



Association Number A03958 | ABN 64 217 302 489

AUSTRALASIAN RAILWAY ASSOCIATION SUBMISSION

To

Transport for NSW

On the

NSW Draft Freight and Ports Plan



THE ARA

The Australasian Railway Association (ARA) is a not-for-profit member-based association that represents rail throughout Australia and New Zealand. Our members include rail operators, track owners and managers, manufacturers, construction companies and other firms contributing to the rail sector. We contribute to the development of industry and government policies to ensure Australia's passenger and freight transport systems are well represented and will continue to provide improved services for Australia's growing population.

INTRODUCTION

The ARA welcomes the opportunity to provide this submission on the NSW Draft Freight and Ports Plan.

The ARA's comments on the Draft NSW Freight and Ports Plan reflect the ARA's [National Rail Industry Plan](#) which has been developed to support the rail industry's efforts to achieve its full potential. The following comments also draw on Deloitte Access Economics, [Value of Rail](#), November 2017 study commissioned by the ARA, and are consistent with the ARA's [submissions](#) to the Federal Government's inquiry into National Freight and Supply Chain Priorities, and the Federal Government's House of Representatives Standing Committee on Infrastructure, Transport and Cities inquiry into the Government's role in the development of cities.

The Value of Rail report by Deloitte found the sector contributes around \$26 billion a year (1.6 per cent of GDP) and over 140,000 jobs.

The Deloitte report also confirmed that with Sydney's population expected to increase by 3 million people by around 2060, government and industry will face significant challenges ensuring the efficient movement of freight around the city, and across the state.

Improving the planning of NSW infrastructure and transport is critical to the state's long-term productivity, efficiency and liveability. The development of a long-term freight and ports plan is an important step towards ensuring NSW can move goods in an efficient, safe and environmentally-sensitive manner.

This submission outlines eight key issues the ARA has identified as priorities for the NSW Freight and Ports Plan. These are:

- Reporting Progress to Implement Actions from the 2013 Plan
- Aligning State and Federal Plans
- Action on Infrastructure Projects
- Separation of Freight and Passenger Infrastructure
- Urban encroachment
- Corridor Protection
- Heavy Vehicle Road Reform
- Technology

KEY ISSUES

As discussed at the ARA's appearance at the NSW Draft Freight and Ports Plan roundtable in Queanbeyan on 1 March 2018, the ARA encourages Transport for NSW to strengthen and reinforce the Plan across a number of key areas. These comments were largely consistent with the ARA's submission to Transport for NSW on the *Draft Future Transport Strategy 2056*, in which the ARA detailed a number of issues for the Government's further consideration. This submission on the NSW Draft Freight and Ports Plan expands on these issues, and the discussions that were held at the Queanbeyan roundtable.

1. Reporting Progress to Implement Actions from the 2013 Plan

The ARA acknowledges the intent of this Draft Plan is to effectively provide an update to the previous NSW Freight and Ports Plan, which was released in December 2013. ARA agrees there have been significant developments in NSW since the release of this previous plan, particularly in regards to infrastructure investment, as well as the development of the *Future Transport 2056 Strategy*. Notwithstanding this, the ARA believes there is merit in undertaking a comprehensive gap analysis looking at where progress has been achieved (or not...) to implement the previous Plan's recommendations.

ARA notes section 1.8 of the Draft Plan outlines 'Outcomes delivered by the 2013 NSW Freight and Ports Strategy'. However, having publicly available as part of the Plan a table which outlines where progress has been achieved, and/or where further steps are required across all action items in the 2013 Plan would assist industry and government to better understand where further effort is needed to improve freight efficiency in the State. Furthermore, the ARA expects the

Final Plan to include a transparent reporting and monitoring framework that enables industry to track the Government's progress in implementing the Plan's objectives and actions.

2. *Aligning State and Federal Plans*

The ARA strongly supports a national approach to the movement of freight, particularly in regards to inter-state rail freight movements. ARA notes the Draft Report on the Inquiry into the National Freight and Supply Chain Priorities says that failure to have a national approach means higher cost of living for Australians and reduced competitiveness of Australian exports in the global marketplace. Furthermore, it states that productivity improvements will need to be obtained by adapting and repurposing existing freight infrastructure through a national approach of coordinated investment and reforms.¹

The ARA recognises that NSW has its own unique set of challenges and opportunities in relation to the movement of freight across the state. It is fundamental however that there is strong alignment between the NSW Freight and Ports Plan and the National Freight and Supply Chain Strategy. Adopting a national approach on a number of key issues, particularly in the areas of planning, investment and reform, is critical to achieving much needed productivity and efficiency improvements. The ARA would therefore welcome the Final Plan strongly affirming a commitment to align and connect with the National Freight and Supply Chain Strategy, to work with the Federal Government to address nationally significant freight issues, and to align with other jurisdictions (as far as reasonably practical) on key priority action areas. Some of these areas are outlined below.

