Speech by

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CEDA luncheon

The Coalition Government's Transport Reform Agenda

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(Check Against Delivery)

Introduction

In the 1930s, the fastest way to go from Sydney to Brisbane was by train. The new Brisbane Limited had a lounge car for its first class passengers. They were even given complimentary tea and biscuits when they woke up, although the train still stopped for meals.

The passengers' safety was assured because the line was controlled by the electric staff system. At regular intervals, the driver would stop the train to collect a small metal staff from a hulking red piece of electrical equipment.

At the Queensland border, the line rose 65 feet in the space of a mile as it looped upward through two tunnels before crossing the rugged Lamington Plateau.

It was state of the art technology for the 1930s.

One of the reasons that Australia faces so many transport problems now is that much of that 1930s technology is still around.

The line north was still controlled by the old electric staff equipment when we took it over in 2004.

And every freight train between Sydney and Brisbane still has to squeeze through the tunnels of the border loop.

In 2004, it took 21 hours for a freight train to make its way from Sydney to Brisbane and only 50 per cent arrived on schedule.

It's no wonder that the road system now carries 76 per cent of the freight between Sydney and Brisbane and 61 per cent of the freight between Melbourne and Brisbane.

Australia's growing transport task

The challenge we have is that the amount of freight carried between Sydney and Brisbane is forecast to almost triple over the next twenty years, because of the rapid growth of the population centres along the corridor.

The amount of freight carried between Melbourne and Brisbane is forecast to double; the amount of freight between Melbourne and Sydney is forecast to increase by 70 per cent.

The Government's transport reform agenda will enable Australia to meet the challenge of our growing freight task, by:

- increasing the efficiency of road transport through the CoAG national reform agenda;
- through our massive investment in transport infrastructure under AusLink 1 and 2 ($38 billion in road and rail); and
- including the planning of a second rail corridor from Melbourne to Brisbane.

Transport market reforms

In February 2006, CoAG approved a series of transport market reforms to help ensure that our existing transport infrastructure is used as efficiently as possible.

One reform we are pursuing as part of the COAG agenda is Performance Based Standards.

It is an exciting initiative that will encourage innovation in heavy vehicle design. It will mean that vehicles are assessed on how well they behave on the road through a set of safety and infrastructure standards, not on how big and heavy they are.

It will lead to improvements in both safety and productivity.

We are close to finalising the relevant standards and establishing the review panel that will assess vehicles. We are also working on the initial PBS network that these new vehicles will be able to use.

Another major initiative on the horizon is B-triples.

A ‘B-triple’, as the name suggests, is based on a standard B-double with an extra trailer. B-triples have the potential to increase the productivity of transport operators by about 35 percent.

Transport ministers have agreed to a map that outlines a B-triple network. This network is largely similar to the current road train network, and will be available from 1 July 2007.

The next step is for industry and the states and territories to look at how and where the network can be expanded.

The third reform I'd like to touch on today is the new national quad axle policy. Earlier this year, an overwhelming majority of state and territory transport ministers voted in favour of this initiative.

The policy will enable the states and territories to develop quad axle networks that will focus on moving heavy containers from ports to container unloading facilities.

These reforms are all about making our existing transport network more efficient and productive. They will also limit the growth in the number of heavy vehicles operating on our roads.

The onus is now on the states and territories to ensure there are adequate networks for these vehicles to use.

It would be remiss of me if I didn't mention the Productivity Commission's inquiry into road and rail freight infrastructure pricing.

At the Australian Transport Council meeting in May, transport ministers welcomed COAG's response to the review's recommendations.

We endorsed the need to implement a phased approach to the reform of heavy vehicle charging arrangements. We also supported the ambitious research and policy reform agenda to lay the foundations for considering a move to mass, distance and location pricing.

The National Transport Commission will develop a new heavy vehicle charges determination to be implemented from 1 July 2008. The new determination will aim to recover the heavy vehicles' allocated infrastructure costs in total and will also aim to remove cross-subsidisation across heavy vehicle classes.

