# All things must pass - a national rail policy

In the absence of decent official policies it is inevitable a lobby group will propose them.

For rail this has come to pass. The industry lobby group, the Australasian Railways Association, recently proposed a national plan ‘for the benefit of Australia’.[[1]](#endnote-1)

The proposed plan doesn’t quite nail a national rail policy.

Nonetheless, it is represented as a start. As were its predecessors.

Table 1 compares the Association’s plan with ‘official’ policy and a national policy that would reflect Australia’s history and governance – a proper policy.

**Table 1: Comparison of proposed national rail policies**

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| --- | --- | --- | --- |
| **Issue** | **Australasian Railways Association rail plan** | **Official /Commonwealth policy (a)** | **Proper Australian national policy** |
| Relevance of rail | Recognise importance of rail  | ‘Support the directions of the Transport and Infrastructure Council’ | Recognise rail objectives of national government |
| Interoperability | Harmonise standards, minimise regulation, economies of scale | Harmonise regulation, rolling stock manufacturing standards | Gauge and operational standardisation |
| Neutrality with competing roads | Road ‘pricing’ | Consider the case for broad land transport market ‘reform’ | Cost reflective charges for roads that compete with rail |
| Industry development (b) | Grow capabilities of individuals and companies | - | - |
| Work (b) | Maximise opportunities for rail companies | - | - |
| Research (b) | Foster innovation, research and development | Maximise benefits of intelligent transport systems | - |

1. From the ‘work program’ of the national rail ‘vision’ <http://transportinfrastructurecouncil.gov.au/publications/files/National_rail_vision_and_work_program.pdf>
2. These are questions for other policy fields such as industry policy, innovation and skill development. They should not impede proper rail policy matters but should result from these or more general policies such as industrial policy, skills development and innovation policy.

There is a clear and increasingly stubborn difference between these views.

While not congruent with the Australian federation’s rail purposes and missing the point about road charging, the Association’s views are almost expected.

Association members include those with interests in preserving the status quo of gauge breaks; in preventing interoperability.

Gauge etc. breaks are a residual form of colonial protectionism that Australia’s federation aimed to eliminate. They are anti-competitive and a source of monopoly power. They create economic rents – unearned incomes – at locations where the gauge changes. They also cause significant national deadweight losses, borne by people outside the industry.[[2]](#endnote-2)

States als have no interest in standardisation. As the saying goes: ‘turkeys don’t vote for Xmas’.

The Association’s missing the mark on competitive road charging may arise from a wish to not offend the officials who continue to ignore if not suppress the key issue; cost reflectivity where it matters – where road and rail modes compete. The official search for the golden reef of universal road pricing entails a certain nobility, as well as Lasseter like futility. The Association’s attitude to ‘the debate’ is understandable; as a lobby group it would prefer to stay ‘inside the tent’.[[3]](#endnote-3)

The Commonwealth has no such excuses. Its position borders on negligence of both economic and Constitutional imperatives.

Its total ‘reliance’ on industry members to promote harmonisation if not a sign of bad faith is breathtakingly stupid. Mr Taig might have been too polite to say this, but he did point out the need for the Government to drive harmonisation rather than rely entirely on *‘highly autonomous individual cottage industries’*.[[4]](#endnote-4)

The Commonwealth and Ministerial Council’s apparent focus on trivial, transient matters seems to be a distraction that at its best supports short-term commercial interests in the trucking and rail freight industries.

The Australasian Railways Association wants to excite young people to join the industry. Such excitement needs a firm foundation to avoid being a mere fad.

The Association needs to set out a Constitutional basis for it’s position and then argue for proper Commonwealth responsibility. Unless it does so it will be abetting a national wrong; hardly the type of thing to attract idealistic and principled young people.[[5]](#endnote-5)

Until it pursues Commonwealth implementation of Constitutional intentions, the Association’s plan like other things – including previous attempts at national transport policies – is doomed to quickly pass. No matter how engaged some politicians currently profess to be, or how intricate ‘the process’ from here.

Speaking of which, the other article on this page is a submission to the latest Commonwealth Parliamentary inquiry into rail.

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1. <https://ara.net.au/content/rail-delegation-takes-national-rail-industry-plan-parliament>

<http://transportinfrastructurecouncil.gov.au/publications/files/National_rail_vision_and_work_program.pdf>

plan [↑](#endnote-ref-1)
2. Association members include rail service providers, manufacturers and suppliers <https://ara.net.au/> [↑](#endnote-ref-2)
3. Road charging aims at economic cost recovery and thus is important to economic efficiency via cross modal neutrality; it is most relevant where roads and rail compete.

Road pricing is a different matter; it aims to ‘clear’ the road use market at an economically optimum level, which is largely relevant only to places and times where road capacity is constrained, whether or not there is competition from railways. The issue it aims to tackle is congestion.

See: <http://www.thejadebeagle.com/road-pricing.html> <http://www.thejadebeagle.com/road-reform.html> and

<http://www.thejadebeagle.com/heavy-vehicle-price-regulator.html> [↑](#endnote-ref-3)
4. It is unlikely that industry members with a private interest in maintaining economic rents will agree to ‘harmonisation’ of the type leading to standardisation since that would increase competition in the industry.

It is extraordinarily unlikely that such members would accept harmonisation that imposed costs on them (as well as putting their revenue under pressure).

The idea that ‘industry’ – much of which emanated from State governments - would progress standardisation of its own volition is extraordinary; it is more likely that those most ‘active’ in the debate are those with most to lose in moves towards standardisation.

Taig commented:

*‘There are clearly substantial barriers to harmonisation in terms of the high levels of autonomy within individual States and railway organisations, and the very large sunk costs in existing diverse systems.’*

Taig concluded:

*‘The Governments should identify a senior level person or group to provide clear leadership towards railway harmonisation in Australia..... governments should not rule out legislation if other forms of influence (e.g. via regulation or governments’ funding role prove too unwieldy or ineffective.’*

<http://transportinfrastructurecouncil.gov.au/publications/files/RISSB_review_report.pdf>*.*

This is an institutional reason Australian rail safety regulation as a permission based system is unable to advance interoperability. This also is a reason behind Infrastructure Australia’s failure to recognise the matter as a national priority.

The Commonwealth, however, would argue that it should be excused from pursuing its responsibility because of budget constraints. That may be so, but such constraints are no excuse for the Commonwealth’s failure to put the matter on the agenda, or for its preference to hide behind calls for ‘regulatory’ reform which, due to the permissioning system, are merely part of a smokescreen for substantive inactivity. [↑](#endnote-ref-4)
5. [↑](#endnote-ref-5)