

## Rail

- 4.1 This chapter examines regional rail issues that do not relate directly to a particular port. Where a port is directly involved, the problem has been included in Chapter 3.
- 4.2 The decline of rail's share of the freight transport market has resulted in large quantities of freight that were formerly moved by rail, now being moved by truck. The difficulties that this presents are, firstly, that the rural roads are generally not built to handle heavy freight vehicles like B-doubles; secondly, and following on from the first problem, is that rural councils do not have a sufficient funds to cope with the additional road damage caused by the larger vehicles.
- 4.3 Added to these problems are greater levels of pollution, the danger of mixing local traffic with heavy vehicles on country roads and through small towns, and the additional noise levels produced by large numbers of heavy vehicles.

### **Increasing Rail's Share of the Task**

- 4.4 As discussed in Chapter 2, governments are giving considerable attention to the task of increasing the proportion of total freight being carried by rail. This chapter looks at areas where there is a particular need for rapid improvement in a rail link; where current work is expected to produce timely results; and also at some proposed projects that were brought to the Committee's attention. The latter

projects have the potential to markedly improve efficiency and/or safety in the rail network.

- 4.5 The projects vary widely in their cost and complexity; from a “missing link” in the connection between a port and the coalfields, to a grade separation, duplication of tracks for passing loops, or the long discussed Southern Sydney Freight Line.

## The East Coast

- 4.6 The rail network on the eastern seaboard has several very difficult problems. For example:

- access to Sydney from the south, north and west;
- the line from the Queensland border to Brisbane;
- Southern Sydney Freight Line;
- Hunter Valley Coal Chain;
- missing rail links in the Hunter Valley;
- the line through or around the Toowoomba Ranges;
- missing rail links in the Queensland coal fields;
- rail connectivity in Victoria and across the border to South Australia.

- 4.7 To achieve an efficient transport network for the eastern states it is vital that these problems be faced, and solved, as soon as possible. The difficulty is that to overcome each of these problems will require a great deal of infrastructure investment. The amounts involved are such, that only a co-operative approach, involving all three levels of government and private enterprise investors, will be able to overcome the difficulties.

- 4.8 One such problem is the difficult access to Sydney for freight from Melbourne and from points to the west of Sydney. If this can be solved, the additional freight volumes would almost guarantee the success of a Melbourne to Queensland freight line, to say nothing of the speed and efficiency gains. It would also relieve the pressure on the road networks, especially the Hume Highway, and on the coastal rail route.

- 4.9 A second problem also concerns access to Sydney. The rail route to the north from Sydney has been described as “...an infrastructure nightmare”. It was said to be:

... a bit of a goat track. It winds its way slowly towards Brisbane and sometimes goes around in circles to get to Brisbane...<sup>1</sup>

4.10 The other main problem area is the route from the Queensland border to Brisbane. There are a number of alternative proposals for this part of the freight route. Toowoomba is keen to see a freight hub developed at Charlton and the construction of a much faster, higher capacity, rail route down the Toowoomba Range and through the Little Liverpool Range to Brisbane. Others favour by-passing Toowoomba and going through Warwick and the Border (or McPherson) Ranges.

4.11 The Australian Transport and Energy Corridor (ATEC) estimated that the cost of getting through the ranges to Brisbane will be more than the cost of improving the line from Melbourne to Toowoomba:

We can get from Melbourne to Toowoomba for \$800 million. That is an upgrading of existing rail tracks and the building of the new connecting parts which would cross the border into Queensland and would go from Inglewood to Millmerran.

...Varying costs have been put forward for the track between Toowoomba and Brisbane. I have seen widely differing costs, depending who does it. ...The cost of getting from Toowoomba to the port of Brisbane could be anything up to \$2 billion, depending upon who you are talking to, how many people are removed from their houses and what other issues come up.<sup>2</sup>

4.12 One of the real problems in the system is that several parts of Victoria are isolated from the national standard gauge network. Mildura, the Western District, the Wimmera, the Green Triangle and Gippsland, all have serious difficulties in connecting with the national network.

#### Southern Sydney Freight Line

4.13 The growing congestion on access lines to Sydney and the need for freight trains to compete with passenger trains has made improving freight access to the Sydney ports a high priority.

4.14 The ARTC has announced plans to build a new freight-only line through south western Sydney. This project, the Southern Sydney

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1 Toll Holdings Limited, Transcript, 1 August 2006, Sydney, pp.36-7.

2 Australian Transport and Energy Corridor, Transcript, 9 November 2005, Canberra, p.6.

Freight Line (SSFL), involves a total investment of about \$200 million and will allow passenger and freight services to operate independently.<sup>3</sup>

- 4.15 The proposal is that the new freight line will allow speeds up to 110 km an hour at 21 tonne axle loads and 80 km an hour at 23 tonnes. Signalling systems will be upgraded to allow for operations on the new line, and an 1800 metre crossing loop will be provided between Macarthur and Sefton Park junction.<sup>4</sup>
- 4.16 On 21 December 2006, the NSW Department of Planning announced that approval had been given for the project to go ahead. The route approved covers 30 km from Macarthur to Sefton (near Chullora).<sup>5</sup> As indicated in Chapter 3, completion of the project is a vital part of the plans for the development of both Port Botany and Port Kembla.

#### Hunter Valley Coal Chain

- 4.17 In the late 1990s, the rapid increase in demand for coal exports made unexpected demands on coal delivery systems. In Newcastle, capacity pressures began to reach problem dimensions and a substantial queue of ships lined up at the port. The operators in the Hunter Valley responded by forming the Hunter Valley Coal Chain (HVCC), a group involving parties from all sectors of the coal delivery system.
- 4.18 The group was faced with a projected growth of over 50 per cent in thermal coal exports in the next five to ten years. Its aims were to maximise asset utilisation, promote efficient investment decision making and to co-ordinate timely investment in new track, rolling stock and port infrastructure.<sup>6</sup>
- 4.19 By co-operating and planning as if they were a single entity, the companies in the group increased throughput by 17 per cent, without any substantial changes to infrastructure.
- 4.20 Toll Holdings, commenting on the success of the HVCC, said that the idea was based on the efficiencies achieved in the Pilbara:

The Pilbara is the world class railway because it is operated as one supply chain from mine to port and onto the ship. We thought we needed to bring that same approach to the

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3 Australian Rail Track Corporation, Submission 186, p.5.

4 Australian Rail Track Corporation, Submission 186, p.5.

5 NSW Government, Department of Planning, Media Release, *\$200M Freight Line to Boost Sydney Transport Network*, 21 December 2006, p.1.

6 Hunter Valley Coal Chain Logistics Team, Submission 140, p.2.

Hunter Valley and because there were capacity constraints looming in the Hunter Valley we were able to get around the table with the principal mining companies, the port and [the] Rail Infrastructure Corporation and the New South Wales government and start the process of bringing it all together.<sup>7</sup>

4.21 The ARTC is also planning to improve the network, by a substantial investment towards upgrading the Hunter Valley system:

...version 6 of the Hunter Valley strategy...has improved our investment, subject to the coal industry's approval, from \$200-odd million to \$385 million over the next five years. That will increase the present capacity on the...coal framework from about 90 million tonnes per annum to somewhere in the order of 160 million tonnes per annum by 2008-09, and that...subject to port improvements and the construction of additional capacity to ports, will adequately take care of capacity.

...it would make Newcastle by far the biggest coal-exporting port in the world.<sup>8</sup>

4.22 The Committee considered that the idea of running a supply chain as a single entity is one that could be applicable in other areas. There are efficiencies to be gained through methods such as: co-operation in planning schedules for line access, carrying out maintenance on all sectors at the same time to reduce stoppage times, and close liaison with the port authorities to ensure that the right product is available for loading when needed. This approach could increase throughput and save the stakeholders from incurring unnecessary demurrage charges.

4.23 The Committee's view coincided with that of the Exports and Infrastructure Task Force:

One of the success stories noted by the taskforce during the course of its consultations were the results of teams established to improve logistics chain operations... [including] the Hunter Valley Coal Chain Logistics Team.

The taskforce sees merit in improved co-ordination and co-operation between members of logistics chains if it can improve effective capacity and efficiency, thereby potentially

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7 Toll Holdings, Transcript, 1 August 2006, Sydney, p.42.

8 Australian Rail Track Corporation, Transcript, 6 September 2006, Canberra, p.3.

negating the need for some additional investment in infrastructure.

The taskforce suggests that the Department of Transport and Regional Services facilitate the establishment of such groups for logistics chains of national importance either directly or via relevant industry organisations.<sup>9</sup>

- 4.24 The Committee felt that a one-off grant of \$250,000 should be provided for the establishment of a position of Transport Chain Co-ordinator, with a small secretariat. This would be made available when the Minister considered that a workable model had been proposed, by State/local authorities and/or private interests. After the first year, the cost of the Co-ordinator and the secretariat would become the responsibility of the chain operatives.

### **Recommendation 8**

- 4.25 **The Committee recommends urgent consideration by the Minister for Transport and Regional Services of the techniques used in the Hunter Valley Coal Chain, for application to other transport chains. It also recommends that, at Ministerial discretion, a grant of \$250,000 be made available on a one-off basis, for the establishment of a position of Chain Co-ordinator and the provision of a small secretariat.**

#### The Hunter Valley "Missing Links"

- 4.26 The rail connections in the Hunter valley, like the coalfields in Queensland, have "missing links". The first of these is a 70 km gap between Merrygoen and Gulgong. The Hunter Business Chamber commented on the difficulties caused by this gap:

Those 70 kilometres of rail track are missing. To get from Dubbo to Newcastle, they come down to Merrygoen, they push back up to Binnaway, and they then re-hook and come around, down through Werris Creek, into Newcastle.

