



AUSTRALIAN RAIL TRACK CORPORATION LTD

1 May 2001

Rail Audit Shows \$500m Investment needed

An audit of the interstate rail network has recommended investment of \$507 million to transfer two million tonnes of freight per annum from road to rail. The audit was carried out this year by the Australian Rail Track Corporation Ltd (ARTC), at the request of the Federal Minister for Transport.

"This audit shows that the interstate rail system can be competitive and deliver substantial benefits to its users and to the community. The proposed investment will deliver benefits equal to more than three times the investment made - an excellent return in any body's language", said Mr David Marchant, ARTC Chief Executive Officer.

The benefits to the Australian community from this investment will be \$1.5 billion, in lower freight costs, and reduced greenhouse gas emissions, noise and road accidents.

According to Mr Marchant, "The performance of rail carrying freight between Melbourne and Perth shows what can be done. The Melbourne-Perth rail corridor carries 77% of all east-west freight - the result of track upgrading, more effective management of train movements, investment in new rollingstock and aggressive marketing by rail operators."

The proposed investment on the east coast alone would remove 111,000 long distance truck trips per year from the Hume, Pacific and Newell Highways. It will lower transport costs and reduce congestion and road accidents. The proposed investment was independently assessed by consultants Booz Allen & Hamilton. Most freight and passenger trains on the interstate rail network are operated by private-sector companies which receive no taxpayer subsidies. Australia's rail operators also employ the majority of their workforces in rural and regional areas, and source equipment from Australian-owned manufacturers located mainly outside capital cities.

In contrast to massive expenditure on the road network, very little has been invested to improve Australia's interstate rail network, recently valued at over \$4 billion. "Australia's rail businesses have been working hard to serve our customers better, by upgrading services, investing in rollingstock, reducing costs, improving safety and getting more uniformity between states. Investment in the track could deliver more benefits to the community."

\$398 million of the proposed investment would upgrade the east coast corridor between Melbourne, Sydney and Brisbane. This section of the network is most in need of upgrading. There has been very little investment in this track in recent decades.



AUSTRALIAN RAIL TRACK CORPORATION LTD

The \$146 million 'Sydney Freight Priority Project' - part of the proposed ARTC investment program - would begin to create new pathways through the very congested Sydney system.

The Sydney commuter rail system is a critical bottleneck for the nation's freight, causing many hours of delay to vital freight movements and significantly impeding rails ability to compete with long distance truck haulage of freight.

The Sydney-Melbourne rail corridor has less than 18% land freight market share and the Sydney - Brisbane corridor less than 20%. If the national audit recommendations are implemented, rail could achieve more than 30% market share on the east coast, delivering substantial benefits to the environment and the Australian community.

The audit found that freight trains between Melbourne, Sydney and Brisbane could no longer offer competitive services, mainly because of obsolete and poor quality track and signalling.

Launching the national audit report at a Sydney Rail Summit Conference David Marchant said, "Sydney is like a life-threatening blood clot in the arteries of the rail network. Until it is unblocked it threatens the viability of the whole interstate track" David Marchant said, "Sydney's road and rail corridors are clogging up.

Unless some major actions are taken very soon, then we are looking at a major freight gridlock in the next decade. Rail can relieve the gridlock situation which is developing. It is environment-friendly and could move freight safely to, from and through Sydney.

The national audit indicated that the arrangements for managing the interstate rail corridor must be simplified to achieve the benefits identified. This included operators being able to negotiate competitive access across the whole interstate network without the uncertainty and complexity they now face, because the network is still being controlled by four rail track owners. Freight train timetables must respond to users needs for quick transit of freight. This means that management of the flow of trains must be better coordinated, by putting one organisation in charge across the interstate network. This has been done on ARTC track, and the benefits have been large.

FACT SHEET (Attachment to media release of 1st May 2001)

The Australian Rail Track Corporation Ltd (ARTC) is a company wholly owned by the Federal Government. It owns and leases the interstate rail infrastructure in Victoria, South Australia and Western Australia (SA/WA border to Kalgoorlie) - see map. The ARTC was incorporated in 1998 following an intergovernmental agreement between the Commonwealth and all mainland States. It was given the task of improving rail infrastructure with the aim of increasing the share of interstate freight carried by rail. The intention of governments is that the ARTC



AUSTRALIAN RAIL TRACK CORPORATION LTD

will take control of the whole interstate rail network, and negotiations are proceeding.



