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SUBMISSION TO THE RAIL FREIGHT NETWORK REVIEW

The PTUA is the recognised consumer group representing passengers on all forms of public transport throughout Victoria. It is a non-profit, entirely voluntary organisation, with no political affiliation. The PTUA has as one of its major objectives the increased use of environmentally-friendly rail for goods transport

This submission from the Geelong Branch of the PTUA only deals directly with some of the Committee's Terms of Reference, with particular emphasis on the Geelong region. However some of the other Terms of Reference are touched on within that discussion.

Potential future levels and composition of rail freight traffic, principally on those parts of the intrastate network dedicated to freight

To an extent, the Australian economy has become dependent on the relatively cheap transport of comparatively small amounts of goods to far-flung locations, a transport regime which does not favour railways. However this transport "flexibility" has come at the cost of genuinely sustainable transport outcomes. In an age of rising oil prices, dwindling oil reserves and concern about climate change, there is a need to promote energy-efficient supply chains to maintain our competitiveness and combat inflation.

It is therefore vital that rail maximises its role in the transport task. One prerequisite for this to happen is that road users meet the total cost of their use of the road infrastructure. An analysis by the PTUA has shown that there is a "roads deficit" in Australia of up to $16 billion a year. That is, when the full costs of road use, including construction and maintenance, land use costs, road trauma, air pollution and other factors are totalled, they come to $16 billion more a year than all the revenue collected from road users.
(see: http://www.ptua.org.au/myths/petroltax.shtml)

What has been called the "retreat from traffic" by railways in the last few decades has often been driven by short-term economic thinking. One particular example of the shedding of traffic by rail which affects Geelong is the decline in the carriage of fertilizer. According to the Bureau of Transport Economics, rail's share of Victorian fertilizer traffic, a lot of it sourced from Geelong, dropped from 95% in 1960 to less than 5% in 2000. A similar statistic relevant to Geelong is the drop in the proportion of Victoria's cement production carried by rail from 90% in 1967 to around 15% in 2000.

There are a number of reasons for these trends of course. As has been noted, the road industry does not pay the full costs of its use of the road infrastructure. On the other hand, the rail freight industry has not been funded sufficiently to avert significant deterioration of the current track, let alone to overcome inadequacies inherited from the past. As well, rail operators haven't always been able to provide the specialised rolling stock increasingly required for the efficient carrying of some products.

Local councils in the Geelong region, and further west, were told last year that they can expect up to forty more trucks a day on local roads, due to projected increases in logging activity in south west Victoria. At present, a train a day of logs comes to Geelong from Gippsland and a number of similar trains a week travel from Wodonga to Geelong. This means that over sixty trucks a day are not using our roads.

Rail is obviously also capable of moving logs from south-west Victoria to Geelong (or Portland) for export or wood-chipping. However all this traffic is carried by road at the moment. This has meant significant recent increases in truck traffic through the area already, with even more to come as additional plantations reach maturity.

Consequent upon this will be an escalating loss of social amenity in towns and other settlements along the truck routes, higher road maintenance costs for local councils and their communities, and the likelihood of increased road deaths and injuries.

In western Victoria there is a “mothballed” railway running from Mt Gambier to Heywood, through an area comprising many timber plantations. It is a broad gauge line that was in very good condition in 1995, but it was isolated and effectively closed in that year when the line from Ararat to Portland was converted to standard gauge. The decision not to standardise the line at the time was short-sighted, not just in retrospect.

The conversion to standard gauge and re-opening of the line was part of the State Government’s 2001 standardisation program (see below). This has not been done and in the meantime the condition of the track has deteriorated significantly.

This line could be used to transport logs to Geelong or Portland. A pulp mill is to be constructed just across the South Australian border at Penola, near Mt Gambier. Its output is expected to be about 770,000 tonnes a year. Re-establishment of the Mt Gambier - Heywood rail link would make it possible to rail this cargo to Portland for example.