It is very costly for business, particularly in regional New South Wales, where you are trying to be sustainable to give communities west of the range an opportunity to develop

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9 Exports and Infrastructure Taskforce, *Australia's Export Infrastructure*, Report to the Prime Minister, Canberra, May 2005, p.34.

industry and a whole range of things but also to get their grain products and everything to the markets.<sup>10</sup>

- 4.27 The Chamber estimated that construction would cost \$50 -70 million and said the line would open up the track from Parkes to Newcastle. It said that:

The chambers of commerce in Dubbo and also in Orange – and everywhere through the north-west – people have been to us at the business chamber to say: ‘We want to do business with Newcastle and do it through Newcastle.’<sup>11</sup>

- 4.28 In its submission, the Chamber said further value would be added by duplication of the line east of Muswellbrook, on the Central West link. The advantages offered by completion of the Gulgong-Merrygoen link would be: reduced freight traffic impact in metropolitan areas; better access to the port of Newcastle; faster links and lower costs; and no further need for multi-handling of containers at Ingleburn. The line would also offer a direct connection to the proposed Inland Freight Line from Melbourne to Queensland.<sup>12</sup>

- 4.29 The second “missing link” in the Hunter area is the proposed Ardglen tunnel, on the line from Willow Tree to Murrurundi and Scone. Here the proposal is for a 6 km tunnel at Ardglen that would cut travel time by 40 minutes and save 750,000 litres of diesel a year.<sup>13</sup>

- 4.30 The cost has been estimated at \$180-200 million and the private sector has offered to build the tunnel; the ARTC is also said to be examining the project. The chamber said that if the tunnel is not built, it will be an important opportunity lost for NSW:

It is the opinion of the business chamber – and particularly of those at Tamworth and those places in the north – that they will start doing business and trade and sending their commodities through to Brisbane and to Gladstone. So from a point from, say, north of Dubbo right through to Queensland, the state of New South Wales will lose an opportunity to go through to that area.

That tunnel is a key piece of infrastructure that we believe is necessary for the development of the whole of the transport.

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10 Hunter Business Chamber, Transcript, 30 January 2006, Newcastle, p.44.

11 Hunter Business Chamber, Transcript, 30 January 2006, Newcastle, p.44.

12 Hunter Business Chamber, Submission 131, p.7.

13 Hunter Business Chamber, Transcript, 30 January 2006, Newcastle, p.45.

It takes so many trucks off the road because you can get things onto a train. The train becomes efficient. For a business, it is cost effective. It is about being cost effective.<sup>14</sup>

4.31 Another important rail link proposed for the Hunter region is a direct link between Fassifern and Hexham, to the south of Newcastle. Construction of this link would remove the necessity for traffic from Sydney and regions to the south, to pass through the suburbs of Newcastle. The estimated cost is \$95 million, and the project would lower transport costs and reduce the environmental and social impacts of freight shipments into Newcastle.<sup>15</sup>

4.32 The Hunter Business Council emphasised the benefits to be gained by construction of this link:

...the Fassifern to Hexham corridor...would take the access to the port [Newcastle] out of the residential areas. It would take the line through open space that is currently available, and that could then hook up to the main northern lines and then to the port from there.<sup>16</sup>

4.33 There is also a proposal to put a rail freight corridor beside the F3 Freeway, to take the freight movements out of the Newcastle and Lake Macquarie areas. The line could run on Electricity Commission land and there are rail formations already in place. In 2002, this project was costed at \$80 million.<sup>17</sup>

#### Other NSW Links

4.34 Professor Laird called the Committee's attention to a proposal for an upgrade to the line from Menangle to Yanderra, the Wentworth Route (See map on page ). This would, he said:

...replace 54.3km of track with 'steam age' alignment from near Menangle...to the northern portal of the Aylmerton tunnel...with 36km of track built to modern engineering standards. This would have a ruling curvature of 1500 metres, albeit with a 1 in 50 grade that could be eased to 1 in 60 by rejoining the old track near...Yanderra.

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14 Hunter Business Chamber, Transcript, 30 January 2006, Newcastle, p.45.

15 Hunter Business Chamber, Submission 131, p.5 and Hunter Area Consultative Committee, Transcript, 30 January 2006, Newcastle, pp.57-8.

16 Hunter Business Chamber, Transcript, 30 January 2006, Newcastle, p.49.

17 Hunter Business Chamber, Transcript, 30 January 2006, Newcastle, pp.47-8.

The main benefit...is saving an average of 17 minutes transit ...and modest fuel savings for heavy super freighters.

The...Wentworth route ...would tie in well with the Maldon Port Kembla Railway, and share about 2km of common alignment near Wilton...between the Hume Highway and Truck Road 88. Its reservation is long overdue.<sup>18</sup>

- 4.35 Professor Laird also noted that the Wentworth Route was one of three major deviations mentioned in the 2001 ARTC Track Audit for the Main South line. The other two are between Goulburn and Yass, and between Bowning and near Cootamundra. He added:

To complete all three deviations would require less construction than undertaken in track straightening ...between Brisbane and Townsville...<sup>19</sup>

#### Crossing the Toowoomba Range

- 4.36 The greatest obstacle to freight movements into Brisbane from the south and west is the mountain range between Toowoomba and the coast. The Committee believes that it is essential that the problem of passing through, or around, the mountains should be solved as quickly as possible.
- 4.37 Evidence given in Toowoomba, indicated that one of the problems was the low axle loading allowed on Queensland Rail's (QR) wagons coming through the ranges. With the axle loading limited to 21 tonnes, exporters are choosing to send their products through in bulk by road instead of sending light container loads by rail. They then pack their containers to full capacity at the port. This practice has had the double effect of losing jobs in Toowoomba and surrounding areas, and of causing congestion on the Ipswich Motorway as truck numbers increase.<sup>20</sup>
- 4.38 Queensland Agricultural Merchants (QAM) suggested that the problem could be overcome, at least in part, if QR were able to spend about \$10 million on new rolling stock made of fibre composite; much lighter than the old steel wagons currently in use. The company also noted that since becoming a government owned corporation, QR has been under growing pressure to make sustained profits:

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18 Professor Phillip Laird, Submission 139, p.3.

19 Professor Phillip Laird, Submission 139, p.3.

20 Queensland Agricultural Merchants Inc, Transcript, 7 April 2006, Toowoomba, pp.3-4.

The inter-modal traffic is one where they are expected to turn a dollar. Consequently their pricing is going up in a catch-up mode. They have gone from where they were just a state-run rail system to being a state-owned corporation, and they have been ratcheting up their pricing at a much faster rate than the cost of road transport.

So you have businesses turning to road transport. And road transport is just more responsive, because you can have a truck any time, any day. You cannot have a train any time, any day.<sup>21</sup>

- 4.39 QAM also commented that it was not expecting the line through the ranges to be upgraded to take a greater axle loading:

The minister told us in no uncertain terms that there are no plans for the state government to spend massive amounts of money on the upgrade of the Toowoomba to Grandchester line.<sup>22</sup>

- 4.40 The Ipswich City Council said that the NSW Coordinator-General's department was looking closely at a connection from the Purga-Ebenezer area to Bromelton, to allow the facilities in the two areas to complement one another.<sup>23</sup>

- 4.41 The Cunningham Rail Link Committee, through the Mayor of Warwick (and involving six local shires) proposed the construction of a rail link from Inglewood, through Warwick, Rathdowney, Bromelton and Yeerongpilly. It would utilise the existing standard gauge line from Rathdowney to Brisbane. This route was proposed as an alternative to the Inglewood, Millmerran and Toowoomba route.<sup>24</sup>

- 4.42 The proposal argued that this route would be cheaper (by an estimated \$140 million) than going via Inglewood and Toowoomba to Brisbane. It would have an added advantage because it would not have to compete with public transport on the rail link. It also claimed that the transport hub at Bromelton could be utilised to distribute freight to areas surrounding Brisbane, without the necessity of taking it through the city itself.<sup>25</sup>

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21 Queensland Agricultural Merchants Inc, Transcript, 7 April 2006, Toowoomba, p.5.

22 Queensland Agricultural Merchants Inc, Transcript, 7 April 2006, Toowoomba, p.7.

23 Ipswich City Council, Transcript, 7 April 2006, Toowoomba, p.44.

24 Cunningham Rail Link Committee, Submission 72, p.1.

25 Cunningham Rail Link Committee, Submission 72, pp.1-2.

- 4.43 The obvious benefit of this route is that it would provide an immediate standard gauge line from Melbourne to Brisbane. Supporters of this group argue that it obviates the need for immediate upgrading and standardisation of the Toowoomba Range route.
- 4.44 The Shire of Warwick endorsed this proposal as the best outcome for the link between Melbourne and Brisbane. The Shire said the proposal has the support of local authorities from Beaudesert, Boonah, Warwick, Inglewood, Stanthorpe and Tenterfield.<sup>26</sup>
- 4.45 As a second stage, the Cunningham Rail Link Committee said that the intention is to add a link to Charlton (on the outskirts of Toowoomba) from Warwick. The estimate for upgrading that line was about \$60 to \$80 million. The other advantage for this route is that it runs through "...basically freehold grazing country".<sup>27</sup>

#### Queensland's "Missing Links"

- 4.46 In an assessment in 2006, ABARE considered that the key issue in Australia's coal export trade was the ability to match the available export infrastructure to the regional development of mines and their output growth.<sup>28</sup>
- 4.47 This became a priority matter in the first half of 2007, when the queues of coal ships began building up off Newcastle and Dalrymple Bay. By the middle of the year, newspaper reports were suggesting that the rail network was unable to deliver to the ports the tonnages contracted to overseas buyers by the coal companies.<sup>29</sup>
- 4.48 In turn, this problem brought to attention the claims made to the Committee that there are two "missing links" in the rail connections to the Queensland coalfields. It was suggested that construction of a rail line in each of these gaps, would allow coal shipments to be diverted to other ports to provide for expansion of exports, or if extensive delays occurred at either the ports or on the rail links.<sup>30</sup>
- 4.49 In the north the proposal is to construct a link between the Bowen Basin coalfields and the Abbot Point Coal Terminal, near Bowen. At

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26 Shire of Warwick, Submission 72, p.1.