The NTC will release a draft Regulation Impact Statement shortly to facilitate the necessary public consultation on this important reform. I would encourage industry players to contribute their thoughts to NTC.

AusLink 1 and 2

The Government is putting an unprecedented amount of money into land transport infrastructure under AusLink, our national land transport plan.

We are investing $15.8 billion under the existing AusLink programme, which runs until 2009.

We will then invest $22.3 billion under AusLink 2, which will run until 2014. Our investment will include $16.8 billion over five years for road and rail projects on the AusLink national network.

I will be announcing the details of the major AusLink 2 projects in due course, after discussing them with the state and territory governments. In fact, I am meeting with the Queensland and New South Wales transport ministers today.

Investments on the north-south corridor

Under the existing AusLink programme, we are investing $1.4 billion to upgrade the Hume Highway to four lanes from Sydney to the Victorian border. By June 2009, there will only be 20 kilometres of two-lane highway left, and we will finish duplicating it under AusLink 2.

In conjunction with New South Wales, we are investing a total of $1.3 billion in the Pacific Highway from 2006 to 2009. By then, about 50 per cent of the highway between Newcastle and Queensland will be four lanes. We will press on with the Pacific Highway under AusLink 2 as well.

In conjunction with the Australian Rail Track Corporation, we are investing $2.4 billion to upgrade the interstate and Hunter Valley rail system.

We have replaced the old Wagga Wagga rail bridge, which means that trains can now cross the Murrumbidgee at 80 kilometres per hour instead of slowing down to 20 kilometres per hour.

ARTC is building 17 new passing lanes between Melbourne and Junee, which will allow trains to pass each other without stopping, and has begun replacing the wooden railway sleepers with concrete between Melbourne and Macarthur, and Newcastle and the Queensland border.

The job will need more than 2.6 million concrete sleepers, but it means there will be fewer speed restrictions and delays on the line due to track work.

And we are making good progress on replacing the electric staff system with modern safe working equipment.

In total, the projects that we are carrying out will reduce the rail transit time from Melbourne to Sydney by two hours and the transit time from Sydney to Brisbane by four hours.

So these rail investments are vitally important, but there are very real limits on what we can achieve by upgrading the existing coastal rail line.

It would require a massive investment – somewhere in the vicinity of $10.7 billion – to bring the rail transit time down to the point where it would be competitive with road transport.

We would, for example, need to spend about $734 million to replace the border loop with a major tunnel crossing the Border Ranges National Park.

The Government has therefore decided to carry out a thorough exploration of building an inland rail corridor through Parkes and then up through western New South Wales.

The proposed route would have a number of important advantages, as outlined in the North-South Rail Corridor Study, which was conducted for the Government by Ernst and Young.

The fastest transit time between Brisbane and Melbourne would be 20.5 hours via Albury or 21.3 hours via Shepparton. The transit time would be short enough for rail freight to compete effectively with road.

The route would support 1.8 kilometre long trains travelling at 115 kilometres per hour. At the moment, trains between Brisbane and Sydney are limited to 1.5 kilometres.

The trains could be double-stacked with containers if the corridor ran through Shepparton and the Bunbury Street tunnel in Melbourne was upgraded.

As well as carrying bulk commodities and containers between the capital cities, the inland railway would draw in freight from regional New South Wales.

Southern New South Wales grows about 750,000 tonnes of grain. At present, the area is not well serviced by rail. Up to 400,000 tonnes could be transported by rail if the line linked Narrandera to Tocumwal.

Similarly, we could expect some of the chilled meat produced in southern New South Wales to divert to rail.

About 27 per cent of the grain freight from northern New South Wales could be expected to divert from Newcastle to the Port of Brisbane, which would ease congestion along the Hunter Valley line.

A high proportion of cotton from the areas north of Narrabri could be expected to divert from Port Botany to the Port of Brisbane.

The new railway would have an indicative cost of up to $3.6 billion. It would be built to the Class 1 standard with concrete sleepers and in-cab communications.