The network’s present physical condition and maintenance needs

Apart from the Regional Fast Rail upgrade, Victoria’s rail network has suffered from under-investment for decades. In the latter half of the twentieth century, one of the “solutions” to this was the closure of lines, not just small branches, but also sections of main line such as the “Great Southern Railway” from Cranbourne to Yarram.

The leasing of the non-metropolitan track lease to private rail firms after 1999 only exacerbated this situation. In 2004 the lessee, Pacific National, advised Department of Infrastructure that it was no longer able to maintain the infrastructure at current service levels. Pacific National also noted that past under-investment meant that the network had accumulated a significant maintenance debt.

As the Victorian Auditor-General reported in May 2007, the minimum requirement imposed on the lessee of track speeds of 20 km/h with 19-tonne axle loads meant that rail freight traffic on the intrastate network was likely to decline, because service levels well above those minimum speeds and loads are needed just to retain rail freight traffic, let alone expand it.

Only a genuine commitment to the sort of spending required to overcome the decades of under-funding will enable the State Government to meet its rail freight targets. In this regard it has been reassuring to see that the state government has recently committed to a $73 million rehabilitation of the Geelong to Mildura rail line, on which line speeds in some sections have had to be dropped to below 50 km/h due to the run-down nature of the track.

The network's future configuration from a public interest perspective including promoting economic growth and any impact on the road network and grain handling facilities

The Victorian government has a commitment to have 30% of port freight traffic on rail by 2010. However, according to the DoI's 2002 report "The Freight Task in Victoria", only 8% of freight is moved by rail in the south west corridor, which includes the Geelong region. The provision of reliable regional freight services will require the reversal of decades of underinvestment in regional rail lines in order to allow any significant increase in the proportion of freight transported to and from ports by rail.

Clearly the construction of the Corio Independent Goods Line (CIGL) is an essential part of achieving that aim in Geelong. This project involves the construction of a dual gauge line running from North Geelong to Corio, parallel to, and to the east of, the existing broad gauge line to Melbourne. It is estimated to cost less than $15 million, and is essential to effectively connect of a number of key facilities in the Port of Geelong to both the standard and broad gauge networks.

The CIGL has been mooted almost since the standard gauge line through Geelong was completed over a decade ago. It is sadly instructive that in the decade since this very modest piece of rail infrastructure was first proposed, well over half a billion dollars worth of major road expansion has occurred in this region.

A major reason for the tortuous birth of the CIGL was the resistance of the private track lessees to allowing the provision of a facility which would reduce the financial advantage of their monopoly of the broad gauge track. It is more than somewhat ironic that agreement to allow the construction of the line was finally reached with Pacific National at the end of last year, given that they have now sold back the track lease.

It is pleasing to be able to report that the construction of stages 1 & 2 of the three-stage project is about to commence at long last, taking the line from its connection with the existing standard and broad gauge lines at North Geelong up to North Shore. Tenders for the civil works and the signalling have recently closed and work should begin shortly.

With the building of stages 1 and 2 it will be more viable to complete the third and final stage by extending the CIGL to the Lascelles Wharf area of Geelong Port, where there is a bulk terminal which handles over a million tonnes of dry bulk product each year.

Provision of dual gauge rail facilities to Lascelles Wharf will be greatly enhanced if use can be made of an existing rail reserve, branching off from the present Incitec Pivot siding at the Seabeach Parade level crossing and running northeast towards the site. A bridge has already been provided on the alignment to take any rail line under Walchs Road.

Unfortunately the usefulness of this infrastructure provision, dating from the 1950s, was short-sightedly compromised in the 1960s by the construction across the rail alignment of what is now the Bluescope Steel plant. However Geelong Port has purchased the relevant eastern section of the land on which the plant is built, and it is not impossible for the buildings presently in the path of the line to be removed.

If this reserve was used it would mean that, with the construction of third stage of the CIGL, Lascelles Wharf would be served by a loop line, which is a far more flexible arrangement than a dead-end siding. It facilitates the use of block freight trains which are of course the preferred method of running bulk freight trains in particular.

