



2008-2024
Interstate and Hunter Valley
Rail Infrastructure Strategy
Executive Summary

30 June 2008

Executive Summary

Infrastructure Australia has been requested to undertake an audit of nationally significant infrastructure. Australian Rail Track Corporation [ARTC] has formulated a network wide Strategy for the consideration of Infrastructure Australia to assist in undertaking this activity.

The strategy is underpinned by a detailed analysis of the market that utilises the interstate rail network. The network wide strategy identifies ARTC's projections of growth on the interstate and Hunter Valley rail networks over the 2008 – 2024 period, and identifies the infrastructure that may need to be developed to avoid bottlenecks to volume growth, and remove bottlenecks to efficiency.

In undertaking this review ARTC has also identified a range of structural and regulatory blockages that will potentially impact on rail growth and provide an uncertain investment environment for the industry.

ARTC already has an investment program worth \$3.1b underway in the North-South and Hunter Valley corridors. However, recent changes in the economic environment are pointing toward the prospect of rapid growth in rail volumes that would require an even larger scope of investment over the next 15 years.

The key elements of this new environment are:

- Continued rising fuel costs in real terms.
- Continued rising labour costs in real terms, in particular for long-distance truck drivers.
- Introduction of a carbon trading scheme.
- Introduction of mass-distance charging for road access.
- Increased urban congestion.
- Continued rising demand for NSW coal.
- Continued rising demand for other Australian minerals.

While many of these factors are highly uncertain, ARTC has endeavoured to model potential rail growth given plausible scenarios for these elements.

The basic approach to developing the base case volumes has been to postulate cost levels for key input costs as at 2017/18. This allows rail market share to be predicted for that year and a compound rate of growth to reach that market share to be determined.

ARTC envisages that rail's market share of the interstate general freight task will adjust under the analysed scenarios as set out in Figure 1.

In the Hunter Valley coal volumes are forecast to be up to 205 million tonnes in 2014, 221 million tonnes in 2019 and 263 million tonnes in 2024.

Growth in total network volumes is expected to be significant under any scenario. It is difficult to overstate the implications of the changing business environment for potential rail volumes.

Total rail volume growth in the low scenario described above significantly exceeds even the most optimistic of ARTC's previous projections.

This infrastructure strategy therefore proposes investment in the interstate and Hunter Valley rail network that is

orders of magnitude greater than anything previously contemplated.

Yet investment on this scale may be unavoidable if rail is going to play its role in minimising the economic impact of rising oil prices, reducing greenhouse gas emissions and carrying Australia's exports. In the absence of the investment, rail capacity will act as a constraint on volume growth, service levels will fall short of market needs, and freight transport costs will be higher than they otherwise need be.

ARTC believes that from a policy perspective this growth in rail volume is desirable as:

- The expected increase in rail market share is a result of the market responding to price signals,
- Rail is safer and more environmentally friendly than road, and in particular is more fuel efficient.
- The growth in minerals exports is underpinning Australia's economic growth.

It also believes that good policy will support this rail growth:

- Mechanisms to internalise externalities, such as carbon pricing, will deliver better social outcomes, and are likely to favour rail transport.
- Continued commercialisation of the road sector, with Government intervention only to address market failure, will promote efficient resource allocation and is likely to favour rail transport.
- Commercially realistic, light-handed economic regulation, will promote timely investment and efficient and responsive rail operations.
- Integrated land-use / transport planning that recognises and reinforces the role of rail will assist rail competitiveness and improve social outcomes.
- In a changing economic environment there is also a risk that competing pressures on Government can result in policy decisions with unintended consequences. ARTC seeks that, at the least, policy should not hinder rail growth, and in particular:
 - A carbon pricing scheme should include transport, with an upstream point of obligation.
 - Government should not interfere in the market response to rising fuel costs by artificially lowering the price, other than to assist with structural adjustment.
 - In the event that pricing and investment in the road sector does not move to a commercial basis, Government should provide adequate funding to rail to achieve the same outcomes.

Predicted Rail Market Share (unlagged)

