

# Submission to the NSW Freight Policy Reform: Interim Directions

October 2024



# ARTC

Australian  
Rail Track  
Corporation

ABN 75 081 455 754  
11 Sir Donald Bradman Drive  
Keswick Terminal, SA 5035

## EXECUTIVE SUMMARY

ARTC is supportive of the NSW Freight Policy Reform Program and its objectives for the movement of freight across the state. ARTC possesses an abundance of experience in operations and coordination and is ready to play an active and supportive role in the planning, design, implementation and sustaining of initiatives to achieve those objectives.

The engagements between ARTC and the Panel have been productive and ARTC looks forward to these continuing. In those discussions, ARTC highlighted the overarching challenges in the freight supply chain including the need for:

- Improved coordinated freight infrastructure plan
- Improved transparency on freight data
- Improved land use planning
- Improvements in the commercial frameworks across the supply chain to ensure they are cost reflective.

These challenges result in:

- Inefficient usage of the supply chain resulting in excess consumption of particular modes, resulting in excess investment in the wrong places, increased congestion, emissions and other externality costs
- commercial framework misalignment ensures that commercial decisions aren't aligned to efficient utilisation reinforcing the problem and distorting investment signals.

ARTC believes it can play an active role as a leader in the rail supply chain to partner with the state to identify, develop and implement on the reforms to tackle the shared challenges and their flow on effects. Some of the initiatives to these challenges have been identified in the interim directions and have ARTC's support. This submission focuses on the following specific suggested initiatives and what role ARTC can play:

- mandating data capturing, availability, and reporting
- reviewing access frameworks
- ensuring the value of emissions is robust and defensible
- greater sustainability of regional rail networks
- developing major industrial precincts with provision for rail and through better land use planning
- seeking greater coordination of freight tasks, particularly in Sydney.

ARTC recognises that there are other issues that the rail freight industry needs to address, namely interoperability and the rigid nature of the rail networks when compared with the road network. ARTC is working with its customers, industry and government towards solutions to resolve these problems, and is working under the broader principles of the National Freight and Supply Chain Strategy to ensure national alignment.

## SPECIFIC AREAS OF INTEREST

### MASTER AGREEMENT ON DATA SHARING WITH TfNSW

Data availability is critical in achieving the objectives of the Freight Policy Reform Program because it is fundamental to enacting evidence based decision making at the policy, investment and operational level. Data across the supply chain is patchy, closely guarded, or often non-existent.

ARTC seeks to change this by supporting the mandating of data collection at all points of the supply chain and ensure this data is available for analyses and/or used for regular reporting purposes. ARTC has already taken a lead on this matter, initially by enacting a Data Sharing Agreement (DSA) with BITRE for the National Freight Data Hub on 2022 and more recently by entering a DSA with Transport for NSW (TfNSW) in September 2024. This DSA will enable significant amounts of data to be made available to both parties to enable more-granular analyses and allow for more insights and ultimately evidence-based policy recommendations to improve policy, planning and investments. The organisations are currently developing a plan for an overarching Memorandum of Understanding consistent with the recommendation in the Interim Direction Paper.

An example of a key data gap is road freight movements, which creates an inability for industry to determine the size of the freight market. This results in an inability to:

- determine market shares
- undertake analyses of key segments of the supply chain such as road operating costs
- provide industry and government with a full picture of the network and its needs
- plan and budget for transport maintenance and capital expenditure
- undertake proper master planning.

Other data gaps include inaccessibility across government agencies, such as road and rail network operators, which collect and hold large amounts of data across a broad number of areas.

### REVIEW OF ACCESS FRAMEWORKS

ARTC firmly believes in the need for greater coordination of freight activities along the supply chain, with efficiency and productivity as key drivers. Greater coordination, particularly across different rail networks, needs to be underpinned by an access framework that aligns commercial decisions with the most efficient outcomes.