27 Warwick Shire Council, Stanthorpe Shire Council, Boonah Shire Council and Cunningham Rail Link Committee, Transcript, 7 April 2006, Toowoomba, pp.17 and 21.

28 ABARE, Lindsay Fairhead, Robert Curtotti, Chris Rumley and Jane Mélanie, *Australian Coal Exports: Outlook to 2025 and the Role of Infrastructure*, ABARE Research Report 06.15, October 2006, p.50.

29 Weekend Australian, *\$1bn rail logjam hits jobs, exports*, 26-27 May 2007, p.1.

30 E.G.: BHP Billiton Mitsubishi Alliance, Transcript, 6 April 2006, Brisbane, pp.31-32.

present, the shipments from the northern Bowen basin fields must use the Goonyella line to the coal terminals near Mackay.<sup>31</sup>

- 4.50 The Mackay Area Consultative Committee indicated its support for the project. It said that the expected saving of \$11 a tonne in transport costs over the alternative 150 km route, is a considerable incentive .
- 4.51 The proposal is to build a new track of about 72 km from Newlands to North Goonyella. The line would be 60 kg rail on concrete sleepers and have a 26 tonne axle load limit. The diesel trains to be used initially, would have a coal load capacity of 4,600 tonnes. Electrification of the line would substantially increase that capacity.<sup>32</sup>
- 4.52 In June 2007, the Queensland Premier announced that a \$25 million feasibility study on the Goonyella project had been completed. He said that agreements had been reached with property owners to acquire the necessary property to allow the project to proceed.<sup>33</sup>
- 4.53 The project, as now proposed, will build 69 km of new track and also strengthen the existing track through to Abbot Point, allowing it to take heavier loads. The 80 tonne wagons used at present could then be replaced by 104 tonne wagons, providing a substantial increase in efficiency.<sup>34</sup>
- 4.54 The Queensland Transport Minister said that Queensland Rail would fund the project, but not until contracts on user costs had been finalised with the coal mining companies. He added that the total cost would be about \$1 billion, including electrification, but anticipated earnings could reach \$4 billion a year.<sup>35</sup>
- 4.55 The announcement indicated that the track would take about 30 months to build. A concurrent \$300 million expansion at Abbot Point, will double its capacity to 30 million tonnes a year by 2010.<sup>36</sup>

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31 Queensland Government, Department of Natural Resources and Mines, *Queensland's World-class Coals: Mine Production and Developments*, December 2005, p.17.

32 Queensland Government, Department of Natural Resources and Mines, *Queensland's World-class Coals: Mine Production and Developments*, December 2005, p.17.

33 Margaret Wenham & Tony Grant-Taylor, *Rail link hinges on miners:Lucas*, Courier Mail, Saturday, 9 June 2007, p.10.

34 Margaret Wenham & Tony Grant-Taylor, *Rail link hinges on miners:Lucas*, Courier Mail, Saturday, 9 June 2007, p.10.

35 Margaret Wenham & Tony Grant-Taylor, *Rail link hinges on miners:Lucas*, Courier Mail, Saturday, 9 June 2007, p.10.

36 Margaret Wenham & Tony Grant-Taylor, *Rail link hinges on miners:Lucas*, Courier Mail, Saturday, 9 June 2007, p.10.



- 4.56 The southern “missing link” refers to a proposed 220km narrow gauge link from Wandoan to Moura (via Theodore). This link would open the way for Surat Basin coal to be exported through Gladstone.<sup>37</sup> Another submission suggested the line should go as far as Banana. The same submission, suggested that completion of a further 20 km link, from Goondiwindi to North Star in NSW, would complete the rail connection from Melbourne to Gladstone.<sup>38</sup>
- 4.57 A study prepared by GHD on behalf of the Western Downs Regional Organisation of Councils, strongly supported the completion of this link. The report said that if it were constructed “...then the area can be developed at a much more rapid pace”.<sup>39</sup>
- 4.58 Other witnesses also supported this project, and indicated that the idea was supported by every council along the proposed route. Evidence was given that the boom in demand for coal was a major factor in the need for this line. Witnesses said that the two main coal mining companies in the area had “...shown real interest in strong financial contribution to this project.” The evidence noted also that there were another six to eight coal companies that would benefit from this line. For example, the Chinchilla shire said that:
- We have at least three coalmines in the Chinchilla area with proponents ready to go, but they just have no way of getting the coal out.<sup>40</sup>
- 4.59 A number of witnesses from northern NSW were also in favour of the connection from Queensland down to North Star. They were inclined to seek the extension of the Queensland narrow gauge line. However, the Committee considered that as the national network is standard gauge, it makes more sense in the long term to have a dual gauge line, offering both narrow and standard gauge, at little extra cost. The group indicated a gap in that area that needed to be closed – between Camurra and Boggabilla.<sup>41</sup>
- 4.60 The Committee believes that the addition of these links to the rail network would provide a much-needed flexibility to the system. It
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37 Queensland Government, Department of Natural Resources and Mines, *Queensland's World-class Coals: Mine Production and Developments*, December 2005, p.17.

38 New England North West Area Consultative Committee, Submission 5, p.2.

39 Western Downs Regional Organisation of Councils, Submission 50, p.18.

40 Western Downs Regional Organisation of Councils and Chinchilla Shire Council, Transcript, 7 April 2006, Toowoomba, pp.62-3 and 67.

41 Moree Plains Shire Council, Gilgandra Shire Council, Dunavant Enterprises and Mr Kevin Humphries, Transcript, 7 April 2006, Toowoomba, p.24.

would open the possibility of alternate routes being available, if one part of the network were closed by an accident or natural disaster. It would also add a useful layer to the security of the network.

- 4.61 The Committee's view was supported by the Glen Innes Section 355 Transport Committee, which said:

The diversification of the rail network is essential. Diversification in terms of carriers and diversification in terms of options for destinations ports and routes to port. ...The current rail network locks export producers into a very narrow choice of export port if they want to use the rail network to transport their goods. We believe that diversification of destination ports can only be brought about by increasing the number of rail options available to the exporter.<sup>42</sup>

- 4.62 The RTSA also indicated that there is a "demonstrable need to expedite Caboolture-Landsborough duplication and re-alignment and to start planning for other rail deviations and bridges..." on the Brisbane -Townsville route. As an example, the RTSA referred to the bridge on the Burnett River near Bundaberg "...which is now subject to a 15 km/h 'flat' speed restriction (i.e. no acceleration or braking)".<sup>43</sup>

## Victoria

- 4.63 The Australian Chamber of Commerce and Industry proposed the upgrading of the Melbourne to Adelaide railway to "...facilitate double stacking of containers and maximum length trains allowed elsewhere on the network (1,800 metres)".<sup>44</sup>
- 4.64 The Chamber estimated the cost of this project at \$30 million and commented:

The current clearance problem represents a significant restraint on the national rail network. Double stack capability is currently available from Adelaide to Perth, Darwin and Parkes (NSW). The current 1,500 metre maximum train length

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42 Glen Innes Section 355 Transport Committee, Submission 87, p.2.

43 Railway Technical Society of Australasia, Submission 14, p.10.

44 Australian Chamber of Commerce and Industry, Submission 57, p.22.

also limits operations, on a link which is near service capacity.<sup>45</sup>

- 4.65 Members of the Committee reiterate the findings of their earlier inquiry *Tracking Australia*, insofar as the Dynon exit is critical to a number of routes out of Melbourne, as described in Chapter 3 (paragraph 3.78).

#### Rail connectivity within Victoria

- 4.66 Several witnesses raised the question of a lack of rail connectivity within Victoria. Their concerns centred mainly on the failure to complete the standardisation of rail gauges in the state. This was of special concern to the Latrobe City Council:

The city's rail freight transport with ports and the rest of Australia is severely impacted as result of State Government's decision not to standardise the rail line. This has significant negative consequences for the movement of bulk and containerised commodities from the region for export. ...

There has been little consideration by state government of freight impact of passenger transport decisions. There have been a number of consequences of related development which [have] also impinged on the ability of the Bairnsdale-Melbourne railway line's ability to remain competitive. These include the development of Federation square such that double stacking from Eastern Victoria is not available and the decision not to invest in rail gauge standardisation at the time of fast-rail development.

There is a new opportunity ... with the proposed [triplication] of the Dandenong-Caulfield line. We contend that this opportunity should be grasped as a low cost no regrets approach.<sup>46</sup>

- 4.67 The Alliance of Councils for Rail Freight Development, which represents 24 councils in Victoria and southern NSW, said that it had been formed because of a growing feeling of frustration with the lack of rail connectivity in Victoria.<sup>47</sup>
- 4.68 Some years ago, the Victorian Government expressed its intention to standardise the Victorian rail network. That intention seems to have
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45 Australian Chamber of Commerce and Industry, Submission 57, p.22.

46 Latrobe City Council, Submission 58, p.8.

47 Alliance of Councils for Rail Freight Development, Submission 26, p.1.

been abandoned in favour of extending the fast train passenger services.

4.69 Representatives from several areas of Victoria gave evidence to the Committee about their isolation from the main Australian standard gauge network.

4.70 The Sunraysia Mallee Economic Development Board indicated that connecting Mildura to the national standard gauge line would provide a number of benefits. At present, the Board said:

...all east-west trains, presently double stacked, are broken down at Dry Creek, SA and reconfigured to progress to Melbourne. The estimate is that 32 hours are lost in the process.

If the Mildura region is connected to the transcontinental, double stacking from Perth/Darwin/Melbourne via Mildura may prove to be economically and commercially practical, and indeed the preferred route.

The proposed route to the transcontinental is a relatively simple connection in the order of 200km, which would cost \$220 to \$250 million.<sup>48</sup>

4.71 The Mildura Council also suggested that a rail connection via Mildura could represent an alternative North-South route, if there are any interruptions on the regular Melbourne to Brisbane route.<sup>49</sup> Completion of the rail loop around Mildura from Thurla to Yelta, and a rail spur to the Mildura Airport, would help to improve Thurla's connectivity to the wider network.

