

INQUIRY INTO THE
FINANCIAL SUSTAINABILITY
OF TARRAIL

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TASRAIL INQUIRY

OVERVIEW:

Having an inquiry into the financial sustainability of TasRail sounds like an exercise in futility, or else a scam, considering that the all-important context of global warming and peak oil is being ignored.

It seems as if some-one is looking for an excuse to shut down TasRail or sell it off again, especially when there is a reference to the social, economic and environmental benefits...(if any).

Surely an ordinary business audit would provide any relevant information if only monetary matters were to be considered. Therefore it seems as if this inquiry is ideologically motivated.

Global Warming.

Global warming means that emissions must be reduced drastically and urgently, and so consumption must be reduced likewise. There are some who would say that this is bad for "the economy", not considering what should be an obvious fact, that without a suitable environment there is no society, and without a society there is no economy.

Most pollution comes from road traffic, particularly private vehicles and especially in peak traffic times, so there should be an imperative to transfer as much freight and passenger movements as possible, as rapidly as possible, onto rail and bus - apart from issues of congestion.

Rail offers more choices of motive power - diesel, electricity or steam - than road transport, and the steam could be generated from boilers fired by wood chips rather than coal. While there would be negligible impact on global emissions, it would matter greatly to Tasmania.

There is an assumption in the criteria for this enquiry that trends can be projected meaningfully into the future. However, any future crises brought on by global warming will completely derail economic forecasting, which is no more than a form of magic anyway.

Catastrophes, by their nature, cause chaos, and transport and trade are severely affected. It would be sensible not to be reliant on one form of transport or one type of fuel, although in such a situation no options may be effective. Nobody seems to be considering such possibilities. We would be facing the equivalent of a war, with all the disruption that brings, where financial sustainability is meaningless.

Peak Oil.

The scientific fact of peak oil means that global production of petroleum must inevitably decline because any new fields discovered are not keeping up with the depletion of older fields. Corporations are forced to investigate and develop more hazardous and costly sites because there are no longer any easy and cheap options. Regardless of price, future transport will depend on actual availability, and this will affect global trade and transport as well as local.

Being at the end of a supply chain that begins in the most politically unstable region of the world, Tasmania is especially vulnerable (and expendable). It would make sense to drastically reduce our dependence on petroleum (as has been suggested to previous Premiers) before supply is reduced by outside forces. Sooner or later, fuel will have to be rationed and movements prioritised. Why then spend more money on roads?

Financial sustainability is irrelevant in an emergency when something becomes a necessity. Just getting anything or anyone anywhere will be a logistical nightmare. Rail may well be the only efficient mode. We won't be going back to bullock wagons and horse-drawn carriages because they won't be available.

The Network.

Therefore it is urgent to rebuild the rail infrastructure and re-open branch lines as rapidly as possible. Too much time has been lost already, and money squandered on past bad decisions, which were perceived by some to be bad at the time and not just in retrospect. The cost of this restructuring now is the result of financial mismanagement, and dereliction of duty to maintain public assets and encourage their use.

The system was allowed to run down and then sold off for next to nothing. It was bought back in no better condition for what was basically a gift to the transnational corporation that ran it into the ground. The general public are continually being ripped off by incompetent and irresponsible governments,

The loss of railway stations, workshops and railyards was official vandalism, with a contemptuous disregard for the public interest. The destruction and theft continues with the Hobart railyards redevelopment scam.

This is what happens when decisions are based on short-term, narrowly focussed economic propaganda that fails to take into account social costs and benefits, the need to maintain options, and the insanity of relying on the import of finite resources such as liquid fuel. The present state of affairs is the result of no foresight, no hindsight and no insight, and there's no indication that things will improve.

One should also consider that the rail network could now be operating well if previous governments had made the commitment to upgrading and re-routing the main line instead of building a completely new Midlands Highway. One bad decision leads to a cascade of further bad ones. Restructuring would have been a lot cheaper forty years ago.

Considering all this, it's a bit much expecting TasRail now to be competitive with road, which is not a true correlation anyway. If the rail network was a project of state significance there would be no question of "sustainability" or profitability. It would be pushed through regardless.

Roads.

