

The future of freight



POLICY BRIEF

NOVEMBER 2023

Rail Freight Productivity Report policy overview

Purpose

- To provide an accessible but detailed overview of the Rail Freight Productivity Report recently released by the rail freight industry for policy advisers and industry participants.

Background

- The need for rail to play a greater role to meet the nation's growing freight task is significant and urgent. This landmark research project identifies the current market position, barriers and opportunities for rail to improve its modal share in the freight sector.
- The 'Rail Freight Productivity Review: Establishing an Efficient Freight Transport Network', undertaken by Synergies Economic Consulting through the Australasian Centre for Rail Innovation (ACRI) was sponsored by the Australasian Railway Association (ARA), Freight on Rail Group (FORG) and the Department of Infrastructure, Transport, Regional Development and Communications and the Arts (DITRDCA).
- The study was completed earlier in 2023 and is being published 2 November 2023.
- The project sets out the policy changes and investments needed to improve rail freight productivity. It identifies practical steps industry and government can take together to deliver a more reliable, efficient and sustainable rail freight network to meet growing demand.
- The full report, including the four workstreams and overview, are available online via www.futurefreight.com.au or at www.forg.com.au.

Status of rail freight in Australia

- Rail is a vital part of the freight network and facilitates 56 per cent of the national freight task.

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- While rail is a significant contributor to the transport of bulk commodities that require large volumes to be moved over long distances, its mode share is lower on key interstate freight routes, especially between Melbourne, Sydney and Brisbane.
- This research revealed that rail's share of freight is only 11 per cent across the eastern seaboard, and as little as two per cent on Australia's busiest freight corridor between Melbourne and Sydney.
- Australia needs a resilient, reliable and efficient national rail freight network to meet the significant and growing freight task. Increased use of rail delivers significant economic, social and environmental benefits to the community.
- The national rail freight network is very fragmented, with different standards, policies and procedures in place across different states and territories. In fact, a freight operator working across the country needs to work within seven different regulatory frameworks, with six different regulators and meet additional different requirements set by individual networks. This complex, multi-layered environment creates a lack of 'interoperability' and is the single most significant drain on productivity for the rail industry.
- Existing rail infrastructure also requires urgent investment to ensure its resilience and ability to offer a viable alternative to road in terms of transit time, reliability, frequency and price.
- A national approach to operational standards, environmental regulations, and access management is also critical to improving rail freight efficiency.
- Current policy, operational and regulatory settings do not always support the use of the best, most efficient mode for each freight task. This is particularly the case on key interstate freight routes between Melbourne, Sydney and Brisbane.
- Our current policies do not provide a level playing field between different freight modes and make it harder for rail freight to improve efficiency.
- We know that freight customers are seeking reliability, good levels of frequency and availability, efficient transit times and cost-effective services.
- Policy change is needed to address persistent challenges that limit the rail freight sector's ability to continue to improve on these measures.

Recommendations

- The report recommends a comprehensive policy framework to support the efficiency, competitiveness and productivity of rail freight and help drive rail freight mode share.

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- Recommended policy focus areas are detailed across 10 strategies with considerable detail in the report's policy workstream.
- The report also recommends five short-term priority actions which represent immediate opportunities to support rail freight.

1. Building greater network resilience and reliability

- The report shows that reliability is one of the foremost drivers of freight customer decision-making when selecting mode, and service analysis shows that the national freight network is not able to support reliability outcomes which are sufficiently competitive with road.
- As such, the report details an agreed priority list of resilience and reliability investments required, including development of key intermodal terminals to support Inland Rail, introduction of automated train scheduling systems across the intermodal freight network, and funding to develop business cases for projects to improve network resilience to extreme weather events.
- The industry is committed to maintain this priority list ongoing to provide clear and consistent guidance to governments about priority network investments and seek commitment from governments to an agreed resilience and reliability investment pipeline.

2. Continue to drive operational harmonisation overseen by a regulator responsible for achieving both enhanced productivity and safety outcomes

- This recommendation strongly supports the National Cabinet prioritisation of operational interoperability and the resulting work being led by the National Transport Commission (NTC).
- The recommendation goes further though, noting that there is not national home for rail freight policy and calling for a body to be appropriately empowered to drive national rail freight policy which focuses not just on safety, but also driving productivity of the sector.
- The report outlines several options to achieve this, but notes that the preferred option needs to be determined by the rail industry, Commonwealth and State Governments together.

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3. The industry needs economic assessment frameworks that reflect the true value of rail

- For example, to make it easier for rail operators to participate in the Emissions Reduction Fund, it is proposed that Australian carbon credit units (ACCUs) be awarded to freight customers to shift freight from road to rail, thus acknowledging the significant carbon advantages of rail.
- The report also calls for Governments to review existing parameter values and approaches to ensuring economic, social and environmental benefits of a project when conducting cost-benefit analyses when evaluating infrastructure solutions.

4. Seamless pathing for freight trains across networks is urgently required

- The extent of network fragmentation means that many long distance freight services operate over multiple networks, but securing joined-up paths, or access, is extremely challenging.
- We recommend that options to address this be prioritised, including developing technology solutions for automated scheduling across key routes and implementing a consistent rules-based approach to scheduling across all networks.
- It is also critical that governments create incentives for metropolitan networks to facilitate freight passage and adopt a more flexible approach to applying passenger priority.

5. Prioritisation of improved information collection and disclosure is essential to improving the quality of decision-making and policy development

- This is a call to arms for industry to find ways to be more transparent and collaborative with their operational information.
- Industry is committed to working with governments to address data gaps and establish data sharing arrangements which support informed and evidence-based policy.

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