4.72 In May 2006, the Victorian Government committed \$53 million to upgrading the Mildura line for freight purposes.<sup>50</sup> On 28 May 2007, the Government announced that work on this project will commence in September 2007. The upgrade will allow freight trains to run at 80 km an hour and substantially reduce transit times.<sup>51</sup>

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48 Sunraysia Mallee Economic Development Board, Submission 22, p.2.

49 Mildura Rural City Council, Wentworth Shire Council, Sunraysia Area Consultative Committee and Sunraysia Mallee Economic Development Board, Submission 22, pp.2 and 5.

50 Victorian Government, Minister for Transport, Media Release, *Government Announces \$73 million investment for first stage of Mildura line upgrade*, 13 May 2006.

51 Victorian Government, Office of the Premier, Media release, *Mildura Rail Line Upgrade Works to start in September*, 28 May 2007, Melbourne, p.1.

- 4.73 The Gippsland region is also disconnected from the national standard gauge system. The City of Casey noted:

There are no Standard Gauge rail connections east of the Melbourne Terminus. This limits the opportunity to link Gippsland, south Gippsland or the Port of Hastings directly by rail to the National Rail Network.

Without a Standard Gauge connection, rail freight movements cannot compete with road freight due to the costs associated with double handling and time impacts.

Once a container is loaded onto a truck, it is far easier to complete the journey by road rather than transfer to rail and potentially transfer again between a Broad Gauge line and Standard Gauge line, with a further transfer to road for the final destination.<sup>52</sup>

- 4.74 The City commented that an upgrade is needed and that would give an opportunity to provide the standard gauge link:

Upgrading of the line is required as a matter of urgency. If a third track was provided, the opportunity to include a double gauge configuration should be explored as this would provide Standard Gauge rail freight links to the Dandenong/Hallam Industrial areas.

It also maintains the opportunity to extend those links in the future along the Gippsland, south Gippsland and even the potential Port of Hastings routes.<sup>53</sup>

- 4.75 The City of Casey has put the view that if a connection to the Port of Hastings is ever to be built, acquisition of the land for the rail corridor should be undertaken soon. On the basis of their argument, land acquisition is becoming more and more difficult along that route and could become economically impractical if left too long:

Any study into future freight connections to the Port of Hastings should investigate the options for a rail connection from Dandenong to Hastings. Provision for such a connection generally along the Western Port Highway corridor is becoming increasing[ly] remote as development continues to

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52 City of Casey, Submission 83, p.4.

53 City of Casey, Submission 83, p.4.

constrain an alignment that might minimise acquisition of “urban” land.<sup>54</sup>

- 4.76 While the Committee accepts the generality of this argument, and the prudent necessity of reserving rail routes, it does not see this as a high priority at present because of the huge investment in the Melbourne port infrastructure.

## Western Australia

### The South and South West

- 4.77 The freight task in the south and south west of WA is growing rapidly as mineral and timber developments are brought into production.
- 4.78 In the Bunbury area, there is a narrow gauge rail connection that carries alumina and also has a passenger service. The volume of freight is already large enough to conflict with the passenger schedule. As the volume of freight is growing, the South West Development Commission suggests that there is a need to examine the option of a dual gauge line from Brunswick to the port, about 27 km.<sup>55</sup>
- 4.79 WestNet Rail commented that this duplication “...may be required at some point in the future but certainly not in the short to medium term”. The company also said that it consults regularly with Alcoa and Worsley (the companies responsible for almost 90 per cent of the region’s freight) and has planned to install additional crossing loops where they are required to support the two companies in their expansion plans.<sup>56</sup>
- 4.80 There is a rail line in the south west, some of it nominally operative, but presently inactive. In its absence, the freight is limited to road haulage; although there have been discussions between WA Plantation Resources (WAPR), the railway company and the State Government, about re-establishing rail operations.<sup>57</sup>
- 4.81 WA Plantation Resources has attempted to assist the transfer back to rail by building a processing plant in Bunbury, which increases the

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54 City of Casey, Submission 83, p.5.

55 South West Development Commission, Transcript, 7 March 2006, Bunbury, p.16.

56 WestNet Rail, Transcript, 7 March 2006, Bunbury, p.63.

57 WA Plantation Resources, Transcript, 7 March 2006, Bunbury, p.25.

potential freight volume from 300,000 tonnes to 700,000 tonnes – at the latter level, the haulage rate is competitive with road.<sup>58</sup>

- 4.82 Overall, WA Plantation Resources said, “...rail infrastructure at the moment is limited. There are only two or three major lines, and certainly they do not service a significant part of the south-west region”.<sup>59</sup>
- 4.83 The Griffin Coal Company said that it had particular problems with gaining access to rail transport. Although the mine has both loading facilities and a rail line, the railway company had not been able to provide coal trucks to take the mine’s output. A bottom dump system and a stack-out system are also needed.<sup>60</sup> Recent advice from the company indicated that some coal wagons had been obtained from Queensland but the problem is not yet completely solved.
- 4.84 The alternative outlet for Griffin Coal is to send its coal to Kwinana. The problem with that option, the company said, was that the railway company was quoting \$11.50 a tonne to move the coal, while Griffin’s competitors in the Hunter Valley are paying less than \$4 a tonne.<sup>61</sup>
- 4.85 In the first quarter of 2006, the mine was producing at the rate of 3.1 million tonnes a year and had just installed capacity for 5.5 million tonnes, involving an outlay of \$50 million.<sup>62</sup>
- 4.86 The City of Bunbury referred to a section of the wheat belt disconnected from the rail system in the late 1980s; it includes the area around Collie, Narrogin, Wagin and Konjunup. The City said that “...There used to be three railway lines ...When they rationalised, they rationalised all three. That has disconnected that whole wheat market from Bunbury port, yet Bunbury...is a prime wheat port.”
- 4.87 The City estimated that the line could be re-established through Merredin for about \$50 -70 million. The suggestion was that a dual gauge connection would provide a direct link to the national standard gauge line.<sup>63</sup>

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58 WA Plantation Resources, Transcript, 7 March 2006, Bunbury, p.25.

59 WA Plantation Resources, Transcript, 7 March 2006, Bunbury, p.33.

60 The Griffin Coal Mining Company, Transcript, 7 March 2006, Bunbury, p.41.

61 The Griffin Coal Mining Company, Transcript, 7 March 2006, Bunbury, pp.42 and 46.

62 The Griffin Coal Mining Company, Transcript, 7 March 2006, Bunbury, pp.48-9.

63 City of Bunbury, Transcript, 7 March 2006, Bunbury, p.87.

4.88 The area around Albany has an expanding timber industry. The industry expects to more than double its output of woodchips within ten years. About half of this will move by rail and the rest by road.<sup>64</sup>

4.89 Timber 2020 said that rail connections to the plantations are inadequate:

The rail line that we have was originally built for passengers going down from Perth but essentially round the grain operation. It does not cover vast areas which are now plantation, so there is no way that that stuff can go on rail unless it is brought to a central area and checked...So unless the rail set-up is increased dramatically, at huge cost, I think it is very unlikely that we are going to persuade more people than there are at the moment to go on rail.<sup>65</sup>

4.90 The Timber Industry Road Evaluation Strategy Group (TIRES) added that:

The current rail line basically runs north-south; the timber industry goes east-west from the port, especially on the coastal strip. Even if they were to put a couple of spur lines in the east-west to meet up with that line, all they would be doing is duplicating state roads.

The local road network would still suffer under all the freight of the product from the farm to the rail line. The issue for local government is still there no matter what rail does.<sup>66</sup>

4.91 The main rail issues in the area around Esperance, concern the line to Kalgoorlie. The Shire of Esperance told the Committee that it is essential that the line to Kalgoorlie be designated an AusLink corridor.<sup>67</sup>

4.92 The Shire explained that this line is standard gauge and links into the national standard gauge line. The Shire claimed that if it were on the east coast, it would be an AusLink corridor:

The rail line starts at Leonora, picks up all of the products in that north-eastern mineralised area of the state – a whole range of products – and brings them down and exports them

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64 Great Southern Timber Industry Road Evaluation Strategy Group, Transcript, Albany, 8 March 2006, p.20.

65 Timber 2020, Transcript, 8 March 2006, Albany, p.23.

66 Timber 2020, Transcript, 8 March 2006, Albany, p.26.

67 Shire of Esperance, Transcript, 9 March 2006, p.10.

through this port, and it takes fuel back up into that region. So we are saying that corridor must have significance.

Our belief is that, if it is not within that corridor laid down by federal parliament, we will have a huge amount of problems in ever attracting federal funding to the significant investments that might be needed for the future.<sup>68</sup>

4.93 In discussing the ownership of the line, the Shire said:

We were quite frustrated and disappointed when the former Western Australian government sold the rail track and the rolling stock to the same company... We believe that the Australian Rail Track Corporation should have controlled that line from top to bottom. It was common sense...

Then I think we would be part of a standard model right across Australia and it would allow us to see more competitive rates on those lines, because you have got a rail and track corporation controlling it...<sup>69</sup>

4.94 The City of Kalgoorlie-Boulder, referring to the line south to Esperance, said that it is in need of some improvement:

My understanding is that the geometry of the track is not ideal and in fact limits the speed and the safe travel of the trains using that line. That is obviously going to slow the trip down and lessens the amount of rolling stock you can have on the line.<sup>70</sup>

4.95 Co-operative Bulk Handling Ltd (CBH), however, said that, for the grain industry:

It is hard to see any real opportunity to increase the use of rail into the Esperance port zone for two reasons: firstly, the locations of the current storages and, secondly, the problems that we have in the port itself in...the discharge operation, which is quite inefficient at the moment. Most of this port zone is serviced by road.<sup>71</sup>

4.96 Portman Ltd is exporting almost 8 million tonnes of iron ore a year from its mine at Koolyanobbing. The mine will have a future capacity of between 10 and 15 million tonnes a year. Portman said, however,

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68 Shire of Esperance, Transcript, 9 March 2006, Esperance, p.11.