3. *Action on Infrastructure Projects*

As noted in the Draft Plan, freight volumes are estimated to double in the Greater Sydney area and grow by a quarter in regional NSW in the next 40 years. In light of this growth, NSW faces significant challenges ensuring its transport networks, and the regulatory frameworks underpinning them are up to the task.

¹ Inquiry into National Freight and Supply Chain Priorities, Draft Report, January 2018, Page 1.

The ARA encourages the NSW Government to use the NSW Freight and Ports Plan to prioritise the planning and delivery of a number of key infrastructure projects. It is the view of the ARA that these projects need to be afforded a higher priority than is currently the case in the Draft Plan and it looks to the Final Plan to provide industry with greater certainty regarding their delivery through the provision of more definite dates and funding commitments. These priority projects include:

a) Duplication of the Port Botany rail freight line

The duplication of the Port Botany rail freight line is currently listed on Infrastructure Australia's Infrastructure Priority List as a 'High Priority Initiative'. Its timely duplication is needed to alleviate growing road congestion being felt around Port Botany; support growing intermodal operations in outer western Sydney and position the port to meet rising freight demand.

b) Western, Northern and Southern Freight Corridors

Infrastructure Australia has also listed the preservation of the corridor for the Western Sydney Freight Line and Intermodal Terminal access as a 'High Priority Initiative.' It also estimates the potential saving in the cost of constructing the project if the relevant corridor is predicted to be approximately \$1,605 million.² Its timely preservation is critical. In the south of Sydney, construction works are required on the Southern Sydney Freight Line to provide additional capacity. And, ongoing investment is necessary on the Northern Sydney Freight Line to enhance operational efficiency and to continue to separate freight and passenger traffic between Sydney and the Central Coast.

c) Inland Rail

The ARA encourages the NSW Government to finalise all necessary Memorandums of Understanding with the Commonwealth to progress the Inland Rail project, which will significantly benefit NSW producers by unlocking new domestic and international market opportunities. In addition, the NSW Government is encouraged to review and upgrade

² Infrastructure Australia, Corridor Protection: Planning and Investing for the Long Term <http://infrastructureaustralia.gov.au/policy-publications/publications/files/CorridorProtection.pdf>

where necessary existing rail linkages to the ports of Botany, Kembla and Newcastle to ensure these ports have efficient rail linkages to Inland Rail and regional New South Wales.

d) Fixing Country Rail

The ARA acknowledges the benefits of the *Fixing Country Rail* program as a mechanism to upgrade rail sidings, passing loops, network upgrades, reinstatement of non-operational lines and signalling system infrastructure. It therefore supports its continuation and expansion. However, members have reported to the ARA administrative challenges associated with the business case process for the Fixing Country Rail Program and ARA encourages Transport for NSW to address the comments outlined in its members' submissions on the Draft Plan.

4. Separation of Freight and Passenger Infrastructure

One of the main challenges faced by the rail freight industry in Sydney is ensuring the timely delivery of freight services to intermodal depots, ports and other logistics facilities in an ever-increasing congested network. This is influenced by a range of factors outside the control of rail operators, including, but not limited to:

- passenger rail services, maintenance vehicles and passenger backup rolling stock being afforded priority over freight movements in urban areas
- different network owners
- the state of regional track infrastructure
- a lack of rail paths and due to different network owners and difficulty in aligning paths between adjoining owners

Overcoming these obstacles is integral to improving supply chain efficiency.

The current shared freight and passenger rail system throughout the Sydney basin creates congestion and inefficiencies for both freight and passenger traffic, which will worsen as the city's population increases and freight volumes rise.

Linked to this, the ARA has previously communicated to Government industry's concerns in relation to Transport for NSW's draft revised Operations Protocol Review (see Attachment 1). In the letter, ARA outlines how the development of protocols that fail to take into account the

needs of freight lessen rail freight's ability to compete effectively with road transport which in turn would result in more freight being diverted to road.

