

19 August 2016

Mr James Collett
General Manager, Rail and Intermodal
Infrastructure Investment Division
Department of Infrastructure and Regional Development
GPO Box 594
Canberra ACT 2601

Re: Draft National Rail Vision and Work Program

Dear James

The Freight on Rail Group (FORG) welcomes the opportunity to comment on the Draft National Rail Vision and Work Program. FORG is generally supportive of the work proposed by the Department for consideration by the Transport and Infrastructure Council (TIC).

FORG acknowledges the time constraints that have led to a relatively short consultation period on this work, with a position needing to be established ahead of the Transport and Infrastructure Senior Officials' Committee (TISOC) meeting next month. Nevertheless, it is unfortunate industry have had limited time to comment on the draft given the potential impact the vision and work program may have on our operating environment.

The draft vision would be strengthened by the inclusion of a brief high level assessment of the context for Australia's transport sector, capturing the major trends, challenges and opportunities for the sector. One potential key reference for this assessment is the *Australian Infrastructure Audit* report by Infrastructure Australia (IA) of April 2015, and the subsequent *Australian Infrastructure Plan* that was released in February 2016.

FORG supports policies and regulations that further enable the development and operation of an efficient and commercially sustainable rail freight transport sector in Australia. The efficiency of the rail freight transport network is critical to the competitiveness of Australia's industries in domestic and international markets.

As such, FORG is supportive of the development of a National Rail Vision and Work Program, including the incorporation of this work into broader transport reforms.

In general, FORG supports the five key areas highlighted in the rail vision and is broadly supportive of the themes to collectively enhance productivity, competitiveness and liveability:

- Integrating rail with other transport modes to enhance the functionality of the transport network
- Improving rail's efficiency, capacity and environmental performance
- Accessing sustainable funding and delivery models
- Capitalising on new technologies, and
- Improving rail safety.

We suggest that the importance of facilitating investment that promotes these themes should also be included.

FORG agrees with the supporting outcomes of the draft National Rail Vision, in particular the position that "jurisdictions should work to ensure common pricing principles are applied for both rail and road access". The overriding principle that should inform the relevant outcomes is to ensure that there is a policy and regulatory framework for land transport that provides for competitive neutrality between transport modes. FORG strongly believes that heavy vehicle road access charges and freight rail access charges should be determined by the same regulatory framework and has a well-developed position on road pricing reform, as outlined in the enclosed Heavy Vehicle Pricing and Investment Reform principles.

In relation to this issue, FORG believes the National Rail Vision group and the Heavy Vehicle Road Reform project should be better aligned to ensure they are not working at cross-purposes. These two projects need to be united if an integrated supply chain is to be facilitated.

FORG notes that both passenger and freight rail are included in the vision and work program. Further clarity around the relevant sector as they relate to specific actions may be helpful to ensure the work program is clear.

FORG strongly supports a streamlining of multiple rules, regulations and legislation applying on the one track from end-to-end. In particular, FORG supports a review to develop a scope of work to consider where there would be benefits from harmonising and streamlining Australian freight rail legislation and regulation (including planning environmental and safety legislation and regulation). Freight rail in Australia includes a substantial component of interstate freight movement, but the ease of these freight movements is often complicated by different state approaches to access, environment and operations. However, it is important that regulatory frameworks are evidence based and fit for purpose. Furthermore, fit for purpose regulation should enable the different circumstances of transport operations in different locations to be reflected in the application of regulation. In other words, it will be important that in giving consideration to common and harmonised approaches to regulation, this does not amount to a 'one size fits all' approach to the development and application of regulatory frameworks.

We are also supportive of investment to improve rail productivity by increasing average train speeds, double stacking, increasing and standardising axle loads and train lengths, and ongoing harmonisation of rail gauges.

FORG supports the "National Rail Work Program – Summary of Proposed Rail Activities" as attached to the draft National Rail Vision. Although further detail of the specific programs being

provided and a greater discussion on the work activities envisioned, needs to be explored further.