69 Shire of Esperance, Transcript, 9 March 2006, Esperance, p.12.

70 The City of Kalgoorlie-Boulder, Transcript, 9 March 2006, Esperance, p.28.

71 Co-operative Bulk Handling Ltd, Transcript, 9 March 2006, Esperance, p.36.

that the rail line would have to be significantly upgraded to handle a greater tonnage than the present load. The company estimated that the required upgrade between Kalgoorlie-Boulder and Esperance would cost about \$70 million.<sup>72</sup>

4.97 The ore is railed via Kalgoorlie-Boulder to Esperance. Portman and WestRail said that two new passing loops had been added to the line between Kalgoorlie-Boulder and Esperance and eight existing loops had been extended. The loops could now handle 126 car trains – the limits previously were between 84 and 100 cars. Those improvements cost Portman \$16 million and the company has also invested \$45 million on rolling stock in recent years.<sup>73</sup>

4.98 Portman said that the haulage of 580 km to Esperance is one of the longest haulage operations for bulk goods anywhere. The company's problem is that it costs them about \$10 a tonne, compared to \$2 or \$3 a tonne for haulage in the Pilbara. Another problem is the rail line itself:

The rail is on an old alignment. I think it is referred to sometimes as being a contour type line, ...it meanders through the contours of the countryside and was suitable for slow-speed operation of trains of 50, 60 or 100 years ago.

...sharp radius corners, limited formation preparation, not suitable for high-speed, heavy operations...Currently the speed limitation is 50 kilometres an hour for loaded trains. The standard that applies elsewhere, and indeed on the Koolyanobbing-Kalgoorlie section, is 80 kilometres an hour, so we are suffering a significant productivity issue with significant speed restrictions.

In addition to that, it is susceptible to flooding and ...to heat buckling ...in summertime, when additional speed restrictions could be imposed because of the integrity of the track and its capacity to handle temperature variations. So it is a relatively tenuous link.<sup>74</sup>

4.99 The region has additional prospects, with the proposed development of another iron ore (hematite) deposit 40 km south west of Wiluna by Golden West Resources. The area is 700 km from the proposed port of Oakagee, near Geraldton, and 900 km from Esperance. Tests so far have proved reserves of 50 million tonnes, and this is expected to

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72 Portman Ltd, Transcript, 9 March 2006, Esperance, pp.44-5 and 47-8.

73 Portman Ltd, Transcript, 9 March 2006, Esperance, pp.44-5.

74 Portman Ltd, Transcript, 9 March 2006, Esperance, p.46.

reach 100 million by the end of 2007. Ultimately, the company expects to have 250 million tonnes available for export at 10 million tonnes a year. The initial stage will be 1 million tonnes a year for three years, by road and rail to Esperance.<sup>75</sup>

- 4.100 Based on prices in mid-2007, the deposit would be worth \$A77 a tonne, FOB. The company expects the price to decline after 2008, and in three years it could be \$A60-65 a tonne. Transport costs via Esperance have been estimated at \$25 a tonne, mining costs at \$5 to \$8 a tonne, and processing \$3 a tonne. The company is considering a purpose-built, open-access, rail line into Oakagee, post 2010 – it expects that this would lower transport costs to \$19 a tonne.<sup>76</sup>

#### Mid West Region

- 4.101 The Hon. Murray Criddle, said that the rail network in this region had been used for only about two million tonnes a year – mainly wheat and mineral sands. He added that:

Only minimal expenditure has been undertaken on the rail network. Line closure, speed restrictions and reducing train sizes have been used to keep the rail operational for current clients.<sup>77</sup>

- 4.102 He said there is now a need to move about 4 million tonnes a year. This has caused some road congestion because the rail lines, some dating from the 1920s, are unable to cope and the freight moves to road transport. To overcome this problem he proposed an upgrade in the rail line from Geraldton to Mullewa and Perenjori, to about 30 tonnes axle loading, and the addition of new passing lanes. He estimated the total cost at \$60 million.<sup>78</sup>
- 4.103 The Mid West Development Commission commented that the sub-standard rail connections are already forcing some iron ore exporters to use road transport:

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75 Golden West Resources Ltd, [http://www.goldenwestresources.com/downloads/070621\\_strachan.pdf](http://www.goldenwestresources.com/downloads/070621_strachan.pdf), accessed 28 June 2007.

76 Golden West Resources Ltd, [http://www.goldenwestresources.com/downloads/070621\\_strachan.pdf](http://www.goldenwestresources.com/downloads/070621_strachan.pdf), accessed 28 June 2007.

77 Hon Murray Criddle MLA, Member for the Agricultural Region of WA, Transcript, 6 March 2006, Geraldton, p.2.

78 Hon Murray Criddle MLA, Member for the Agricultural Region of WA, Transcript, 6 March 2006, Geraldton, p.2.

Mt Gibson Iron is exporting iron ore from Geraldton at a rate of approximately 2.4 mtpa ...but is being forced to supplement rail freight with road freight due to the inadequate rail system that was constructed in the 1920s/30s to haul significantly less quantities of grain.

Midwest Corporation...have elected to use road instead of rail for a number of reasons. They would have to use the same rail network as Mt Gibson.

It is apparent that the region's road and rail network will be incapable of delivering proposed iron ore tonnages to the port.

Accordingly, at least 2 major iron ore projects are planning to build slurry pipelines to transport iron ore concentrate to the port rather than use the ageing and inadequate rail network.<sup>79</sup>

- 4.104 The new port at Oakagee will require a standard gauge rail connection to the iron ore deposits in the Weld Range, about 400km north east of Geraldton. The potential is for 60 to 80 million tonnes to be exported by 2012. An upgrade of the line to the south east will also be needed and eventually converted to standard gauge.<sup>80</sup>
- 4.105 If the plans of Golden West Resources, mentioned above, proceed as intended, the company will send 10 million tonnes of iron ore a year out through Oakagee, from about 2010.<sup>81</sup>
- 4.106 Like projects in southern WA, the iron ore projects will have problems obtaining rolling stock. The evidence indicated that the current exporter waited 16 months to get the wagons needed to move its cargo. It had, in the end, used 35 year old rolling stock, which did not fit into the train unloaders.<sup>82</sup>

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79 Mid West Development Commission, Submission 102, p.3.

80 Hon Murray Criddle MLA, Member for the Agricultural Region of WA and Mid West Chamber of Commerce and Industry, Transcript, 6 March 2006, Geraldton, pp.3-4 and 9.

81 Golden West Resources Ltd,  
[http://www.goldenwestresources.com/downloads/070621\\_strachan.pdf](http://www.goldenwestresources.com/downloads/070621_strachan.pdf), accessed 28 June 2007.

82 Mid West Chamber of Commerce and Industry, Transcript, 6 March 2006, Geraldton, p.16.

## South Australia

### Green Triangle Region

- 4.107 The Green Triangle Region includes the south east of South Australia and the Western District and Wimmera in Victoria. The local councils in the region are concerned that it is isolated from the main standard gauge line.<sup>83</sup>
- 4.108 When standardisation of the Adelaide to Melbourne line was completed in 1995, it effectively isolated the broad gauge lines in south eastern South Australia and parts of western Victoria. The result was that freight movements on those lines ceased.<sup>84</sup>
- 4.109 The region's production is already export oriented and agricultural and forestry products, manufactured goods and minerals are shipped through Portland. The problem is that the area is expecting rapid growth in exports of timber products and mineral sands. Estimates indicate that this will involve an additional 3 million tonnes of woodchips and 350,000 tonnes of mineral sands a year. The lack of a rail connection will consign those shipments to the roads.<sup>85</sup>
- 4.110 The Glenelg Council made its submission on behalf of local government bodies on both sides of the South Australia/Victoria border. The main proposal was that the rail line between Mt Gambier and Heywood should be re-opened and converted to standard gauge. The Council said that not only would this open the way for the region's exports to reach Portland by rail, but, with the Heywood-Wolseley standard gauge rail link re-established, additional capacity would be available for the Adelaide to Melbourne rail link.<sup>86</sup>

## Tasmania

- 4.111 In May 2005 the Tasmanian Government made its submission to this inquiry. That submission was critical of the lack of funding applied to rail infrastructure in Tasmania. It drew a comparison with the attention and funding given to roads and to rail infrastructure in the mainland states.<sup>87</sup>

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83 Glenelg Shire Council, Submission 10, Attachment A, pp.6-7.

84 Glenelg Shire Council, Submission 10, Attachment A, pp.6-7.

85 Glenelg Shire Council, Submission 10, Attachment A, pp.6, 8 and 10 and Limestone Coast Regional Development Board Ltd, Submission 39, p.1.

86 Glenelg Shire Council, Submission 10, p.1 and Attachment A, p.3.

87 Government of Tasmania, Submission 53, p.2.

4.112 Since then, the Australian Government has reached an agreement with the Tasmanian Government and Pacific National and has allocated \$78 million towards maintaining and upgrading the Tasmanian rail network.<sup>88</sup>

4.113 In announcing the agreement, the Minister said:

The purpose of the rail rescue passage is to undertake a programme of remedial works on the AusLink elements of the Tasmanian rail system, between Hobart, Launceston and Burnie. These works are necessary to ensure speed restrictions and other track infrastructure impediments to reliable performance are addressed over the 10 year period of the works programme.<sup>89</sup>

## Northern Territory

4.114 The main rail issue in the Northern Territory, outside the Darwin port precincts, is the Adelaide to Darwin rail line. When asked about the seeming lack of traffic growth on that line, the Darwin Port Corporation said:

The Adelaide to Darwin railway has always been a long-term vision – it has been a 50-year project. To anticipate that all of a sudden, from day one on, you would have a significant jump in trade would be false, I think.

