Major points from the submission follow.

1. Rail freight is significantly safer than road freight and on average, rail freight is three times more energy efficient than road transport. There is a need for the transport sector to reduce greenhouse gas emissions. This will require infrastructure investment and improved road pricing.
2. Present levels of road pricing for heavy trucks and the absence of mass distance charges results in under-recovery of road system costs from the heavier long distance trucks. As a result, some general freight better suited to rail will go by trucks on public roads.
3. In light of the importance of NSW to the national economy, the Commonwealth should become involved in funding the major track upgrades necessary between Melbourne, Sydney and Brisbane to allow for truly efficient and competitive rail freight operations. This will require some track straightening and/or advancing a Melbourne - Parkes - Brisbane route. The Society notes that major interstate rail advances since Federation have required Prime Ministerial intervention and support.
4. The social and environmental costs from road and rail freight need to be recovered. Investment in both urban and intercity rail would "reduce dependence on imported oil, reduce greenhouse gases, and improve road safety, and air quality in major cities."
5. The Society submits that the Government should seek to ensure that AusLink tackles head on a need to bring road user charges nearer to the total costs imposed on the community.
6. Road congestion pricing should be introduced in Australia's larger cities.
7. The Sydney Greater Metropolitan Region has major road traffic problems. To encourage more use of rail needs about $20 billion of rail "catch up" investment this decade. This could partly be funded through road pricing.
8. Education and training are important, and there is a role for the public sector in rail.

APPENDIX B SUMMARY OF SUBMISSION RE NEW SOUTH WALES GRAIN INFRASTRUCTURE ADVISORY COMMITTEE REPORT

The RTSA agrees with recent expressions of concern re rural grain lines, and requests keeping open all lines pending:

A. Obtaining the full costs of upgrading and maintaining rural roads to accommodate heavier trucks (the GIAC estimates are considered to be too low);

B. Consideration of all external costs, including the present under-recovery of road system costs from heavy truck operations;

C. Identification of all potential traffic and not just grain (eg the Inland Route for Camurra to North Star and cotton with Warren) and track upgrading options (including use of the Short Line concept);

D. The third determination of heavy truck road user charges by the National Transport Commission;

E. The release of the AusLink White Paper now scheduled for May 2004; and,

F. Finalisation of the ARTC lease of New South Wales track.

The main reason given for the closure of rural branch lines servicing the grain industry is that their cost to Government and the tax payer outweighs the benefit to the community of keeping the lines open. Grain transportation via heavy vehicles including B-Double trucks and the road network is thought to be appreciably cheaper and more efficient. However, estimates of cost reduction when the need for rail infrastructure maintenance is removed often fail to take into account excessive costs that are simply transferred onto those responsible for maintaining the local road network, and, the wider community.

As noted by the NSW Farmer's Association and others, the regional rail network has for many years through underinvestment been allowed to deteriorate to the point where track has become substandard, road-rail competition has become ineffective, the transportation of produce has become unreliable, and the urban/rural divide has widened. When rural grain lines are removed altogether, the use of more heavy vehicles is necessitated which in turn results in a significant increase in pavement damage. Here, B-Double trucks cause over 20,000 times the road wear and tear caused by an average car.

Unless all costs and factors are fully considered, the closure of rural branch lines can only be a step backwards in the current necessary search for sustainable transport options.

APPENDIX C NEWCASTLE - SYDNEY – CANBERRA – MELBOURNE FAST FREIGHT AND PASSENGER TRAIN OPTIONS

The Australian Rail Track Corporation (ARTC) 2001 National Track Audit demonstrated that track upgrading is necessary to **speed up intercity freight trains**. This has numerous benefits including the transfer, each day, of hundreds of long distance truck movements to rail.

Intercity trains perform a valuable role in moving passengers in Britain, Europe and Japan. With the introduction of ‘tilt’ trains travelling up to 170 km/h, intercity rail travel is also gaining popularity in Queensland.

The Federal Government’s East Cost Very High Speed Train study has effectively ruled out a future in Australia for a Speedrail type train or a Maglev train. However, as argued by the Warren Centre at Sydney University (Sustainable Transport for Sustainable Cities - July 2002), we should again look at fast trains linking Newcastle, Sydney and Canberra.

The RTSA is proposing 'The Queensland Option’ of tilt trains operating on upgraded existing mainline tracks from Sydney. As demonstrated by Queensland, this option is both affordable and highly successful. The Queensland tilt trains operate between Brisbane and Rockhampton on tracks upgraded at a cost of less than $500 million for faster and heavier freight trains. Since it was introduced in 1998, this service has carried more than one million passengers and given a boost to the towns it serves.

Victoria has also made a commitment to **Regional Fast Rail.**

To run trains successfully between Newcastle, Sydney and Canberra/Albury, some track straightening and upgrading is needed. The RTSA is proposing a combination of official 1998 NSW ‘Action for Transport 2010’ track upgrading commitments, a "T-Line" to link North Canberra to the NSW Main South line, and proposals identified in the ARTC Track Audit including a major rail deviation between Bowning and near Cootamundra.

The RTSA believes that long standing proposals of mainline track straightening and upgrading for faster and heavier freight trains, plus the use of fast passenger trains now warrant the attention of Government at all levels. A full report is at 'www.rtsa.com.au'

The proposed track upgrade and tilt train operations have the potential to attract private sector interest and be eligible for Federal Government assistance under its proposed new AusLink integrated transport proposals.