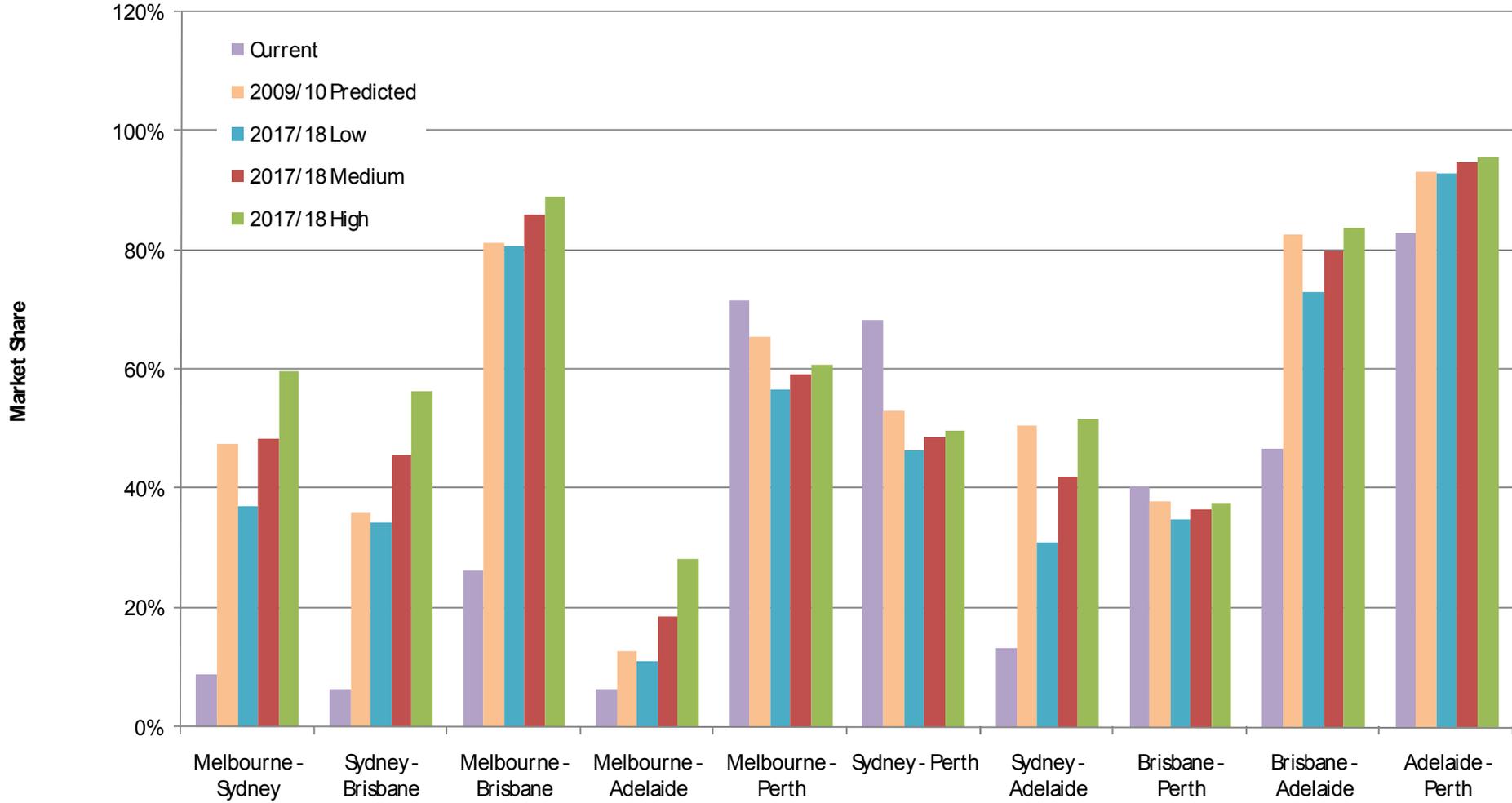


Table 1 - Works (by year in which to be completed)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Brisbane - Sydney	Track upgrading, loop upgrading, 8 extended & 3 new loops, CTC			22 loop extensions and 4 new loops		Northern Sydney Freight Works	3 deviations	17 passing lanes of 14 km each			16 passing lanes of 14 km each						
Sydney - Cootamundra	Track upgrading	SSFL	Moorebank terminal	Port Botany upgrade			4 deviations	6.8 m clearance				SSFL enhancement					
Cootamundra - Melbourne	6 passing lanes, 2 loop extensions, track upgrading, Tottenham - Dynon upgrade	Seymour - Wodonga duplication, 1 passing lane, Tottenham triangle	Wodonga bypass				1 deviation	Wodonga - Junee duplication	6.8 m clearance								
Melbourne - Adelaide			7 loop extensions	5 new loops, Western Vic Upgrade, Geelong port connection	11 loop extensions, Horsham deviation	15 loop extensions, Grade sep Goodwood Jct						2 new loops				2 new loops	
Adelaide - Crystal Brook			1 loop extension			Grade sep Torrens Jct											
Crystal Brook - Kalgoorlie			4 new loops	2 new loops, 6.8 m clearance	11 new loops				5 new loops	4 new loops							
Kalgoorlie - Perth				4 new loops													
Cootamundra - Crystal Brook	6.5 m clearance		Cootamundra - Parkes upgrading including TOW and 2 loops	5 loop extensions													
Newcastle - Muswellbrook	Antiene - Muswellbrook duplication stage 2	Maitland - Branxton bi-di, Antiene - Muswellbrook duplication stage 3	Minimbah Bank 3rd road	Minimbah - Maitland 3rd Road	Nundah Bank 3rd Road				Muswellbrook Jct Grade Separation				Camberwell - Whittingham 3rd road				
Muswellbrook - Ulan	3 new loops	2 new loops		Muswellbrook - Bengalla Duplication, 1 new loop	1 new loop		Bengalla - Arvill Hill Duplication, 1 new loop										4 new loops
Muswellbrook - Narrabri	5 loop extensions, Werris Creek - Gunnedah CTC	3 loop extensions, Gunnedah - Narrabri CTC	2 loop extensions, 2 new loops, Werris Creek Bypass, Muswellbrook - Koolbury Duplication	New Liverpool Range alignment, 3 new loops	1 new loop		Stone - Parkville duplication, 1 new loop		Parkville - Wingen, Togar - Stone and Koolbury - Togar Duplications	Quirindi - Werris Creek, Willow Tree - Braefield, Wingen - Murulla and Blandford - Murrurundi Duplications	Braefield - Quirindi and Werris Creek - Gunnedah Duplications	1 new loop					
Network Wide		NTCS						ATMS									

Note: Excludes some minor projects.