

TOLL RAIL  
28th August, 1998

Progress in Rail Reform  
Productivity Commission  
LB2, Collins Street East  
Melbourne VIC 8003

Dear Sirs,

### SUBMISSION

This is a brief submission by Toll Rail which is intended to highlight issues of relevance to private rail operators which fall within the scope of your inquiry.

### Background to Toll Rail

Toll Rail is part of the Toll Group, one of the largest transport and logistics groups in Australia. The parent company, Toll Holdings Limited, is listed on the Australian Stock Exchange.

Toll Rail operates an interstate rail freight service on the Melbourne-Adelaide-Perth corridor. Toll rail runs three return services per week on this corridor. The service started under TNT ownership in June 1996.

### Proposed sale of Westrail

The proposal by Western Australia to sell the interstate track as part of the sale of Westrail as a vertically integrated organisation is currently the most significant threat to the development of an effective national access regime. Just as private operators are bringing competition to the rail system a step is proposed which has the potential to stifle this development by closing a significant component of the network to competitive forces.

### Fragmented track access regimes

The lack of an effective national track access regime is a major impediment to efficiency and competition on the interstate rail network. ARTC covers only the Victorian and South Australian networks directly. Anyone wishing to operate nationally must contend with five different access regimes in various stages of development. In two States (Western Australia and Queensland) the access provider is not structurally separated from the government-owned rail operator.

Because of this fragmented approach:

terms and conditions of access vary widely from jurisdiction to jurisdiction; and

access pricing methodology and negotiation process differs markedly from jurisdiction to jurisdiction often accompanied by a lack of transparency

which makes the task of starting an interstate service unnecessarily time-consuming and expensive.

#### Fragmented approach to safety and accreditation

The problems encountered by the rail sector in satisfying diverse safety and accreditation systems are addressed in the Maunsell Report to the Australian Transport Council, a report which Toll Rail commends to the inquiry. The present lack of consistency creates an unnecessary and costly burden on interstate operators and a barrier to entry and competition.

#### Under-utilisation of terminal resources

**Suitable rail terminal** sites are scarce. Those that have been developed (with government funds) are usually strategically located and alternative sites are usually either not available or uncompetitive in their size or location. Existing facilities are often under-utilised. If they were to be operated as multi-user facilities then efficiency and competition would be enhanced. Toll Rail does not agree with the view that significant terminal infrastructure should not form part of the rail access regime - this is like saying that an airline network can function without airports.

#### Proposals to duplicate rail infrastructure

There are a number of proposals in the public area to build **significant** rail infrastructure (eg on the route between Melbourne and Darwin) which would involve massive expenditure and in some cases duplication of the existing interstate network. On the other hand insufficient funds are allocated to maintain and upgrade the existing network. Problems such as regular speed and height restrictions and lack of adequate passing loops are creating significant inefficiencies and cost, and these problems could be remedied relatively quickly and at significantly less cost than in the case of completely new infrastructure. In Toll Rail's view, funds (government or private) would be far better employed in upgrading the existing network and building new links in strategic locations (eg a Sydney bypass).

Yours faithfully,

Colin Eggleston  
General Manager- Toll Rail