No-one considers the viability of the road network. It's just assumed to be a necessity. Who's done a cost/benefit analysis of the continual rebuilding of the Midlands Highway? Why should there be such a fuss about spending on rail when the highway has such a voracious appetite? This is not about efficiency, sustainability or profitability. It's about placating the motoring lobby with their greed and selfishness.

Who looks at the cost to local councils of maintaining a network of rural roads and bridges for limited volumes of traffic, particularly dead-end tracks that might go to only one house? How can public transport like Metro buses be financially viable without considering the role of the car in creating congestion so that neither mode functions effectively? Private cars are not financially sustainable either because they do not generate income only swallow it. For most people the pay-off is in convenience and the illusion of freedom. On the other hand it has killed small towns and local employment.

Rounding Up.

If Legislative Councillors ignore the context of global warming, peak oil and the vulnerability of the state to unanticipated crises, such as the non-arrival of tankers, then there will be few transport options, if any, available. Societies collapse because they have limited their choices, expanded their arrogance, and lost their resilience.

All economic arguments are based on false assumptions. Competition is wasteful. Transport integration is essential to make best use of resources. In the face of adversity, governments have to intervene. The market system cannot deliver social services. How can they make a profit? In a time of disruption, the speed and convenience of present road transport will disappear. Efficiency, availability and appropriateness of energy will be the deciding factors.

A Few Other Points.

State and Federal funding depends on government commitment, and this is an ideological (that is, irrational) decision. It's about priorities, and the priority is still roads. Strategies for the post-petroleum era are non-existent.

Being a Government Business Enterprise puts unrealistic expectations on management to make decisions primarily on profitability, which is short-term, and hinders the provision of long-term services for the general community, services which may have to be cross-subsidised initially from other public revenue. These same expectations do not apply to the road network. TasRail should not be expected to fund a major overhaul and run profitable services.

Return on investment therefore, in this context, is a fraudulent concept. TasRail, like all GBEs, should not be used as a taxation agency. If GBE customers are paying GST and the state is getting a "dividend", then it looks like the state is siphoning off a proportion of GST. Or is the GST component taken out first before calculating the dividend? If the state expects a dividend then GBEs are expected to overcharge. If GBEs are overcharging then customers are paying GST on inflated charges and are therefore being over-taxed and paying taxes to both federal and state governments. Is this dividend separate from the savings GBEs are expected to put aside for reinvestment, and how is it calculated? If a GBE has a "sweetheart" deal with a big customer that is below cost, then surely that is a tax dodge. The accounting procedures for all GBEs should be investigated and made public. The system stinks.

With the uncertain future of trade and transport, given the above scenario of global warming and peak oil, one could hardly be expected to forecast the profitability of various lines. However, I would expect to see less bulk freight, more general freight, and passenger services. One certainty is that the future will bear no resemblance to the present, although the terms of this inquiry assume no catastrophic changes.

Benefits.

The social benefits of rail are that people can get up and move around because rail carriages are not as cramped as road coaches, and because the ride is more even. People can access a buffet or a diner, view the scenery from closer quarters and enjoy a safer trip than on a multi-lane highway. More relaxed people are more likely to be sociable.

Train travel would benefit children too, as they wouldn't need to be harassed to the seat, and this would also improve the parents' mood. However, train travel, with the need to work to timetables, requires a different mental attitude. The convenience of a car is greatly outweighed by the hassle of crumpled, tired, hungry and restless children confined for hours in a seat. On road coaches, passengers are not allowed to eat or drink, except water.

The economic benefits are that multiple units can be used, and adjusted to suit demand, up to a limit of course. There could be mixed freight and passenger units on the one train. The rail corridor is much narrower than a main highway and therefore should be cheaper to construct, even if the line was longer than a corresponding highway. In hilly Tasmania this is important, as is the narrow gauge.

A reconstructed main line could be electrified, which can't be done for road transport. Trolley buses might work in urban environs, but main highways are a different proposition. Even with the capital cost of electrification, at least people and goods will be able to be moved when petroleum is in short supply. Easy grades mean less wear and tear on rolling stock and more efficient use of fuel. Actual figures are not as relevant as the context of an unstable future because of our reliance on a finite, imported fuel.