While FORG agrees with the high level aims of the draft National Rail Vision and its expected outcomes, FORG does have concerns that the policy, as currently outlined, lacks detail. In particular, FORG is seeking that in developing the details of this policy TIC and the relevant state and Commonwealth departments work closely with FORG to develop specific policy proposals (including implementation time frames and specific measures) to develop a clear action plan.

Ongoing discussion between FORG members and the Department would be encouraged in order to ensure the views of the freight rail industry are more fully taken into account in the development of the work program. In relation to specific issues, FORG proposes that an important priority for both interoperability and investment should be the development of an appropriate national technology strategy for rail transport. The strategy should provide the basis for a consistent approach to the further development and implementation of in-cab signalling, new radio technology and systems and other technology systems relating to train monitoring, protection and warning systems.

FORG also notes environmental planning and corridor protection is included in the body of the paper but does not appear in the detailed activities within the attachment. FORG believes that planning and corridor protection activities that protect existing and future freight corridors should be included in this activities list.

In addition, FORG suggests that the further development of a draft National Rail Vision should be considered alongside and be consistent with the development of priorities and investment plans for transport and/or freight supply chains. We note that IA, in the *Australian Infrastructure Plan*, recommended the development of a National Freight and Supply Chain Strategy to guide investments and reforms in freight transport infrastructure across the whole of the supply chain. If the recommendation of IA is adopted by governments, we take the view that the development of detailed priorities under the draft National Rail Vision should be considered alongside a draft National Freight and Supply Chain Strategy to ensure that each document complements the other.

FORG looks forward to a working with the Department in finalising this work. To arrange a time to discuss this body of work further, please contact the FORG Secretary, Mr Simon Ormsby, Executive General Manager Strategy & Corporate Development ARTC, on 08 8217 4314 or SOrmsby@ARTC.com.au.

Yours sincerely,



John Fullerton

Chair

Freight on Rail Group

Chief Executive Officer - Australian Rail Track Corporation

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Heavy vehicle charging and investment reform principles

To guide the implementation of heavy vehicle charging and investment reforms, it is proposed that the following principles be adopted by Governments and industry and, thus, be the key reference point for all aspects of implementation of heavy vehicle charging and investment reform:

1. The reforms:

- Should cover both Demand (pricing reform) and Supply (infrastructure provision/investment).
- Should only apply to heavy vehicles weighing more than 4.5 tonnes, and operating on major freight routes managed by Governments (national highways and state arterial roads).
- Would not apply to light commercial vehicles or passenger vehicles.
- Would not apply to regional and country roads.

2. Pricing reform should involve:

- Sending clear price signals to heavy vehicle users of road infrastructure based on the introduction of direct charges that fully reflect the actual costs of road infrastructure access and use, with prices for access to the road freight network determined by:
 - A building block regulatory pricing model (including a Regulated Asset Base) and subject to approval by independent economic regulatory arrangements agreed by Governments and industry.
 - A direct mass, distance and location (MDL) charging system.
 - The use of in-vehicle telematics technology to measure road usage.

3. Infrastructure provision (Investment) reform should require:

- The development of road infrastructure plans and service standards that are consistent with commercial principles, and responsive to the current and future requirements of heavy vehicle users, including links to intermodal facilities, ports, airport and other significant freight infrastructure.
 - These arrangements should include a specific mechanism for heavy vehicle road users to propose infrastructure or service upgrades, and a process for the consideration and potential development of such proposals.
- State Government road infrastructure agencies/providers should be accountable for their performance in delivering infrastructure plans, including the provision of infrastructure service standards, with full transparency in these arrangements.

4. Revenue from direct MDL user charges:

- All revenue from direct MDL user charges should go directly to infrastructure owners/providers and be used for investment and other related costs directly associated with the infrastructure used by the heavy vehicles that incur direct MDL charges. Furthermore, it should be a requirement that revenue cannot be diverted to other uses.

5. The integration of pricing and investment reforms:

- Pricing reform based on direct user charging, and investment reform based on transparent infrastructure planning and provision, should be integrated from the commencement of the implementation process. This will promote the maximum productivity benefits from infrastructure investment by providers who will have an incentive to improve their performance in providing infrastructure and related services for the benefit of freight customers.