The Government has commissioned the Australian Rail Track Corporation to carry out a $15 million engineering and scoping study to determine the best alignment for the railway within this broad route. The study will be completed in 2009.

The study will prove up the alignment so it can be taken through the statutory planning and approval process and then into detailed engineering design and construction.

The study will also scope the project's capital cost to within plus or minus 20 per cent, and put together a development and delivery timetable.

It will provide the Government with a basis for evaluating the opportunity for private sector financing. The project cannot go ahead without private sector funding. The Government doesn't intend taking full responsibility for the construction of this critical link. We believe this should be done by the private sector.

It is possible that land acquisition could begin as early as 2010, with construction starting in 2014. The line needs to be completed by 2019.

It is estimated that building a second rail corridor could increase rail's share of the end to end freight task between Melbourne and Brisbane from 30 per cent to about 70 per cent.

It would lead to a substantial reduction in freight costs, and these cost reductions would flow through the economy.

Rail is already 14 per cent cheaper than road transport on the Melbourne to Brisbane route. Its cost advantage will increase even further after the

cap and trade system for carbon emissions is introduced by 2012, because rail is considerably less energy intensive than road transport.

It's been suggested that the Government should extend the scoping study to consider a route through New England as well as the far western corridor.

The North South Rail Corridor Study examined the possibility of routing the inland rail corridor through the New England tablelands.

The study showed that a railway on this route would cost up to $8.5 billion to build – more than double the cost of building the line further west.

It would not have any operating advantages. The fastest possible transit time from Melbourne to Brisbane along the corridor would be 23.1 hours via Albury, compared to 20.5 hours via Albury on our preferred route.

It would not attract the private sector investment that would be needed to build the line, and we are not going to waste everyone's time and money by going over route options that we know should not be considered further.

Upgrading the Hunter Valley rail system

I want to conclude by talking about the work that we are carrying out to upgrade the Hunter Valley rail system, which transports coal to the port of Newcastle.

The Australian Rail Track Corporation has completed the new Sandgate Rail Flyover, which enables coal trains to travel directly to the Kooragang Island coal handling facility without having to give way to the passenger and freight trains on the Sydney to Brisbane main line.

The $80 million flyover, along with the introduction of new speed limits in the area, has lifted the capacity of the Hunter Valley rail network to more than 120 million tonnes of coal per year.

We are continuing to increase the capacity of the rail network to handle the extra haulage that will be created by increased production from the existing mines and by the new mines that are being planned.

I am pleased to announce that ARTC has now commissioned its new Muswellbrook Junction and Passing Loop. The project's extension of the existing loop to 1,800 metres will allow a full length coal train of about

1,550 metres to join the main line, reducing the return cycle time for crossing coal trains by up to 60 minutes.

With the approval of the coal industry, we will begin stage 2 of the project next year. It will further increase train speeds and duplicate the line from Muswellbrook to St Heliers.

So we are building the rail infrastructure that will be needed to meet the future demand for Australia's coal exports from Newcastle.

By way of contrast, the capacity of the coal loaders at the port is only 102 million tonnes per year, because the New South Wales Labor Government held off approving the new coal loader and the increase in the capacity of the Kooragang coal terminal until after the recent state election.

Meanwhile, the Queensland Labor Government has failed to build the rail infrastructure that is needed to support our coal exports through Dalrymple Bay.

The capacity of the coal terminal there is 60 million tonnes per year, but in May 2007 Queensland Railways was only able to deliver the equivalent of 49 million tonnes a year to the port.

Conclusion

You don't need to employ political consultants, economic analysts or soothsayers to work out that the effects of a Rudd Labor Government would be no different, except in scale.

The NSW and Queensland Labor governments have shown they can't deliver the infrastructure that their states need; a Rudd Labor Government would not be able to deliver the roads and railways that Australia needs.

Now I can't promise Australia's freight forwarders complimentary tea and biscuits when they wake up or a lounge car on the end of a 115 kilometre per hour superfreighter.

But I can promise you that the Coalition Government is carrying out the reforms and building the infrastructure that Australia will need in the years to come.

Thank you.