In light of this, the ARA welcomes the Draft Plan's commitment to "investing and managing infrastructure that separates freight from passenger movements in congested corridors - especially near trade gateways"³. ARA also acknowledges the Government's intention to "increase access on the shared network and provide dedicated freight priority on selection sections of the network"⁴. The ARA looks forward to the Final Plan providing further details on these priorities, including a pathway to identify and progress works, which will provide greater certainty to industry on the Government's proposed strategies and approaches in relation to these areas.

5. Urban Encroachment

One of the greatest challenges currently facing the rail freight industry in Sydney is the current and future threat posed by urban encroachment. It is encouraging the NSW Draft Freight and Ports Plan highlights this as a priority, with Transport for NSW committed to preserving land for future transport corridors now (road and rail) to ensure land is available, affordable and free from encroachment from incompatible land uses.

Inappropriate urban development around freight facilities, such as high-density housing occurring around Port Botany, is having a detrimental impact on the industry's ability to provide an efficient, 24-7 service to its customers. Urban encroachment around freight facilities has been identified by the ARA as one of the key risks facing the rail freight industry in all capital cities, particularly Sydney

It is critical therefore that there is strong integration between the different arms of government in regards to future land use and transport planning to ensure interoperability between transport and urban planning. The Government must ensure planning is holistic, thereby providing greater business certainty, and including transport connections in the planning and construction phase, not post-construction.

³ NSW Draft Freight and Ports Plan, Page 6.

⁴ Ibid, Page 42.

ARA is of the view that urban development plans, particularly for greenfield sites, need to take into account of freight plans at both the state and federal levels. Development Application processes must be cognisant of relevant freight plans, and preferably, planners should be obligated to reflect freight planning objectives (as enshrined in federal and state plans) in their planning decisions.

ARA notes the Draft Plan's articulates Transport for NSW's commitment to "look at strategies to address urban encroachment" and hopes the Final Plan provides further detail on how this important piece of work will be delivered.

6. Corridor Protection

The ARA also acknowledges the Draft Plan's commitment to securing sufficient land for freight precincts, as well as identifying and protecting transport corridors to lower costs of development and maximise development potential.

The benefits of improved freight corridor protection measures are demonstrated by Infrastructure Australia's report *Corridor Protection – Planning and Investment for the Long Term* discussed earlier, which concluded that improvements in long-term infrastructure planning is an important means of lowering the cost of new infrastructure.

In its report, IA found corridor protection and early acquisition could save up to \$10.8 billion across seven projects on the 2016 Infrastructure Priority List. This included key rail freight projects including the Hunter Valley Freight Line and Western Sydney Freight Line as outlined previously.

More broadly, the ARA supports the development of a national framework for corridor protection with a focus on shared investment in corridor protection. Under this approach, a national framework would guide governments, including the NSW Government, to:

- prepare agreed, robust plans
- prepare feasibility studies on the corridors arising from those plans
- establish joint funding and governance arrangements to protect and capture the value in those corridors.

ARA encourages all Governments, including NSW, to adopt IA's recommendation for a national framework for corridor protection with a focus on shared investment in corridor protection.

Finally, the ARA supports and embraces the recommendation of the Inquiry into the National Freight and Supply Chain priorities to link Commonwealth infrastructure funding to freight appropriate planning and development assessment outcomes. In industry's view, the provision of federal financial incentives is needed to:

- Preserve and protect transport corridors and land for future freight use in growth areas
- Ensure all tiers of government adopt appropriate land use planning protections for existing freight related activities
- Ensure that freight related development assessments and conditions of approval issued by all tiers of government consider impacts on efficiency of freight operations.

7. Heavy Vehicle Road Reform

There is a growing need for action by governments (many of which publicly support more freight being moved by rail in their respective jurisdictions) to address policy imbalances inherent in the Australian transport industry.