The relative priority of lines for upgrade and/or standardisation

In May 2001 the State Government announced what it called an "historic decision" to standardise Victoria's country rail network as part of a new Regional Freight Links Program, which the government said would end "more than 120 years of Victoria's rail system being disconnected from the national rail network".

That program was scheduled to have been finished by late 2005, but not a sod has yet been turned. There is no doubt that one of the chief impediments to the start, let alone the completion, of that project was resistance to it from Freight Australia and then Pacific National, who were determined to protect their monopoly of intrastate broad gauge freight traffic.

Nevertheless, the program outlined under the May 2001 announcement is a vital one and must be pursued. The sooner the bulk of the intrastate freight network is converted to standard gauge, the better for the freight rail system.

As has been recognised ever since the birth of the railways, having a mix of gauges is the most damaging situation any rail network can face. Unfortunately, even with the completion of the 2001 standardisation proposals, this evil will not be eliminated from the Victorian system, but it will be greatly lessened, and more of Victoria's rail network will be linked directly to the national one.

Another reason for proceeding with the standardisation of as much of the network as possible is that greater competition will be possible due to the fact that there are a number of existing alternatives to Pacific National's own standard gauge fleet of freight locomotives and wagons.

By contrast, while the track lease has been brought back, virtually all broad gauge freight rolling stock remains in Pacific National's hands. No alternative operator is likely to go the expense of equipping themselves with a large-enough fleet of broad gauge rolling stock to challenge Pacific National's continuing monopoly on the broad gauge system. However if the majority of the system is standardised, there will be a number of alternative players willing and able to provide competition on the Victoria's intrastate network.

There seems to be no question that some customers do want an alternative. For example, wheat from Pinaroo in the Mallee, on the western fringes of the state, which might have been loaded on broad gauge for Geelong in the past, has instead travelled the long way round on standard gauge via South Australia.

A related issue is the decline in the condition and use of country branch lines in the Victoria's north west, such as those to Kulwin, Robinvale, Hopetoun and Yaapeet. This has led to a significantly greater number and frequency of truck movements on regional roads because farmers increasingly are delivering their grain by road to the regional receival points.

This represents a significant cost shift to the financial detriment of local councils. Rail infrastructure was financed by the state government, but now local councils are faced with repairing the damage resulting from the increased use of regional roads by heavily-laden grain trucks.

Australia might learn from the approach successfully applied in North America, where rail in rural areas enhanced its viability after deregulation by being organised on a regional basis. Where large operators wanted to divest themselves of the responsibility of running short-haul services, regional operators have taken up that responsibility.

The role Government and stakeholders can play in contributing to the long-term network viability

In June 2006, when the Victorian Essential Services Commission to set up access arrangements for the intrastate rail network, it acknowledged that those service levels were unlikely to be achieved without a government support.

The government is funding additional renewals for the passenger rail network, and the Department of Infrastructure (DoI) must seek to strengthen the current arrangements so that it provides clear assurance that the infrastructure is being adequately maintained and renewed. Up to now, the DoI has been constrained by the terms of the track lease. The government's buyback of the lease provides the opportunity to review and revise the current access arrangements and service standards.

The Auditor General's report of May 2007 highlighted the threat to the very viability of the network in that the length of track covered by temporary speed restrictions, mostly due to deterioration of the track, had increased dramatically over recent years – from around 100 kilometres at the start of 2002 to about 700 kilometres at the start of 2006. This represents almost 20% of the network.

In 2003 it was estimated by the DoI that it would cost approximately $125 million over four or five years to return the sleepers on the intrastate rail network to a sustainable, steady state footing, taking into account the impact of the government's major rail upgrade projects. The figures in the preceding paragraph suggest that the cost of track rehabilitation will be a good deal greater now.

Thank you for the opportunity to make a submission to the Rail Freight Review. We wish the Committee every success in its endeavours.

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