

ARA19DB/51

19 September 2019

Mr Mark Gifford
Acting Chief Executive Officer
NSW Environment Protection Authority
PO Box A290
Sydney South NSW 1232

via email

Metropolitan.transport@epa.nsw.gov.au

Dear Mr Gifford

ENVIRONMENTAL PROTECTION LICENCES

The Australasian Railway Association (ARA) welcomes the opportunity to provide feedback to the NSW Environmental Protection Authority to inform the development of Environmental Protection Licences for Railway Activities – Rolling stock operations.

ARA is a not-for-profit member-based association that represents rail throughout Australia, with members including rail operators, track owners and managers, manufacturers and construction companies.

ARA's comments are made in the context of an increasing domestic freight and passenger task. The National Transport Commission estimates that the freight task increased 50% in the 10 years to 2016 and is forecast to grow another 26% by 2026. Against the backdrop of this rising freight task, ARA advocates for policy making at the federal and state levels which supports an efficient, sustainable and cost-effective rail freight sector.

ARA also works to highlight the significant environmental benefits of shifting more freight to rail (and the economic and social costs resulting from modal shift from rail to road). Research¹ undertaken by ARA confirms rail is the best performing land transport mode for large volumes of freight and is more fuel efficient and produces less carbon than heavy vehicles.

¹ https://ara.net.au/sites/default/files/u647/ARA-Deloitte_Value%20of%20Rail_full%20report.pdf

It follows, therefore, that rail embraces environmental stewardship as an important part of its corporate commitment and makes significant investments every year in the pursuit of innovation and new methodologies with the goal of reducing its environmental impact.

ARA has concerns with elements of the proposed development of the Environmental Protection Licences, particularly as they relate to locomotive emissions. The ARA's comments are focused on Railway activities – rolling stock operations (clause 33B).

The ARA supports the comments provided by rail freight operators in respect of the practical application of environmental protection licences, particularly in relation to Clause 33B.

ARA understands that rail operators who carry out activities that meet or exceed the license triggers for clause 33B will need to apply for a licence (or a licence variation). ARA wishes to make some comments in relation to this new requirement.

As the EPA would be aware, Australian rail operators are committed to the *Code of Practice for Management of Locomotive Exhaust Emissions*. This Code was developed through the Rail Industry Safety and Standards Board (RISSB) and reflects industry's commitment to take additional action to reinforce its environmental performance and to build upon the work it has taken to reduce fuel usage.

The Code focuses on two key priorities – greenhouse gases and diesel particulates – and seeks to address concerns related to these two matters through a balanced approach to these competing emission outcomes. The Code sets a maximum particulate emission standard for new locomotives and sets operational requirements for when operators are overhauling existing locomotives.

In light of these requirements, ARA is of the view that the national RISSB Code should be adopted as the industry standard for locomotive emissions in NSW for rail operators. A NSW specific emissions standard underpinned by an EPL requirement will impose additional costs; it is effectively a tax on NSW rolling stock operators who are also interstate operators. The cost comes from the EPA's own statement - operators should start applying strategies including 'purchase engines that conform with the highest available US, EU or equivalent international standards'². Road transport operators, who compete with freight rolling stock operators, are not required to hold an EPL; emissions are managed via other more proportionate mechanisms.

Furthermore, ARA is concerned that the additional requirements and obligations that could be imposed on rail operators resulting from amendments made to Schedule 1 of the *Protection of the Environment Operations Act 1997* (such as a requirement for new locomotives to be tier 3) could in fact increase fuel consumption and hence increase greenhouse gas emissions. This, in turn, could lead to rail operators breaching the

² <https://www.epa.nsw.gov.au/your-environment/air/non-road-diesel-marine-emissions>

Safeguard Limit which is part of their Greenhouse Gas Emission obligations regulated by the Clean Energy Regulator.

The potential impact of this development could be an irreversible modal shift from rail to road, which is obviously a perverse policy outcome from an environmental perspective.

As outlined in the Deloitte report, road generated nine times as much CO2 equivalent emission as rail freight in 2014-15 (29.4 million tonnes of CO2 equivalent for road compared to 3.5 million tonnes for rail). The difference in the carbon emission intensity of road and rail freight is estimated to be 0.13 kilograms of CO2 equivalent per tonne kilometre travelled.

The ARA supports operators' requests for the EPA to hold dedicated forums to workshop individual issues identified by operators, and to provide industry with draft Environmental Protection Licences as a matter of priority to enable operators to provide constructive and informative feedback to the NSW EPA on the new regime. However, we strongly recommend the EPA avoid setting any emissions or noise standards through an EPL which are inconsistent with rollingstock operators' interstate operations.

Yours faithfully



Danny Broad
Chief Executive Officer