These policy imbalances (which include an inequitable pricing regime; disproportionate accreditation frameworks and variable safety requirements) exist within an environment where there are significantly different requirements to entry and operation: These include:

Issue	Road Freight Transport Services	Rail Freight Transport Services
Accreditation	No minimum accreditation regime other than drivers needing to obtain a licence for the vehicle combination to be operated. Access to use the road network is available to any operator with a truck and a driver	A multi-faceted accreditation process (including ongoing re-certification) applies to use of the rail networks covering company accreditation as a rail operator, the rolling stock to be used for services and capability/knowledge of staff that are proposed to operate the equipment
Training	Basic licence and medical requirements	Significant training requirements, including ongoing assessments and observations, accreditation and ongoing medical and safety checks
Capital Costs	Relatively low capital costs	Equipment has a high capital cost and long life

Market Size	There are extensive road transport equipment fleet providers and robust used equipment markets	Freight rollingstock suppliers are limited with the markets dominated by a few major suppliers
Operations	No requirements for two-driver operations	Varying requirements for two driver operations. Widespread use of rail vigilance systems.
Network	Other than toll roads, road networks are a public good and predominantly public owned by state and local governments with no legal access constraints or expectation of a commercial return	Rail networks are owned by commercial or semi-commercial entities seeking a return. There is a commercial/legal framework that is applied to users seeking access
Fatigue	Truck drivers can drive 14 hours per 24-hour period. As well, truck drivers can utilise Advanced Fatigue Management that enables a solo truck driver to increase their hours to 15.5 hours per 24-hour period (including 1.5-hour regulatory breaks).	A review of the of fatigue risk management arrangements (including driver hours) under the Rail Safety National Law is currently being undertaken. But driving hours for train drivers is less despite rail largely operating in a controlled / isolated system.

Rail is a critical component to achieving an effective and efficient multi-modal approach. The underlying principle of a multi modal approach to freight supply chains is the ability to use the right mode of transport for the job. In other words, the right mode should be utilised for the task at hand taking into consideration the economic, environmental, reliability and safety performance of that mode.

To support the selection of the right mode, the Federal Government must ensure that the freight market is established and regulated in such a way that adequately recognises safety, environmental and economic considerations.

Levelling the road / rail pricing regime is integral to this.

This issue is a cornerstone of the ARA’s Value of Rail report, which argues there is a need to ensure that road usage is charged in a manner that accurately captures the cost of road infrastructure provision and, further, the negative externalities of road usage, such as congestion, vehicle emission and accidents.

It also highlights how the current charging arrangement can lead to poor incentives, resulting in socially undesirable outcomes. For example, trucks may be used on routes where trains would be preferred if trucks were charged for the full costs created by their use of the road network.

Similarly, drivers may choose routes or times of travel that cause congestion for other road users because pricing does not consider the effect of their decisions on others.

Whilst being led at the national level, the Heavy Vehicle Road Reform process is an endeavour requiring buy-in from all jurisdictions to support its development and implementation. NSW support for this process is critical to addressing the long-standing pricing inequities between road and rail.

More consistent and equitable road and rail infrastructure pricing is needed, and the Final NSW Freight and Ports Plan should reflect the NSW Government's commitment to progress heavy vehicle road reform measures, including heavy vehicle trials in the state.

8. Technology

In the light of a rising freight task, a 'business as usual' approach in the future in the freight transport industry will no longer be sufficient to ensure Australia's international competitiveness. New and emerging trends will have a direct and significant impact on rail freight operations and will bring with them significant opportunities and challenges for both above and below rail operators.

The rail industry is committed to embracing, and investing in, new and emerging technologies to help facilitate productivity improvements across the sector, and in addition, to achieve greater interoperability between network operating systems to support efficiency gains.

This includes, for example, the Advanced Train Management System (ATMS) initiative which should be ready to be rolled-out within the next few years. ATMS is an example of technology that has the potential to increase efficiency, safety and productivity for the rail sector. The project has completed the proof of concept and is now in a field trial phase to demonstrate the functionality of the system in a live environment. The project has also been listed as a priority initiative by Infrastructure Australia on their National Infrastructure Priority List.

The ARA welcomes the Draft Plan's commitment to invest in new technology and trials that deliver system integration, efficiencies and improved safety, and would be keen to partner with the NSW Government to explore potential projects to achieve mutually beneficially outcomes in this area.

CONCLUSION

TfNSW's Draft NSW Freight and Ports Plan provides a significant planning and investment opportunity to meet the challenges of a growing freight task.

A range of operational and regulatory aspects need to be addressed for a truly efficient, integrated and beneficial freight transport system. The recommendations contained in this submission provide emphasis on aspects raised in the draft plan, and the ARA appreciates the opportunity to profile them.