Certainly Port Corporation personnel, my colleagues here and other government representatives, in association with shippers and so on, are working on opportunities ...to identify trade opportunities for the railway. It is not anticipated that it will happen on day one; it is a long-term vision.<sup>90</sup>

4.115 The Darwin Port Corporation said that the introduction of iron ore shipments would require the addition of passing loops on the Adelaide to Darwin line. That, the Northern Territory Department of Planning and Infrastructure said, would be up to the rail owner.<sup>91</sup>

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88 The Hon Mark Vaile MP, Acting Prime Minister and Minister for Transport and Regional Services, Media Release 042MV/2007, 15 March 2007.

89 The Hon Mark Vaile MP, Acting Prime Minister and Minister for Transport and Regional Services, Media Release 042MV/2007, 15 March 2007.

90 Darwin Port Corporation, Transcript, 27 September 2005, Darwin, p.8.

91 Darwin Port Corporation, Transcript, 27 September 2005, Darwin, p.4.

## CASE STUDY

### The Benefits of Realignment

One example of a realignment that would provide substantial improvement in transit time, and savings on operational costs, is the rail line from Hexham to Stroud Road in NSW.

The present track is 97 km long and the alignment forces trains to go through 18.5 complete circles of curvature. For almost half of the distance, the curvature is 810 metres or less.

An alternative route has been proposed, to run through the Karuah Valley. This route would be 67 km long, with a ruling gradient of 1:80 and, for most of its length, a curvature of 2,200 metres and no tunnels. Following this route would take the trains through less than one circle of curvature. The estimated cost of this re-alignment (in 2004) was \$230 million.

A computer simulation applied to this project indicated that using the new alignment for a 1,500 metre train, hauling 3,900 tonnes, would generate savings of \$960 a train to the train operator, and \$240 a train on the variable costs of the track owners.

The results of the simulation showed a reduction in transit time from 82 to 42 minutes, fuel usage reduced from 1,582 litres to 952 litres and a dramatic reduction in brake work from 1,335 kWh to 207 kWh. All of these results would contribute to a reduction in the environmental impact of train services in the area.

Measured over a year, using current freight volumes, the savings would total \$2.3 million for train owners and about \$800,000 for the track owners. It was also calculated that for each tonne of intercity freight diverted to rail, with road pickup and delivery, external costs would be reduced by \$20.

The simulation estimated that rail would win an extra 0.23 million tonnes a year – reducing external costs by \$4.6 million a year. On this basis, total benefits from the re-alignment would be \$7.7 million a year.

**Source:** Alex Stoney, *How benefits could flow from one section of re- alignment*, *Track and Signal*, April, May, June 2006, p.34 and *The Karuah River Railway*, Second Edition, 16 July 2004, p.2.

## Regional Grain Lines

4.116 One problem repeatedly brought to the Committee's attention during the inquiry, was the poor condition of the regional rail lines servicing the shipment of grain for export. This is a problem in several states.

4.117 The Australian Wheat Board (AWB) said that one of the main problems is that the capacity of the network has not kept pace with the increase in grain shipments:

Most of the present regional road and rail network infrastructure has been based on the production levels of some 30 or 40 years ago, or roughly half the current required capacity. Over this period there has been minimal capital investment in components of the network to bring it up to modern standards.

...the rail network is deteriorating rapidly and has become a key limiting factor for the grain export industry to meet demand in a timely manner, or to be able to respond to marketing opportunities as they occur.<sup>92</sup>

4.118 The AWB added that much of the rail network had been built 100 years ago. Its shortcomings, the Board said, could be seen by a comparison with the North American rail networks:

As a comparison guide, North American rail networks carry up to 100 tonnes of wheat in a wagon. In contrast, the average Australian net wagon load is 55 tonnes and can be as low as 35 net tonnes.<sup>93</sup>

4.119 In recent years the process of privatisation has completely changed the dynamics of regional railways. The Railway Technical Society of Australasia (RTSA) said that for the regional grain lines to survive, a new method of administration is needed:

...the process of change that has happened over the last 10 to 15 years on Australian railways has, to a large extent, sorted out the interstate or national level operations but there has been no complementary process of change in the branch lines. They have been left out to some extent.<sup>94</sup>

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92 Australian Wheat Board, Submission 97, pp.10-11.

93 Australian Wheat Board, Submission 97, p.14.

94 Railway Technical Society of Australia, Transcript, 1 August 2006, Sydney, p.4.

- 4.120 The Australasian Railway Association said that greater co-operation is the only way that the supply chain can achieve sustainability:

The supply chain has changed dramatically and relationships within the chain have changed even more. The only way the chain as a whole will become sustainable in the long term is through policy and regulatory change to encourage participants to work more co-operatively together.

If this does not occur, each participant can only improve their individual activity within the chain at the margin...

By closing small inefficient depots, some branch lines, and using a planned co-ordinated road/rail transport system, the limited government and industry funds would be focussed on long term infrastructure improvements rather than being spread across investments that give short term, but unsustainable long term, benefits.<sup>95</sup>

- 4.121 CBH in WA, explained that one of the problems is the comparative cost of road and rail infrastructure:

We have ...seen because of the increase in commercial pressures, an uncoordinated approach to funding for infrastructure type investment. We had some issues in relation to road versus rail infrastructure costs.

For example, slip roads into the site...are in the order of \$600,000, whilst rail related loading infrastructure at the moment runs to about \$4 million. So economically, it would make a lot more sense for CBH to invest in road related infrastructure rather than rail, although, as a company, we are very strong supporters of rail. Rail siding construction and maintenance costs are also very, very high.<sup>96</sup>

- 4.122 The RTSA said that it believes that "...rail is not living up to the potential that it can offer producers, consumers and particularly the welfare of regional communities". It said that the problem is that:

Historical patterns and demand have shifted and now powerful market forces in grain logistics are driving efficiency and change in regional transport. Old frameworks for rail are ill equipped to effectively integrate rail to road and

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95 Australasian Railway Association, Submission 70, pp.6-7.

96 Co-operative Bulk Handling Ltd, Transcript, 9 March 2006, Esperance, p.33.

storage systems, either for the grains industry or for wider sustainable regional transport.

These frameworks were established for a bygone era in which state based centrally planned rail agencies were aligned with state based road authorities, grain handlers, port authorities and export marketers.

Whilst handling authorities are now deregulated and new entrants are appearing in upcountry storage, the price signals through the expected silo returns are sending clear signals to farmers. Although enterprise level productivity in modern silos is clear, it is also evident that general productivity in regional rail has not increased to the same extent as road transport.<sup>97</sup>

- 4.123 The Riverina Eastern Regional Organisation of Councils (REROC), representing 12 local government organisations in the eastern Riverina, said that the situation with the network of grain lines was disturbing its members:

Our members are extremely concerned that rail is being removed from the transport solution for grain. Recent policies implemented by the State Government have resulted in a series of recommendations to close branch lines in rural areas...

The closure of the branch lines has increased the number and frequency of truck movements on regional roads as this is now the only way in which farmers are able to deliver their grain to the regional receival points.

Not only has this increased the cost of production for farmers it has also negatively impacted on local councils who are now faced with repairing the damage that will result from the increased usage of regional roads by heavily laden grain trucks.<sup>98</sup>

- 4.124 The RTSA suggested that Australia should consider the approach successfully applied in North America:

The key observation arising from the North American experience is that regional rail became viable after deregulation there because it was put onto a regional basis.

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97 Railway Technical Society of Australia, Transcript, 1 August 2006, Sydney, p.2.

98 Riverina Eastern Regional Organisation of Councils, Submission 92, pp.1 and 3.

Basically, the large operators wanted to divest themselves of the responsibility and regional operators took up that responsibility.

We are suggesting that we move towards that process of change. The problem ...is that we do not have the institutional capacity in regional Australia. I accept that it varies from place to place, but the institutional capacity to do that does not exist.<sup>99</sup>

4.125 Professor Gray, appearing with the RTSA, suggested that regional areas be encouraged to organise and operate local lines themselves. He suggested that this could be encouraged by the Australian Government providing funding to support suitable regional groups; a similar arrangement to the eleven NSW regional transport co-ordinators.<sup>100</sup>

4.126 The RTSA agreed with this approach and said:

... The state officials ask us: 'What are the barriers to this happening at the moment? Why doesn't this happen at the moment?' The reason is that we need the states or the federal government to take on a facilitation role to make it happen.

We need the legislative framework to make sure the safety regulations are in place, we need to segment this particular market away from the main line market and we need to help facilitate the entrepreneurial level and local control and local ownership of these short lines.<sup>101</sup>

4.127 Toll Holdings indicated that discussions were under way with other parties in the grain supply chain – with the idea of applying the Hunter Valley Coal Chain model to the task of moving the grain harvest:

We are now trying to take that same approach to the grain supply chain in New South Wales where you have all the same dynamics. You have different parties owning the mines, that is, the silos, different parties owning the trains, different parties owning the rail infrastructure and different parties owning the ports. They all run into each other and the system

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99 Railway Technical Society of Australia, Transcript, 1 August 2006, Sydney, p.4.

100 Railway Technical Society of Australia, Transcript, 1 August 2006, Sydney, pp.4-5.

101 Railway Technical Society of Australasia, Transcript, 14 February 2007, Canberra, p.17.

is terribly inefficient, let alone the quality of the branch line infrastructure.

