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**Submission to Productivity Commission:
Rail Reform: Response to Draft Report**

1. Introduction: Wimmera-Mallee Rail Service Association: Who? Submission 26 1998
2. Competitive neutrality between Rail and Road:

The "key message", page xix, sixth point is stronger as a recommendation than the rather fragmented draft recommendations 9.1 to 9.3. They should be made more intentional.

a) While the WMRSA agrees with adopting a commercial approach to provision of rail services (top page xxxi) there must also be a foundation for this provided by Government subsidisation of rail infrastructure. The report *Tracking Australia* emphasised the likely collapse in the national rail network if over 52.5 billion was not spent on it. Yet the recent Budget added no more to the \$250 million already allocated for rail network upgrade over 4 or 5 years, while \$1 .6 billion was allocated to road upgrades. Financial support is given however to "visionary" (read "vote getting") rail projects like Alice Springs-Darwin, which, like VFT projects serves few, is confined to a limited area and is yet to be proved viable.

b) The Government proposals in tax "reform" to reduce the diesel, excise, give considerable-advantage to road freight because they, using more fuel per tonne kilometre than the more efficient rail, gain a proportionally larger total reduction in excise and cut to costs, In addition to the environmental and health effects of using more diesel, the increased use of trucks damages the highways more and needs more money spent on them (See Network Rail May-June 1999, page 16).

There should be therefore a recommendation (9.4?) that urges consideration of an access charge to roads for interstate and intrastate long distance freight and passenger road vehicles, based on factors relevant to their use of roads (basic infra structure, repairs, environmental effects etc).

SO, please, make the Commission's recommendations much more specific and to the point on these issues of competitive neutrality.

3. Upgrading infrastructure in interests of regional development and competitiveness.

The draft report does not give much attention from the user's point of **view** re provision of social and economic benefits through rail services in regional areas. In the western half of Victoria considerable gains could be **made in** benefits from regional development by the upgrading of infrastructure. The following examples. from WMRSA experience when working with Wimmera Councils should be considered further by the Commission for its final report:

- a) The standardisation of further lines in rural Victoria and Southern NSW. Standardisation in 1995 of western grain lines in Victoria and the line into Portland to join the interstate main line means the State has two incompatible rural rail systems. 12

2.

Transshipping to access ports adds to costs and reduces competitiveness on global markets. Significant amounts of **products end up being shipped by road, making a** major impact on rural road systems and consequent cost to rural ratepayers. The latter was recognised in 1993-4 when Minister of Transport Alan Brown agreed with moves from Councils and the WMRSA to standardise those lines for about \$20 mill. - much cheaper than annual rural road repairs. The South West Victoria Municipalities Group proposes most remaining broad gauge lines in Victoria and Southern NSW be standardised. (Cost approx \$87 million) bringing the following benefits (from \$17 mill to \$27 mill per year):

- Cost savings to Government, municipal and private sector organisations.
- Increased international competitiveness of products from S.E Australia.
- Wider options for use of ports to ensure least delay for dispatch overseas.
- More cost efficient use of locomotives and rolling stock.

Further advantages would be gained with the Ararat-Ballarat-Melbourne line standardised. an interstate rail connection to Ballarat, an alternative 'loop' to the crowded Melbourne Ararat section of the interstate line, and passenger trains restored to Dimboola. Victorian bg and sg rural tracks are now under lease by the Victorian Government to private operator Freight Victoria through VicTrack as "landlord". Sourcing of funds could come through Freight Victoria, Victorian Government through VicTrack as a non commercial act, or by the Commonwealth Government. The WMRSA strongly supports State and Commonwealth assistance for regional development in the national interest.

Recommendation: Where upgrading of rail infrastructure can be shown by regional authorities to bring economic benefits to rural and regional areas, such projects should have high priority in use of Government funding in support of regional development in the national interest.

b) the provision of multimodal transport hubs to integrate road and rail.

An important feature of rural development is integration of road and rail freight and public transport systems. The Rural City of Ararat Council is in course of upgrading the Ararat station area to serve rail and bus passenger services, tourist information needs and with potential for use by rail and road freight services. At Horsham, container traffic from farms by private contractor is loaded as rail freight in a daily service (now by Freight Victoria)

Recommendation: As part of further rail reform, and rural economic development projects for integration of road and rail operations should be supported by Government in the national and regional interest, at least in sharing initial costs.

c) The reintroduction of rural passenger rail services and upgrade of those existing:

With upgrading by Great Southern Railway (GSR) of the "Overland" overnight interstate passenger train, running to a new timetable that uses stations at major centres only, opportunities have arisen for continuing provision of rail passenger commuter services to the Wimmera. Wimmera Councils and the WMRSA have worked with GSR to ensure, as a community venture, that stations are user-friendly and patronage encouraged, and enhancing GSR's competitiveness with interstate road coaches. The State Government, though, while having built a \$160 000 platform for GSR trains in metropolitan Geelong, show little interest in providing through VicTrack small amounts for lighting, waiting room and toilet upkeep etc. at the rural stations concerned.

Recommendation: That Governments be encouraged to act in support of private rail operators in interests of competitiveness and rural customer services.