Currently, road freight operators do not incur cost of the impact of their activities on the surrounding environment, including amenity, safety, congestion and pollution. These impacts can be significant and because the costs are not reflected in the financial cost of using road freight, other modes, namely rail, are placed at a significant disadvantage at no fault of its own. In contrast, rail operators are required to pay access charges and recovery of capital costs such as terminals and track, while its relatively stronger benefits in terms of externalities per tonne of freight are masked behind the artificially reduced road costs.

ARTC seeks access frameworks that capture the full benefit and costs of freight activities to ensure that the freight owner's decision on modal choice reflects all available information. ARTC was part of the development of a fit for purpose regulatory framework for both coal and non-coal networks to drive regulatory consistency. In its July 2024 Draft Decision to accept ARTC's proposed renewed



Interstate Access Undertaking (IAU), the ACCC placed an expectation on ARTC to publish, in 2025, a Guidance Paper on the appropriate access framework for its Interstate Network, including pathing opportunities and processes, current and future capacity allocation processes, and network performance including data and reporting amongst others. ARTC has committed to meet this expectation and believes that the conclusions from this paper could serve as a guide to how future service offerings may access the ARTC and other networks. Further work on this will be required by ARTC with its customers as well as key stakeholders like TfNSW and the state.

ARTC has also had preliminary discussions with TfNSW and other stakeholders in respect of approaches to maximise rail services into Port Botany. Whilst these discussions have been positive, there are significant steps required to achieve a common and consistent agreement across network operators, the industry and regulators that will lead to supply chain value.

## **DECARBONISING AND THE VALUE OF EMISSIONS**

Decarbonisation of the transport industry is a long-standing objective of government and industry. ARTC's network will play an important role in facilitating the necessary modal shift from road to rail to achieve those environmental objectives.

Modal shift has long been the preferred pathway of industry and government to achieving mass emissions reduction in the transport industry. The ability to develop compelling and robust business cases for the projects to enable modal shift will be highly dependent upon the value placed on emissions reduction.

ARTC is working closely with participants across industry and government, including Transport for NSW and above-rail operators through the Freight On Rail Group to agree on a consistent methodology to calculate the emissions values and hence benefits of emissions reduction. ARTC is also working with industry to settle on a position on the use of Australian Carbon Credit Units for modal shift.

## **RIMS AND REGIONAL LINE CONSOLIDATION**

The ARTC Network in NSW primarily consists of trunk lines that connect major centres across the state and extend to capital cities and major towns across state borders. The lines carry a significant volume of rail freight traffic, and in some cases significant passenger traffic, across the year. This is in contrast to lightly trafficked branch lines that predominantly carry grain traffic for a limited period of time a year which defines the Country Rail Network (CRN).

The NSW regional rail networks are vertically separated and sometimes compete against each other on particular routes (e.g. Sydney to Parkes). There are reasonable justifications for vertical separation, including where above-rail competition is expected to be present and sustain itself. It should be noted that ARTC's existence was borne from this principle. However, for intrastate freight originating from many of those branch lines it is often clear that above-rail competition is limited or non-existent due to the significant competition to road and capital investment required by an operator (for assets on and off corridor) which are not conducive to those that ARTC, industry and governments are trying to achieve. Arguably, this approach has contributed to lack of coordination and investment and has potentially reduced the commercial sustainability and financial viability of the lines and for operators.

The commercial sustainability of many regional lines has long been challenging, with most relying on ongoing government subsidies. Customers often cite limited capacity to fund the continuous maintenance required, aware of government concerns about potential freight shifts to the road network. In light of these factors, it is essential to establish a more sustainable model for network operations that promotes enhanced coordination and integration across operations, investment, and maintenance. ARTC welcomes the exploration of potential solutions and stands ready to assist as needed.

ARTC acknowledges the recent announcement of the NSW Government's upcoming Regional Network East/West Uplift (RNEW) Program, set to launch in 2025 to establish a 10-year investment pipeline and strategic plan for regional rail infrastructure in NSW. ARTC looks forward to the opportunity to contribute insights and suggestions should we be invited to participate. The program's focus on comprehensive data analysis, research into reliability and future capacity needs, extensive asset evaluation, and wide-ranging consultation is an ideal approach to leverage enhanced data availability and transparency across the supply chain. Although the program prioritises the CRN, its connections with the ARTC network, the future Inland Rail, major ports, and level crossing upgrades mark a significant advancement towards the integrated master planning process ARTC supports.