We are now talking to a number of the other parties in the grain supply chain in New South Wales about replicating what we did in the Hunter Valley in the grain supply chain. We think there are huge benefits to be gained there. It really does require an entirely different approach to the way government policy operates and the way government regulates assets. At the moment the way assets are regulated it is very difficult for parties in a supply chain to come together in a room and talk about operating seamlessly together.<sup>102</sup>

- 4.128 South Australia has a similar problem with its grain lines. The Eyre Peninsula, for example, supplies one third of the state's grain and the industry employs about one third of the region's workforce. The problem lies in the rail network needed to get the grain to the ports.<sup>103</sup>
- 4.129 The Eyre Peninsula Local Government Association said that the rail network is a vital link in the delivery of the grain harvest to Port Lincoln and Ceduna. Unfortunately, that network is "...in a poor state of repair due to the previous owner's maintenance policy".<sup>104</sup>
- 4.130 The Association listed a number of factors that are restricting the efficiency of the network:
- low track speeds and axle loadings;
  - poor out-load rates at strategic inland silos;
  - low wagon capacity;
  - multiple discharge mechanisms on rolling stock;
  - limited track space and low discharge rates at Port Lincoln;
  - summer heat restrictions during harvest; and
  - slow turn-around times.<sup>105</sup>
- 4.131 In Western Australia, some regions found that privatisation of the grain lines had quickly resulted in closure of lines, which effectively moved large quantities of grain to road transport. One example of this was in the area around Esperance, and the President of the Shire of Esperance said:

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102 Toll Holdings, Transcript, 1 August 2006, Sydney, p.43.

103 Eyre Peninsula Local Government Association, Submission 1, p.2.

104 Eyre Peninsula Local Government Association, Submission 1, p.2.

105 Eyre Peninsula Local Government Association, Submission 1, p.2.

My understanding of the history in Western Australia, and that is particularly across the narrow-gauge lines that run around the wheat belt areas of the state, is that the company that took it over as a component – or having connections to the company with the rolling stock – very quickly rationalised those lines; and suddenly we saw all the grain movements et cetera going onto roads and not onto rail. I think that is a bit of a sad scene.<sup>106</sup>

- 4.132 The Shire continued that this process was affecting the traffic on the Kalgoorlie to Esperance line:

...we are caught up in that, because this line, a standard-gauge line, is drawn into that – to the point where grain is not going onto rail, although this year I noticed there were some rail wagons bringing grain down from Salmon Gums and Grass Patch. That could all travel on rail, and over the last two years 99 per cent of it – perhaps all of it – came down on road. So we are not getting utilisation of rail.<sup>107</sup>

- 4.133 CBH is a grower-owned co-operative and the monopoly grain handling company for Western Australia. The company, in its evidence, commented that the Hunter Valley Coal Chain model would not be appropriate for the WA grain industry. CBH said:

One of the things that was obvious to me ...is that all the members of that team had skin on the table. Nationally in the grain industry, you have a disconnection between operational interface ...and the financial accountability...

...AWB [does] not own any storage and handling infrastructure in this state. They control the funds flow from the export grain that comes in. They pay the bills, if you like....They are in a significant position to reduce costs at any cost, because they are rewarded for it, which has a detrimental impact on the supply chain in the long term.

They are still the owners of that grain, once it is delivered to the pool. So, if you were to take the Hunter valley model, you would include AWB at the table, yet they have no infrastructure at risk and they are rewarded for pushing costs

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106 Shire of Esperance, Transcript, 9 March 2006, Esperance, p.12.

107 Shire of Esperance, Transcript, 9 March 2006, Esperance, p.12.

out of the supply chain at any cost. It is not a model that would work with AWB at the table.<sup>108</sup>

- 4.134 CBH also said that there is an urgent need to address the problem of the WA grain lines:

...there are vast sections of the line, the narrow-gauge network in particular at the moment, that are serving the grain industry that are not viable, even by conservative commercial benchmarks, so something needs to occur.<sup>109</sup>

- 4.135 A recent newspaper report highlighted the problem that can arise for the grain industry when the poor transport infrastructure has to cope with a bumper crop – and compete with booming mineral shipments. The article, noting ABARE’s prediction of a 129 per cent surge in wheat production, said:

Australia may well be awash with grain in the new year, but a dispute between the grain companies and the rail operator, combined with the parlous state of the rural rail network, could limit the capacity of farmers to cash in on the drought’s end.<sup>110</sup>

#### The North American Short-Line Model

- 4.136 The Committee took advantage of the visit to Australia of a Canadian expert on regional railways – Mr Ed Zsombor, Director of Rail Services in Saskatchewan. Mr Zsombor explained some of the differences between the Australian treatment of regional grain lines and the Canadian equivalent, the system of branch lines (also known as short-lines) used to move the wheat harvest.

- 4.137 He commented that Canada has only one rail gauge. It does not have Australia’s difficulty of trying to mesh different gauges into a coherent system. Canada also has a government-owned, dedicated fleet of wagons for the grain shipments:

In the late seventies and eighties, the federal government purchased 12,000 100 ton hopper cars, 263,000 pounds gross. ...So in the transportation of grain there is no car or

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108 Co-operative Bulk Handling Ltd, Transcript, 9 March 2006, Esperance, pp.32 and 37.

109 Co-operative Bulk Handling Ltd, Transcript, 9 March 2006, Esperance, p.35.

110 Matthew Stevens, *Bitter Harvest: train pain means farmers can’t cash in on bumper crop*, The Australian, 27 June 2007, p.19.

ownership cost built into the freight rate because they were provided by government. ...It is a fleet dedicated to grain.<sup>111</sup>

- 4.138 Mr Zsombor explained that the Saskatchewan Government had upgraded its 1,000 cars to 286,000 pounds gross – to haul 110 short tons of grain per car.<sup>112</sup>
- 4.139 The grain is moved by two private companies, Canadian Pacific and Canadian National. The government establishes a revenue cap for export grain, reviewed each year, and the two companies cannot exceed it. There is an established allocation that splits the revenue almost equally between them. Any excess revenue is paid back to the government and goes into an agricultural research fund.<sup>113</sup>
- 4.140 There is a legal process for abandoning or dismantling rail lines. It must first be advertised for a commercial deal. If none eventuates, the line must be offered to the province and the local governments at net salvage value.<sup>114</sup>
- 4.141 Mr Zsombor said that from 1979 to 1990, the federal government spent about \$1 billion dollars upgrading more than half the branch lines in western Canada. The aim was to restore them, over a period of ten years, to a capacity to allow trains to travel at 30 miles per hour, minimum, all year round, and to be able to pull 100 ton cars.<sup>115</sup>
- 4.142 He said that he believed that decisions on the abandonment or continuation of a line should be made by the people involved:

...when it comes to branch lines, the decision whether that line should stay or go should be at the lowest level possible and should be made by the local governments and producers and shippers. And the whole idea, like any railway,...is that you use it or you lose it. The best place to make that decision is at the local level, because they are the ones that are going to decide whether they are going to support using it.

So we believe those decisions are best made at the lowest level possible, which is generally in the region or locally. It is

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111 Mr Ed Zsombor, Transcript, 14 February 2007, Canberra, p.3.

112 Mr Ed Zsombor, Transcript, 14 February 2007, Canberra, p.3.

113 Mr Ed Zsombor, Transcript, 14 February 2007, Canberra, pp.4-5.

114 Mr Ed Zsombor, Transcript, 14 February 2007, Canberra, p.5.

115 Mr Ed Zsombor, Transcript, 14 February 2007, Canberra, p.6.

not made by the province; it is not made by the federal government. So that approach is maybe a little different.<sup>116</sup>

- 4.143 Mr Zsombor outlined a scheme used in Canada to give local communities the opportunity to keep a line open. Saskatchewan will give local groups \$25,000 to do a business plan or a feasibility study. There is then a second plan that can be accessed if the group meets three criteria: a viable business plan for 10 years after the purchase; local investment of a minimum of eight per cent; and demonstrable local support:

So if you have those three things we will take a 15-year loan, interest free, for the purchaser and, knowing it is a new business, we let them have three years of no payments if they wish and 12 equal higher payments rather than 15 lower payments, and that is just to get them started.<sup>117</sup>

- 4.144 The RTSA added that, in practice, there is no risk:

One of the advantages is that it is at a net salvage value, which basically means that there is no risk; it is the steel on the rails, and if the venture does not succeed they can still get the value from the scrap metal. It is really no risk to the local entrepreneurs.

Mr Zsombor, however, noted that: "The loan is only for the land and the track. They have to arrange to buy their own locomotive power."<sup>118</sup>

- 4.145 Commenting on the situation in Australia, Mr Zsombor said:

...I have seen tracks that you could be running heavier loads on – I would certainly approve them – but they are underloading the cars, which makes them very unproductive and inefficient. I think that is because the standards are set for main lines, where you have got dangerous goods and you have got passengers. They are very high standards, and you do not need that on a short line or a branch line. If you had two standards or a different approach for the branch lines I think that would be really worthwhile; that would make it a lot easier to start up and to operate.<sup>119</sup>

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116 Mr Ed Zsombor, Transcript, 14 February 2007, Canberra, p.6.

117 Mr Ed Zsombor, Transcript, 14 February 2007, Canberra, p.7.

118 Mr Ed Zsombor and Railway Technical Society of Australasia, Transcript, 14 February 2007, Canberra, pp.7-8.

119 Mr Ed Zsombor, Transcript, 14 February 2007, Canberra, p.11.

4.146 Later Mr Zsombor commented again on the loading of the grain wagons: "I would have no problem loading the tractor that I looked at to 100 tonnes, but they were underloading them to 40 tonnes or 50 tonnes. I could not believe that."<sup>120</sup>

4.147 The concepts explained by Mr Zsombor received some support from the members of an RTSA Study Tour of the NSW Branch Lines in March 2006. In his comments on the tour, Mr Ian Gray said:

Even in the UK, where local government has been relatively strong, the central government has chosen to maintain rail services at the local level by sponsoring partnerships among local organisations – the "Community Rail" movement.

The development of Catchment Management Authorities, with planning powers and substantial budgets, has shown how planning sustainable development can be focused at the regional level. It should be examined as a model for establishing an institutional basis for sustainable transport, one in which people directly affected and aware of business opportunities can participate.<sup>121</sup>

4.148 Mr Graeme Priddle, on the question of whether short-line operations based on the rail services in North America could be successful in Australia, added:

Yes. Local entrepreneur owns the branch line(s). He is responsible for capital (with federal govt grants) and agreed (beforehand) maintenance.

