



National Land Freight Strategy

**Submission to Infrastructure Australia
on the February 2011 Discussion Paper**

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Submission to Infrastructure Australia on the National Land Freight Strategy

Executive Summary

This Submission is made on behalf of Australian Rail Track Corporation, Asciano and QR National. All organisations play a key role in the national land freight task. ARTC owns/manages a major part of the national freight rail network, whilst Asciano (AIO) and QR National (QRN) are the two largest rail freight operators in Australia.

The companies welcome the opportunity to comment on the National Land Freight Strategy Discussion Paper issued by Infrastructure Australia (IA) in February 2011.

ARTC, Asciano and QR National ("The companies") support the concept of a National Land Freight Strategy ("NLFS"). Continuation of the current ad-hoc network planning is in our view not efficient. Like Infrastructure Australia ("IA"), we consider that while the transition to infrastructure investment based on a fully market based national freight transport infrastructure system is desirable, achieving this appears unlikely in the short to medium term.

The recognition by IA of the importance of freight as a discrete transport function rather than just part of aggregated network demand is an important step, and this needs to be recognised in action, rather than just policy statements.

We support the inclusion of a vision for the NLFS, however, the current vision would benefit from the inclusion of a more definitive and less generic statement. The philosophy for the NLFS appears appropriate, but the document would be enhanced with refinement of the goals to better focus on the end outcomes, rather than mode specific means to achieve these, with objectives capable of quantified monitoring of progress towards them.

The companies support the concept of an NLFS, but believe that to be successful, it must have solidly based processes and governance.

Key aspects necessary for the NLFS to succeed must include:

1. Identification of a National body, such as IA, with responsibility and resources to develop oversight and administer the plan.
2. Transparent priorities for implementation, and regular reporting against milestones.
3. Integration and control of network funding with NLFS implementation, and transparent processes for private sector and freight industry investment in network capacity.
4. Well documented processes for the development of the plan, including for resolution of differences between stakeholders over aspects of the plan. These should rest on effective shared definitions on the meaning and use of the plan, and enable more effective cooperation between State and Federal jurisdictions on infrastructure planning & implementation.
5. Explicit rights for freight use of the National Freight Network.
6. Processes to ensure integration with the National Ports Strategy, so that landside port supply chain capacity & efficiency issues are effectively managed.
7. Recognition of the need for an effective interface between road and rail at critical locations to ensure supply chain efficiency.
8. More generally, there is a need to "de-politicise" the provision and operation of freight transport infrastructure, and create a multi-jurisdictional approach, such as applies to most other national infrastructure.

Whilst progress has been made in this respect, reverting to a situation where decisions on network investment and funding are based on political expediency rather than network needs and priorities are incompatible with an effective NLFS.

The companies therefore believe that if there is consensus support for an NLFS then the first priority for IA should be to work with jurisdictions and other stakeholders to establish these robust and sustainable development, implementation, and governance processes & structures.

The companies are prepared to effectively contribute to this process along with other key stakeholders.

The companies believe that in the absence of both this strong commitment to an NLFS, and effective processes and governance around its development and use, that efforts will be more effectively applied in resolving individual areas of reform, and in modal planning, rather than to development of an unsuccessful NLFS.

As recognized in the NLFS, with ARTC's lead, the rail industry has undertaken the development of long-term investment strategies for the interstate rail network. Significant improvements remain to be made to the national rail network. The companies are ready, with other industry stakeholders, to further develop the work undertaken within the NLFS framework to establish a long term vision for the national interstate rail freight network and other significant rail corridors which will address key long term industry strategic issues and effectively contribute a significant part of the NLFS.

In addition to supporting development of the NLFS, the companies also believe it is critical that to complement and support an NLFS, other reforms should proceed with urgency.

These need to include:

- accelerated reform in road freight charging on nationally important freight corridors with intermodal competition,
- development of national management structures for nationally significant road and rail infrastructure
- corridor related land use planning decisions. For rail, alignment of land use planning with the development of intermodal terminals and freight precincts with associated road and rail network connections is a critical requirement for future industry efficiency.

These reforms are required independently of proceeding with the NLFS, and are essential components of creating a market capable of attracting and supporting private sector investment in the national freight network.

In many cases reform has commenced in these areas as identified in the Discussion Paper, however, the companies remain concerned with the pace of reform and believe that development of the NLFS under IA should be accompanied by a greater commitment to accelerating these reforms and not should delay their progression.

Constraints on Freight

The companies endorse the IA assessment of the constraints on freight. Restrictions on access to infrastructure, and encroachment on freight activities and facilities, are material and growing problems for the freight industry.

There is general uncertainty over the adequacy and efficiency of future capacity to meet freight demand, and limited mechanisms for freight operators to procure provision of additional capacity or efficiency improvements.

All modes have a high dependence on Government funding, which inevitably makes additional investment funding subject to the competing demands of other Budget funding needs.

Underlying causes of these constraints are the lack of commerciality in the supply and use of most transport infrastructure, the limited and fragmented nature of planning for the key freight networks and facilities, and the dispersion of responsibility between State and Federal Governments, resulting in loss of an integrated approach.

Market Vision

In theory, economic efficiency is best achieved through a fully market based system for the supply, use and charging for land transport infrastructure.

However the institutional and other changes required to put such a market based approach in place across all national transport networks and uses are substantial. As IA notes in the Discussion Paper, progress has been extremely slow, and achieving this model for all transport users is clearly many years away.

In the light of this, Government will continue to have a role in land use planning, charging and investment funding.

Concept of a National Land Freight Strategy

The companies support the concept of a NLFS outlined by IA.

Infrastructure provision is generally costly, with long lead times to implement and even longer economic lives. This therefore requires consistency of approach, and constancy of purpose, together with a balancing of short term investment efficiency with longer term network needs and optimal whole of lifecycle cost.

A clear strategy and vision of the long term network requirements are key tools in achieving these outcomes.

While a fully market based solution remains the long term goal, this is clearly going to take many years to put in place and is not a viable solution to planning in the near term.

However definition of a National Land Freight Network (NLFN) provides an opportunity to focus and accelerate freight market reform around a more achievable scope of corridors with strong inter-modal freight competition than attempting to reform the whole land transport network.

As IA notes, efficient land freight is a critical component of national efficiency and economic wellbeing. The recognition of freight transport as a key network user in its own right, rather than just as part of aggregated network demand, is an appropriate and overdue recognition of this important role.

Planning in Rail

As with other modes, significant planning & implementation issues exist for the national rail network. These include:

- long term speed and axle load improvements e.g. on the East-West corridor
- the Automatic Train Management System (ATMS) being developed by ARTC
- overcoming barriers to improved performance such as the Adelaide Hills