The ARTC has conducted a detailed condition and performance audit of the whole interstate track, to identify an optimised investment strategy. Reports on the audit and proposed investment program are available on

www.artc.com.au.

The optimised investment - covering the whole network - is \$507 million.

This investment in Australia's national infrastructure would:

- Provide benefits to the Australian community of \$1.5 billion
- Increase by 38% the share of interstate freight carried by rail.
- Remove 128,000 long distance truck trips per year from the interstate highway system (based on year 2000 traffic volumes), increasing in future years.
- Yield a benefit/cost ratio of 3.2 (discount rate 7%).

The proposed program responds to the economic needs of Australia's very competitive freight market. It also provides important environmental and safety benefits to the community.

Benefits to the Australian community would be:

- Reduced prices for freight haulage, with the largest benefits on the east coast
- Improved service (shorter transit times and improved reliability)
- Reduced accidents
- Reduced greenhouse gas emissions
- Reduced costs of road damage.
- Postponed spending to increase rail's future capacity to take more trucks off the road.
- In the Melbourne-Sydney-Brisbane freight corridor the optimal investment is \$398 million.
- This would boost market share over the whole corridor by 59% (Sydney-Melbourne by 77%).



AUSTRALIAN RAIL TRACK CORPORATION LTD

- This is the highest priority investment on the national rail network. It would remove 111,000 long distance truck movements from the overstretched highway system (the Hume, Pacific and Newell Highways)
- This rail corridor has seen very little investment for several decades, so additional investment produces very high benefits (more than \$1 billion).

The majority of the investment in the north-south corridor will be on the Sydney Freight Priority Project (\$146 million), to reduce the time taken to move freight in and out of Sydney, and improve service reliability. Sydney's rail system is the major bottleneck in the national transport network. Eliminating this bottleneck, to control future growth in truck traffic on Sydney arterial roads, should be a very high priority goal for Australia's transport system.

In the east-west corridors (Melbourne-Perth and Sydney-Perth) the optimal investment is \$109 million.

- This small investment would yield benefits of \$337 million, complementing the modest investment made in recent years.

Project works would upgrade signalling and track, lift speeds (including speed limits due to poor track condition), lengthen passing loops (for more cost-efficient longer trains), reduce curves and lay new track to by-pass small sections of the route which are high-cost or slow-speed), removal of height restrictions for double-stacked containers west of Parkes, and improved system management.

An important part of the program is a new National Train Planning and Operations Management system (\$35 million) to operate first on the Sydney-Perth and Melbourne-Perth corridors, to improve the efficient and safe movement of trains. \$155 million of the proposed investment program has been already committed by the Federal Government to works in NSW, mainly the Sydney Freight Priority Project, subject to acceptance of conditions by New South Wales.

Rail's share of Melbourne-Perth freight is currently 77%, reflecting the very major strategic role of rail in the national economy. There is an opportunity for rail to take a much larger share in the major Melbourne-Sydney-Brisbane freight market, where rail currently carries less than 20% of total land freight.

- This small share and the very large number of trucks using this corridor reflect the lack of rail investment in this corridor in past decades.

The ARTC investment program would complement the proposed investment in an "Inland Route" proposed by the Australian Transport and Energy Corridor group, in which the ARTC is a participant. This has been confirmed by detailed independent assessment of the two projects.



AUSTRALIAN RAIL TRACK CORPORATION LTD

- The optimised investment on the current Melbourne-Sydney- Brisbane route should be undertaken regardless of any future investment in the "Inland Route".

The ARTC interstate rail audit showed that substantial progress had been made in upgrading the performance of track controlled by the ARTC, as a result of a modest investment program and significant improvement in management coordination and asset utilisation.

- In the east-west corridor, these improvements had largely met the goals established in 1997 by Federal and State Transport Ministers.
- In the north-south corridor there has been much less progress, and reliability has declined. The decline in reliability was due to insufficient capacity to operate long trains (lack of long crossing loops), track condition, and train operating protocols which reduce freight train operating priority.
- The ARTC controls only the Melbourne-Albury track.

The National Audit report found that the benefits would not be achieved unless the institutional arrangements for track management, access and operating procedures are coordinated by Governments under unified management.