Hook and pull operators come from outside. Wagons come from outside. ...Main line/ports responsibility of others, BUT everyone talking to every other party.<sup>122</sup>

4.149 Professor Phillip Laird, also a member of the Study Tour, suggested that:

In the short term there is a good case for rehabilitation of branch lines. The alternative is to see more and more freight move by B-doubles on lightly constructed roads.

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120 Mr Ed Zsombor, Transcript, 14 February 2007, Canberra, p.16.

121 Railway Technical Society of Australasia, Exhibit 34, *Study Tour – Branch Lines of NSW – Study Tour Notes*, 22-25 March 2006, p.8.

122 Railway Technical Society of Australasia, Exhibit 34, *Study Tour – Branch Lines of NSW – Study Tour Notes*, 22-25 March 2006, p.25.

The fact that lines are no longer vertically integrated means that government may need to work harder to seek contributions from beneficiaries as well as provide funds to facilitate upgrades that will enhance Australia's export potential.<sup>123</sup>

4.150 Professor Laird concluded:

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.

...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.<sup>124</sup>

## Increasing Line Capacity

4.151 The Committee considers that the users of the Hunter Valley Coal Chain have demonstrated, by increasing throughput without adding major new infrastructure, what can be achieved through consultation and co-operation.

4.152 Increasing the capacity of the infrastructure can be achieved in a number of ways, before actually setting out to reconstruct the line. Improved signalling and communication systems can allow trains to safely reduce the distance between them. Co-operatively scheduling repairs and maintenance, to keep closures to a minimum, allows a larger number of train slots. Where possible, the use of longer trains,

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123 Railway Technical Society of Australasia, Exhibit 34, *Study Tour – Branch Lines of NSW – Study Tour Notes*, 22-25 March 2006, p.30.

124 Railway Technical Society of Australasia, Exhibit 34, *Study Tour – Branch Lines of NSW – Study Tour Notes*, 22-25 March 2006, pp.30-31.

double stacking of containers and the provision of more passing loops, can also have a substantial effect on the capacity of a network.

4.153 In the Committee's opinion, however, the greatest need for Australia is the reconstruction and realignment of the main freight networks. This would:

- allow faster speeds and greater axle loads;
- clear the way for longer trains and double stacked containers;
- make it possible to reduce the steepness of grades, straighten lines and remove loops; and
- allow for the elimination of many level crossings.

## A Challenge

4.154 One witness, Mr Vince O'Rourke, a former head of Queensland Rail, encouraged the idea that the nation should move beyond the steam era and build modern railways to cope with 21<sup>st</sup> Century demands.

4.155 He challenged the nation to stop thinking of railways in 19<sup>th</sup> Century terms and to build a fast, modern network, using proven but very modern technology:

...there is some real innovative and creative redevelopment in the upgrade of the ARTC work. We will see significant reductions in time and improved capacity of the railway. At the end of the day, it is fixing up a railway that was designed for the steam era and we need to do something new.

Our manufacturing industry is under enormous threat. We have seen an explosion of imports. Our industries are doing it tough, and we are part of a global supply chain that is rapidly growing. We can see there are significant initiatives that need to be taken.

Regarding the Melbourne to Brisbane railway line proposal ...let us build a new railway line, and a decent one. This is a position I was advocating when I was in QR. Why don't we do something that the rest of the world does?... We see modern freight trains and passenger trains throughout Europe and the great railways of North America. ... We will patch up another railway and think we are doing pretty good to get along at 80 kilometres per hour when we should be thinking about freight trains that will travel up to 160

kilometres per hour, which happens in other parts of the world.

We are suggesting that we should build a modern railway between Melbourne and Brisbane on the shortest corridor of about 1,600 to 1,650 kilometres, west of the Great Dividing Range on the flat country with very low gradients, that it should cater for high speed freight trains up to 160 kilometres per hour and double-stack trains travelling at up to 120 kilometres per hour. It should have the capacity for fast tilting trains that would run between Melbourne and Brisbane and probably more importantly that would service the regional areas of southern Queensland and northern Victoria.

In terms of regional development, a modern railway line would cause an explosion of logistics and economic development in northern Victoria, New South Wales and Queensland. It is time to make a quantum leap in the capabilities of railways.

We are doing too much patching. Why don't we build some really good railways? On a modern railway from Melbourne to Brisbane, freight trains could make their journey in 15 hours. It would be overnight. It is the just-in-time manufacturing inventory, logistics and integration with the ports that this nation needs.

Rather than think we can do pretty well at 80 kilometres per hour, why don't we lift our minds, get into the future and start some innovative and creative solutions that the railway industry can give this nation?<sup>125</sup>

- 4.156 Similar thoughts were expressed in Toowoomba, where Trans Bulk Haulage said:

...I just find it very frustrating with the infrastructure being patched and not really being improved. ...There has not been any real money spent. There needs to be big money spent. The government want everyone to become more productive but they need to spend more money and they need to spend lots and lots of it, on both rail and road. ...let's get into it and get something organised. People are just talking and going

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125 Mr Vince O'Rourke, Transcript, 1 August 2006, Sydney, pp.14-15.

round and round in circles. There is nothing happening. It is very frustrating from all points.<sup>126</sup>

4.157 The Committee found this a fascinating challenge. Australia is a huge country and heavily dependent on its internal transport network. Because it is an island and trade plays such a big role in the economy, it is also highly dependent on easy access to the ports. It is particularly appropriate, because of the growing congestion on the roads and the cost of the road accident toll in lives, injuries and property damage.

4.158 This Committee and its predecessors have long advocated a serious effort to raise the rail standard in Australia, rather than being content to simply keep things running. In its 1998 report *Tracking Australia*, the Standing Committee on Communications, Transport and Microeconomic Reform posed a similar challenge:

On the eve of the 21st century, the committee is conscious that concerns about the environment and other externalities mean that rail in Australia is being seriously considered as a viable transport option. Australia's rail therefore has 'to lift its game' and perform at international best practice levels...<sup>127</sup>

4.159 The Committee then added:

...bearing in mind the Australian Transport Council ...decisions to promote rail, the committee supports an invigorated role for passenger and freight rail in the national transport network. The committee believes that where rail has demonstrated its reliability, timeliness, safety and service orientation, rail provided a successful service. There is an important role for rail in the national transport network, in particular the national interstate rail traffic...<sup>128</sup>

The Committee believes that the need for rail to fulfil the role outlined in *Tracking Australia*, has grown and is now more important than ever.

4.160 Over the years, the argument has been that the way to preserve regional and rural roads is to increase the share of freight moved by rail. As this is not happening quickly enough to offset the growth in

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126 Trans Bulk Haulage Pty Ltd and Australian Trucking Association, Transcript, 7 April 2006, Toowoomba, p.61.

127 House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform, *Tracking Australia*, Canberra, July 1998, p.xxv.

128 House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform, *Tracking Australia*, July 1998, Canberra, p.4.

the use of B-doubles, B-triples and other heavy road transport, not only is rail failing, but so are the country roads. Unless serious funding is put into one or the other, both will continue to fail.

- 4.161 Now, almost ten years later, the only freight rail lines running at world's best practice are the iron ore lines in the Pilbara.
- 4.162 The Committee considers that the Australian and State Governments should take up this challenge to raise Australia's rail transport to world's best practice, and quickly. The task will not be cheap but the economic benefits will be widespread. In *Tracking Australia*, the report emphasised the overall benefits of a modern, high-standard, rail system:

Evidence to the inquiry emphasised that increased investment in rail infrastructure, together with continued improvements in performance by rail operators, would lead to more effective and efficient use of the nation's rail assets, generating economic benefits for rail users and the wider community.<sup>129</sup>

- 4.163 The Committee believes that if governments take a similar funding approach to that given to roads over the last two or three decades, the economic and social benefits would amply repay the effort. Australia would have a high-performance rail network, the freight burden on the roads would be reduced, and the external effects of increased transport usage would also be reduced: effects on the environment, congestion, accidents, air and noise pollution and greenhouse gas emissions.

## Committee Assessment

- 4.164 State governments have established policies to increase the share of rail in the freight task. The Committee is convinced that this will only be achieved to a substantial level if infrastructure funding is concentrated on strengthening and straightening tracks and the removal of obstacles, to allow the widest possible use of 1,800 metre trains and the double-stacking of containers.
- 4.165 The condition of the grain lines is a problem in several states. The Committee considers that the type of structure outlined by Mr Zsombor is worth closer examination in Australia. The concept of

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<sup>129</sup> House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform, *Tracking Australia*, Canberra, July 1998, p.150.

local businesses and authorities arranging to take over the short regional lines, with some help from the State or Australian governments, could be a useful way of keeping the infrastructure available.

- 4.166 On the East Coast there are many problems facing the rail network. The ARTC, however, is making good progress on dealing with some of the worst problems. The Committee was pleased to find that during the course of the inquiry, approvals were given on some very important projects: for example, the Southern Sydney Freight Line and the announcement on the Goonyella line in Queensland.
- 4.167 The biggest problems lie around access to Sydney. The congestion in the city area, leading to conflict for time slots between freight trains and passenger services, and the poor access to the city from the north, combine to make this a planner's nightmare. The Southern Sydney Freight Line will help considerably, but access to Sydney will continue to be a problem for some time yet.
- 4.168 The Committee has a great deal of respect for Mr O'Rourke's views. It endorses his recommendation that we do one major project, and do it extraordinarily well, so it can be used as a template for greater rail productivity and efficiency.
- 4.169 The Committee considers that it is time that Australia made a national commitment to sharply raising the standard of the rail network to provide a fast, modern, flexible and efficient system.
- 4.170 The losses to the national economy through the delays at Newcastle and Port Dalrymple are simply the highest profile problems - there are many other examples at all levels. Overcoming these difficulties would not only assist exporters to maximise their opportunities, but would encourage the establishment of new industries once it was seen that reliable transport was readily available.