## **WESTERN SYDNEY FREIGHT LINE AND MAMRE ROAD PRECINCT**

The Mamre Road precinct has been of significant interest to ARTC for a number of years. The region has developed into a significant freight generator and its importance over time will continue to grow as the Western Sydney Airport (WSA) becomes operational in the coming years. ARTC has been working closely with TfNSW on the development of the Western Sydney Freight Line to eventually service this growing region and has provided feedback on the proposed rail freight terminal in the precinct. ARTC is highly supportive of both projects and has been forthcoming in its offer of data and assistance where possible.

ARTC understands that the success of the precinct is not just dependent upon its close proximity to WSA but also its accessibility to Port Botany and other parts of metropolitan Sydney, as the precinct becomes the primary freight lands of Western Sydney. Sydney has the lowest industrial land vacancy rate of all major capital cities and Mamre Road could serve as a model of land use planning that meets all the prerequisites of a successful industrial precinct.

ARTC's network would be the backbone that feeds the future line, if delivered, and stands ready to provide its insights, data, and operational experience if needed to progress the project. ARTC is also keen to extend its discussions with TfNSW about access frameworks to this line given it connects to our network and would be synergistic with potential consolidation of RIMs and regional lines across the state, as discussed earlier.

## **POTENTIAL PORT BOTANY SUPPLY CHAIN COORDINATOR**

ARTC's network in Sydney enables the operation of the most vibrant port shuttle rail network across Australia, with 300 services in September 2024 providing multiple daily services between six metropolitan terminals and Port Botany. However, rail's share of container movements to and from the Port is only 18 per cent despite the record number of services. The ARTC network has ample capacity for more services to operate, especially following the delivery of the Port Botany line duplication and Cabramatta loop projects.

Discussions with industry and government indicate that there is acceptance that the port freight supply chain lacks coordination and integration, and the result is an overreliance on road freight. As discussed above, this results in negative externalities but also limits the ability for the Port to achieve its stated 7 million TEU per annum throughput capacity because the road network cannot absorb the substantial increase in road freight movements to accommodate this volume. This would trigger the need for development of an overflow container terminal at Port Kembla, which itself would trigger the need for capital investment in the road and rail networks to accommodate volumes to and from that location. That is, the inability to maximise the efficiency of the port supply chain results in inefficient, excess investment to provide the additional capacity.

To defer that investment and realise as much of Port Botany's capacity as possible, ARTC advocates for greater coordination of the container freight task to and from Port Botany. ARTC can leverage our experience in the Hunter Valley Coal Chain and our daily involvement in the

movement of volumes to and from Port Botany. ARTC and others in industry are unsure whether a separate coordinating entity is required, but the concept should be explored.

Wider implementation will require agreement across all industry participants, which will take time, effort and evidence of its value and benefits. ARTC supports a trial of the concept on the ARTC network. This would involve a small number of participants and focus on fixed infrastructure such as the port/stevedores, rail network and intermodal terminals. ARTC can play a leading role in the identification of the participants. Ideally, Moorebank terminal and Patricks stevedores at the port are the ideal candidates given their modern, and well-designed facilities for the standardised 600 metre shuttle. Further considerations include:

- The need for an independent expert to facilitate and advise during the design phase
- The potential need for an Memorandum of Understanding for participants outlining responsibilities, costs, information sharing and confidentiality, and protocols around competition law
- Stakeholder engagement approach
- Align on current state system elements, linkages, operational and commercial drivers and constraints
- Coordination principles, objectives and measures - near term focus and long-term direction
- Design approach for near term focus, including options for 600 metre shuttles and preferred operating mode
- Implementation approach and ongoing performance review.

