

Rail freight for regional development

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Why rail in the regions?

- Savings to industry and development potential examples:
 - Cowra
 - Victoria
 - Tasmania
 - Overseas
- However, there is still scepticism based on two misconceptions: 1) capital cost and 2) rail competitive only over great distance

Furthermore, rail-based development is hampered by

- A stubborn 'socio technical regime' that is resistant to change based on negative historical frames of reference
- lack of community 'ownership'
- policy focus on promoting competition rather than fostering cooperation
- lack of a process for branch line discontinuance which gives due consideration to alternatives
- a one size fits all approach to rail regulation and policy
- not all branch lines being dependent on grain but all being labelled 'grain lines' which are thought to constitute the system
- strategic control of suitable rolling stock resting with existing mainline operators

Costs

- the dollar cost of operating an equivalent service by truck can be double that of operating a train over the same route
- Amid persistent argument over mass-distance charging of heavy vehicles, there is no doubt that rural roads are affected by increased freight traffic and that the costs of those impacts are insufficiently recovered in many situations.

- There appears to be insufficient evidence to support the view that rail infrastructure costs are very much higher than road costs in comparable situations. The same could be said of maintenance costs.
- The Ministerial Task Force (2012) into the Cowra Lines concluded that savings in road costs would be between \$496 000 and \$940 000 per annum if the railway were to be functioning.
- 2004 and 2009 'grain' studies recommended retention of many lines due to the higher cost of road upgrading.

External costs

- Total costs include environmental and social costs
- The NSW Independent Pricing and Regulatory Tribunal (2012) put the higher value unit costs (that include an allowance for unrecovered road system costs from articulated trucks of one cent per net tonne kilometre (c/tkm)), in non-urban areas at:
road freight 2.79 c/tkm - rail freight 0.24 c/tkm.

Our national rail freight performance still lags

- Regional rail could contribute more
- Traffic density determines line viability
‘Density dismantles the distance rule.’

The overall allocative efficiency of transport systems will be enhanced by increasing rail traffic density

Small short-distance operations can be viable.

Consider:

- Locality provides opportunity to promote rail service and thereby increase density
- ‘Last mile’ railways: the principle of minimising the distance from freight origin to railway service, and end of railway journey to final destination, has its advocates
- ‘Short lines’ have been successful in North America due to their local and/or regional focus providing opportunities for increasing freight traffic density on rail.

- centralised administration has been a hindrance to regional rail freight development
- the localised, or regionalised, administration of the 'short line' model offers significant advantages in terms of enhancing traffic generation and economic development
- cooperation with mainline operators is paramount to securing local traffic flows.

- Central policy can support local administration, eg Saskatchewan
- Cowra lines have shown potential for local-regional cooperation
- Depends on trust and partnership
- Externalities including road costs plus development potential provide starting points for mutual public and private contributions

For illustrations of many of the above points, see

<https://www.youtube.com/watch?v=QGHSfCBOLkA&feature=youtu.be> or

search on 'rails csu gray utube'