For further information regarding this submission, please contact Duncan Sheppard, General Manager, Freight and Industry Programs, via dsheppard@ara.net.au or 02 6270 4531.

ATTACHMENT 1 – Correspondence to Minister Pavey regarding the Draft Operations Protocol Review

Friday 20 October 2017

The Hon. Melinda Pavey
Minister for Roads, Maritime and Freight
GPO Box 5341
SYDNEY NSW 2001

Dear Minister Pavey

Draft Operations Protocol Review

I wish to raise with you some matters relating to Transport for NSW's (TfNSW) draft revised Operations Protocol Review.

The ARA is a not-for-profit member-based association that represents rail throughout Australia. Our members include passenger and freight rail operators, track owners and managers, manufacturers, construction companies and other firms contributing to the rail sector.

By way of background, the Operations Protocol (once finalised) will:

- Apply to all freight and passenger services that originate in the RailCorp network (that is the Sydney Trains network) or traverse this network; and
- Serve as annexures to new Track Access Agreements between rail freight operators and the RailCorp network.

The ARA acknowledges the challenges associated with managing multi-use rail infrastructure, particularly on Sydney's busy metropolitan network which is experiencing significant growth in its passenger task.

ARA understands however that significant concerns have been raised with TfNSW by rail freight operators and customers in relation to the draft revised Operations Protocol. These include:

- Amending the peak and off-peak periods to effectively reduce freight's operating window;
- Shortening the window for on-time running from 15 minutes to five minutes;
- Not considering delays incurred in adjoining networks when assessing on-time running; and
- Freight's relatively low positioning in the priority matrix.

As a principle, the ARA encourages the most efficient use of rail infrastructure to ensure both passenger and freight operators can meet their business requirements. Amendments to the Operating Procedure which inhibit the ability of rail operators to achieve this objective should be re-considered, particularly in the context of a significantly rising freight task in NSW.

As you would be aware, the size of NSW's freight task is expected to nearly double over 20 years, growing from 409 million tonnes in 2011 to 794 million tonnes in 2031. Rail will need to play a greater role than it currently does to help meet this forecast demand. To do so, however, the sector requires access and operational frameworks that enable freight to move across the Sydney network efficiently, safely and reliably.

If protocols were established which did not meet these three key principles (efficiency, safety, reliability), it would lessen rail freight's ability to compete effectively with road transport. This, in turn, could result in more freight being diverted to road, bringing with it a range of costs, including:

- Accident and safety costs and consequences associated with more heavy vehicle movements
- Travel time and reliability costs relating to congestion resulting from more heavy vehicle movements; and
- Environmental externalities (including air pollution, greenhouse gas emissions and noise)

Ensuring there is an appropriate access and usage framework is critical also to increasing rail freight to and from Port Botany. Rail's market share at Port Botany has risen to approximately 20.7 percent in August 2017, but in light of the freight figures outlined earlier, this will need to rise to at least 30 per cent over the coming decades. Maximising throughput capacity is also fundamental to meeting NSW Ports' objective to move 3 million TEU (twenty-foot equivalent unit) by rail by 2045.

More broadly, the comments by freight operators on the draft revised Operations Protocol Review underscore the need for greater government focus on measures that improve freight efficiency in the Sydney basin.

These include, for example, improved signalling, infrastructure investment (including Port Botany rail duplication), support for intermodal terminals and separating freight and passenger lines. ARA notes these improvements are both state and federal responsibilities. In particular, ARA strongly supports separating passenger and freight services in urban areas to enable a clear passage of freight and passenger train movements and to improve the efficiency and reliability of freight and passenger services.

According to the National Transport Commission, there are 156 kilometres of shared passenger and freight track, or around 42 percent of the network. With Sydney's population growth expected to increase from 4.2 million in 2011 to 5.8 million in 2031 – a growth of 36 percent – further pressure will be placed on our passenger rail services, thereby exacerbating the challenges faced by rail freight in Sydney.

Alleviating the pressures brought about by shared freight and passenger lines is critical to managing this population growth and meeting the NSW's future freight challenges.

The ARA hopes the matter of rail separation is afforded a high priority in the NSW Government's Future Transport Strategy and revised Freight and Ports Plan.

Please do not hesitate to contact me if you wish to discuss these matters further.

Yours sincerely



Danny Broad
Chief Executive Officer

Cc: Howard Collins
Chief Executive Officer, Sydney Trains