

Submission  
No 10

## INQUIRY INTO RAIL INFRASTRUCTURE PROJECT COSTING IN NSW

**Organisation:** Lachlan Regional Transport Committee Inc.

**Date received:** 23/09/2011

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# Lachlan Regional Transport Committee Inc.

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## SUBMISSION – GENERAL PURPOSE STANDING COMMITTEE NO.3

The Lachlan Regional Transport Committee (LRTC) was established in 1983. It draws its membership from the outskirts of Sydney through the Central West of New South Wales to Dubbo, Parkes and Cootamundra. Members include fifteen local government councils and the Port of Port Kembla. LRTC has many times raised the concerns of local people about the need to make optimum use of existing transport infrastructure. It recently worked with five councils to initiate studies into the reinstatement of rail services on an important cross-country railway line. Western New South Wales is seeing increasing mining activity, expanding processing industries and good grain harvests bringing greater demands on transport infrastructure and increasing costs for road construction and maintenance.

LRTC would like to raise for consideration the costs associated with the reinstatement and/or maintenance of branch railway line infrastructure in regional New South Wales. Many branch lines have been placed out of use, while others are restricted in the use which can be made of them. They suffer speed and load restrictions which make them unattractive to rail operators and raise the cost of moving freight on them.

We have reason to believe that some of the disused lines could be returned to use where potential freight traffic warrants the revival of a service, but rail operators are unwilling to commit to providing a service when there is uncertainty about the availability of the basic infrastructure: useable track. Businesses similarly show no interest in using a rail service which is either hypothetical or has an uncertain future. Governments are unwilling to assist with maintenance and/or revival without certainty that the lines will be used. So we have a 'chicken and egg' problem. The costs associated with infrastructure maintenance and renewal is very significant to finding potential solutions to this problem.

The costs of branch line track upgrades and maintenance have been estimated by two inquiries in recent years: the Grain Infrastructure Advisory Committee in 2004 and the Joint Commonwealth-State grain freight review of 2009. The issues of maintenance cost recovery and access charging are currently being investigated by IPART. Although methodologies for their calculation are not always clear, these inquiries have provided estimates of branch line maintenance and other costs. It is notable that through all these inquiries, recommendations have been made, and accepted by Government, that many lines be retained in use, on the basis of their costs in comparison with the costs of road freight. Current estimates of infrastructure costs do not appear to be threatening the existence of many useable branch lines. Such costs are significant nevertheless, perhaps as much in terms of the prospects for revival of some lines which could make a significant contribution to increasing the proportion of freight moving on rails.

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### **Member Councils:**

Lachlan  
Young  
Parkes  
Blayney  
Weddin

Cabonne  
Dubbo City  
Oberon  
Cowra  
Lithgow City

Cootamundra  
City of Blue Mountains  
Mid-Western Regional  
Wollondilly Shire  
Port Kembla Port Corporation

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LRTC would like to point towards administrative factors which are associated with these costs. There is evidence that the standards which are applied to branch lines, in terms of infrastructure requirements, may be inflexible and inappropriate. For example, some of the issues surrounding branch lines stem from the needs of main line operators when they run their trains on branch line track. This issue does not arise under the North American 'short line' system which developed from regional bases as the main line railways sought to close branch lines from around 1980. We have no equivalent localised or regionalised system of branch line operation in Australia, other than for specific commodity transport in certain areas like the Pilbara.

In Canada, when the main line railways sought to divest themselves of branch lines, provincial governments established railway administration and regulation regimes to provide for lines within provincial boundaries which had previously been regulated by the Federal Government. This is the opposite of what is happening in Australia as railway regulation is moved away from the states: a desirable change for interstate operations certainly but care must be taken if the needs of regional railways are not to be ignored. Transport Canada praises the Provincial regulation system for lines which are entirely within provincial borders. This arrangement has worked well and has stimulated innovation including measures with respect to safety.

The provincial railways presently in operation all appear to have satisfactory safety records. All claim strict adherence to applicable Association of American Railroads (AAR) rules, which constitute the body of railway safety standards accepted throughout North America. They have in place a detailed set of operating rules, training and a system of regular examinations and recertification to ensure the competence of employees. Further, some short lines use innovative management approaches to achieve the required safety results, including the use of financial incentives and penalties to acknowledge productivity and safety.

Transport Canada, 'Provincially Regulated Railways'

<http://www.tc.gc.ca/eng/railsafety/publications-ontrack-207.htm>

Under this system, the Canadian provinces have been working out and applying standards and administrative systems specifically for regional railways. The Province of Saskatchewan is an illuminating case of administrative flexibility. Its rail regulator, the Rail Services Unit, also provides technical assistance and even offers financial assistance to organisations seeking to retain or revive a railway.

The Rail Services Unit is committed to its mandate in providing the following services to our internal and external clients:

- enforce provincial railway legislation and regulation through safety inspections, accident investigations and monitoring of railway related activities and infrastructure
- provide technical assistance, advisory services and facilitation in interactions between provincial railways, shippers, federal railways, federal and provincial government agencies and road authorities
- facilitate the preservation and development of a provincial railway network to provide optimum service to provincial stakeholders

- encourage and assist in research, development and implementation of technological and operational advancement in railway safety and operations
- administer the provincial financial assistance programs for railway development and acquisition

See <http://www.highways.gov.sk.ca/railservices/>

It is notable that the Saskatchewan Rail Services Unit is part of a department of Highways and Infrastructure.

In 2007, Engineers Australia, through the Railway Technical Society, brought the Director of the Saskatchewan Rail Services Unit to Australia for a speaking tour. During his tour, Mr Ed Zsombor inspected several branch lines. He also gave evidence to the House of Representatives Standing Committee on Transport and Regional Services Inquiry into the Integration of Regional Transport Links and their Interface with Ports. Mr Zsombor pointed towards what he saw as inflexible management of the branch line infrastructure.

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 under loading 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.

House of Representatives Standing Committee on Transport and Regional Services (2007) *The Great Freight Task: Is Australia's Transport Network up to the Challenge?* Commonwealth of Australia, Canberra. p125.

LRTC does not wish to advocate any particular set of standards. Nor do we advocate any particular model of administration for regional railways. Rather, we seek consideration of a flexible regulation and administrative system which meets the needs of regional railway systems to ensure their survival, and realisation of their potential to contribute to growth in the proportion of freight on rail. We submit that the costs of reviving and maintaining branch lines will not be reasonably estimated until they are regarded in terms of the requirements of branch lines under a model of administration which is flexible and responsive to the needs of branch line operations.

Max Duffey  
Secretary/Treasurer