



## AUSTRALIAN RAIL TRACK CORPORATION LTD

Media Release

### **NEW RESEARCH SHOWS RAIL CHEAPER THAN TRUCKS**

New Research commissioned by Australian Rail Track Corporation (ARTC) shows that rail is now generally cheaper than trucking when it comes to moving freight on interstate corridors.

For many years rail has been competitive on price with road on a terminal-to-terminal basis but new figures released by ARTC demonstrate that rail is now cheaper than road on a door-to-door basis on the major corridors.

The figures show that on all but one of the major interstate rail corridors, rail beats road on the average price for door-to-door consignments.

On the Sydney - Brisbane corridor, freight transported by road costs an average 8.2 cents per net tonne kilometre (¢/ntk) and only an average 7.9 ¢/ntk by rail.

The contrast is even more pronounced when comparing the average cost of trucks to rail freight on the Perth – Melbourne corridor; 6.75 ¢/ntk for truck freight compared to 3.65 ¢/ntk for rail.

Trucks only maintain a price advantage over rail on the Melbourne to Adelaide corridor but even on that transport link, road is only 4.5% cheaper.

Averaged out over all corridors, rail transport is around 20% cheaper than road.

CEO of ARTC, David Marchant, said the attractive price of rail freight on major corridors is good news not only for companies transporting goods, but also for motorists travelling between major cities.

“Many people don’t realise that each 1500 metre long train can replace 100 semi-trailers. As rail becomes more competitive we could see less trucks on our major roads,” he said.

Mr Marchant said that rail’s competitive position has improved significantly, despite big trucks continuing to pay less for the use of infrastructure; one of the cost components of total freight transport.

Rail access charges on the ARTC network between Sydney and Melbourne are estimated at \$5.79 per thousand net tonnes per kilometre. Big truck vehicle charges consisting of registration and fuel excise are \$5.10 per thousand net tonnes for a typical b-double truck on the same journey.

Going forward it is expected the cost of using infrastructure for trucks will increase.

Mr Marchant said improvements to ARTC rail infrastructure had contributed to the increasing efficiency and cost effectiveness of rail versus road.

“One of the biggest boosts to rail freight’s competitiveness at the moment is the \$2.1 billion plus upgrade of the Melbourne-Sydney-Brisbane rail line, which includes new passing lanes and loops and signal upgrades,” Mr Marchant said.

“Passing lanes and loops allow trains to pass each other at speed rather than one standing idle in a siding while waiting for the train travelling in the opposite direction to pass.”

“The new passing lanes and signal upgrades will cut transit times between Sydney and Melbourne.”

The new passing loops, signal upgrades and track and bridge work on the NSW North Coast line along with the \$200 million plus Southern Sydney Freight Line will usher in a new era of rail efficiency between Melbourne and Brisbane,” Mr Marchant said.

Mr Marchant said ARTC had allocated some \$400 million to replace wooden and steel sleepers on the Melbourne-Sydney-Brisbane rail corridor with around 2.2 million new concrete sleepers.

“Consistency in rail sleepers may not sound significant,” Mr Marchant said, “but it means better efficiency from the track and reduced transit times between the main eastern State demand centres.”

“Once the resleepering and passing lanes are completed, ARTC will be able to offer the freight industry transit times as low as 10 hours 40 minutes between Sydney and Melbourne and 15 hours 35 minutes between Sydney and Brisbane.”

#### **Appendix: Research commissioned by ARTC 2008**

<b>Average Rail/ Road freight costs door-to-door</b>		
<b>Corridor</b>		
Melbourne-Adelaide	<b>Trucks Cheaper</b>	<b>5%</b>
Sydney-Melbourne	<b>Rail Cheaper</b>	<b>6%</b>
Sydney-Brisbane	<b>Rail Cheaper</b>	<b>4%</b>
Perth-Melbourne	<b>Rail Cheaper</b>	<b>46%</b>
Sydney-Perth	<b>Rail Cheaper</b>	<b>44%</b>
Melbourne-Brisbane	<b>Rail Cheaper</b>	<b>26%</b>
Average	<b>Rail Cheaper</b>	<b>19%</b>

*ARTC annually conducts an independent study into transport pricing to assist it in commercial decision making. The objective of the study is to provide information on the price competitiveness of rail on the major Australian interstate corridors, where competition with other modes is relevant. The study focuses on intermodal markets, but also covers general freight, dry bulk (coal, grain, minerals), steel, and passenger markets. Pricing and service levels for road, rail, air and sea transport modes are considered where applicable. For each*

*interstate corridor, price comparisons represent an average of different services provided by the transport modes operating within each key market. Information is gathered from a number of sources. For freight pricing, a database of actual freight rates is maintained and updated from quotations from transport operators, media reports and market research conducted with users of freight services. For passenger pricing, market research is conducted among service providers and agents. Pricing advice is further supplemented from results of an annual survey into service level perceptions of each transport mode by freight transport users.*

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