The environmental benefits overlap social and economic ones. There is a much smaller geographical footprint, much less pollution, much less resource use, and therefore much less waste with fewer private vehicles and their fashionable built-in obsolescence.

What other surface transport modes does the inquiry have in mind? Coastal shipping, river steamers, canal barges, fishing boats, trams, trolley buses, pedal bicycles, pedal bikes with trailers, tricycles, horses, ponies, donkey trains, bullocks, camels, people carrying packs or pushing wheelbarrows all have their possibilities. However, mass private mechanised transport with increasing speeds has made roads too dangerous for slower forms of transport.

The depletion of petroleum supplies will affect the Bass Strait ferries and the airlines. Since private vehicles will be virtually obsolete and long-distance car travel out of the question, there will be no need for roll-on, roll-off ferries. A new generation of passenger-only ferries has been suggested (and ignored).

Integrated public transport with undercover inter-modal transfer facilities will be required. Rail connections to the ferry terminal and Launceston airport should be considered.

It is likely that jet flights to Hobart will be cancelled as inefficient use of fuel, with smaller turbo-props operating to Launceston. Hobart may survive for a time on direct flights from Adelaide and Sydney, or a link to New Zealand. Regardless of present demand, if fuel is not available planes won't fly.

Rail tourism could be set up quickly once branch lines are re-surveyed and rehabilitated to a light standard. No need for heavy locomotives if railcar sets are used. Don't need new rolling stock - retro is "in". Special tourist trains can explore branch lines, stop at railheads overnight (or longer), visit local attractions, support local small businesses, learn some local history and move on. Otherwise, tourists could travel on regular passenger services.

If authorities were smart, they could tie rail tourism in with a day-light East Coast trip from Melbourne to Hobart, so people could do a round trip Melbourne - Devonport - Hobart - Melbourne.

The biggest barrier to any imaginative use of the rail system is the "bean-counter", bureaucratic and ideological mentality of authorities who, in the arrogance of their self-opinionated "expertise" refuse to acknowledge that any unanticipated calamity will throw their assumptions and presumptions to the winds.

CONCLUSION:

Given the context of global warming and peak oil as described above, it is essential that the rail network be strengthened as quickly as possible, or it won't be ready when needed, and that need will arrive when least expected. It would be disastrous to find that in a major crisis there are no alternative modes of transport.

Therefore I suggest that:-

- + the rail network should be a project of state significance with priority funding
- + TasRail should not be a GBE but a Commission with community service obligations, cross-subsidised if necessary
- + the main North-South route be re-surveyed to provide an easier, faster and safer trip - not to "high-speed" standard, but perhaps to a three-hour standard Hobart to Launceston
- + much of the main line may be found suitable, and therefore work could

- proceed faster
- + passing loops be planned, even if not built, for increased future use on a single track line, with plans for electrification (overhead wires)
 - + as a priority route, level crossings be eliminated in favour of grade separation at major intersections, with other crossings closed altogether, or roads re-routed to safer crossing points
 - + new work be two shifts over the longer daylight hours, six days per week, no more than thirty-six hours per week per shift (no overtime)
 - + branch lines be rehabilitated and opened to light traffic as soon as possible, including provision of railhead facilities
 - + lines be extended into Launceston and Hobart city centres, with a loop to Launceston airport and a connection to the ferry terminal (or build a new passenger-only terminal on the town side of the Mersey where there is already a line)
 - + an inventory of rolling stock suitable for passengers and mixed freight be established with a view to getting them into operation (may be a good job-creation program in itself)
 - + museums here and interstate be contacted for any stock that would be suitable for , or could be safely converted to, Tasmanian gauge
 - + steam locomotives be trialled on woodchips
 - + new passenger services be started with existing stock rather than new, and expensive, state-of-the-art stuff
 - + tourism agencies promote retro-rail tours, not just for visitors but for locals - holiday at home

Obviously this is all going to cost lots of money, but its a matter of priorities. Governments have no hesitation in promising enormous amounts for their pet projects, regardless of actual need. The Federal Government is pouring billions into military hardware. Let's consider the "opportunity cost" of that sort of money!

Peter Needham

