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Pacific National Submission to Clean Air for NSW Consultation Paper

Introduction
Pacific National welcomes the opportunity to comment on the NSW Government Consultation Paper Clean Air for NSW (the Consultation Paper). Pacific National broadly supports the Consultation Paper’s objective of improving NSW air quality and looks forward to contributing to the Clean Air Summit in 2017.

Pacific National is a major freight train operator in NSW, carrying containers, building products, agricultural products, coal and other mineral products.

As previously submitted¹ to the NSW Government, Pacific National believes that the NSW Government should adopt clear and consistent principles for environmental regulation. These principles include:

- Establishing a case for action before addressing a problem;
- Considering a range of feasible policy options, including self-regulatory, co-regulatory and non-regulatory approaches, and assessing their relative benefits and costs;
- Adopting the option that generates the greatest net benefit for the community;
- Providing guidance to regulators and regulated parties in order to ensure that the policy intent and expected compliance requirements of the regulation are clear;
- Ensuring that regulation remains relevant and effective over time;
- Consulting effectively with affected key stakeholders at all stages of the regulatory cycle; and
- Government action should be effective and proportional to the issue being addressed.

Pacific National believes that Clean Air for NSW policies and regulations should be developed and implemented in a manner which is consistent with these principles.

More broadly Pacific National believes that in determining priority areas to improve air quality the NSW Government should take into account other areas of Government policy, in particular the NSW Government should continue and strengthen its policy of shifting freight from road to rail which is significantly positive in terms of environmental impacts, metropolitan congestion and public safety.

Pacific National understands that the purpose of the Consultation Paper is to propose pathways to address air pollution, particularly in relation to various action areas identified in the Consultation Paper. Pacific National has several concerns with matters raised within the Consultation Paper. These concerns are outlined below and relate to action areas relating to locomotive emissions and dust emissions in the Hunter rail corridor.

¹ Pacific National Submission to NSW POEO Act Scheduled Activities Rail Regulatory Reform 15 June 2016
Priority Action Areas – Locomotive Emissions
The Consultation Paper (page 27) indicates that action areas have been prioritised by both the impact on air quality and the potential for a cost-effective response.

Given these criteria Pacific National believes that the Consultation Paper’s focus on locomotive emissions as a priority action area (page 33) is misplaced. The latest available Emissions Inventory for NSW outlines locomotives contributing 171 tonnes of particulate matter (PM$_{10}$) of the 89,823 tonnes from man-made emissions sources (that is locomotives are responsible for 0.19% of these emissions$^5$). Reducing the particulate matter emissions from locomotives would require considerable effort and expense for an insignificant improvement in air quality. Overall Pacific National believes that the level of locomotive emissions is insignificant and the focus of emissions reductions should be on other emission sources.

While Pacific National believes that the level of locomotive emissions is insignificant in the context of total NSW emissions, Pacific National recognises that an improvement in locomotive emissions is desirable and to this end freight rail organisations are working together to develop a draft locomotive emissions standard, to be approved and introduced through the Rail Industry Safety and Standards Board (RISSB) as AS7512. The standard when finalised will address the following matters:

- Rail operators will be required to purchase new locomotives at or above a defined standard for particulate matter emissions without compromising greenhouse gas emissions;
- Rail operators will be required to make modifications to existing locomotives, at the time of major overhaul, to improve particulate emissions to a defined standard; and
- Rail operators and other stakeholders including networks, will make reasonable efforts through the associated code of practice, to reduce emissions from in-service strategies such as idling reduction and conservation of momentum.

Pacific National believes that the development of this locomotive emissions standard for particulate matter allows the rail freight industry to practically demonstrate its commitment to the improvement of NSW air quality.

Pacific National has modelled the cost of this draft standard to be approximately $15 million over 10 years. Pacific National’s modelled fleet emission rate will be minimal in the context of total NSW emissions. Thus even though these improvements are likely to be implemented they do not meet the Consultation Paper criterion (page 27) of being the most cost effective response to identified pollution and health issues.

It should be recognised that Pacific National has improved the emissions performance of its locomotive fleet, without regulatory requirements, over the last 5 years. Pacific National has made these improvements via locomotive replacement programs, locomotive overhaul programs (which replace or rebuild locomotive engines) and fuel efficiency programs$^3$. In addition Pacific National continues to investigate other technologies which may lead to a further step change in emissions performance.

Priority Action Areas – Dust Emissions in the Hunter Rail Corridor:
The Consultation Paper (page 30) identifies exposure to dust emissions in the Hunter rail corridor as a priority action area. In particular the Consultation Paper (page 30) states that the action is to “consider and act on the findings of studies undertaken by the NSW Chief Scientist and Engineer of coal dust emissions in the NSW coal chain”. As reported in the Consultation Paper (page 30) these studies

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$^2$ As a comparison, wood-heaters – NSW single largest source contribution - account for up to 47% of finer particulate matter (PM$_{2.5}$) in Sydney region. Source NSW Emissions Inventory Data

$^3$ For example Pacific National participates in the Commonwealth Emissions Reduction Fund program and is aiming to reduce CO$_2$ output by 360,000 tonnes over 7 years and consequent reductions in other emissions such as particulate matter and NOx.
conclude that “further targeted studies are needed to better understand the nature and distribution of particles along rail corridors and industry should continue existing dust mitigation measures”.

Pacific National believes that until these further studies are finalised the inclusion of this matter as a priority action area is not warranted. In particular Pacific National believes that it is vital that any potential controls that are implemented are in response to an evidence-based validation of a significant emission source which has a material environmental impact. To this end Pacific National supports the position of the NSW Chief Scientist and Engineer that no further mitigations should be undertaken until the significance of rail corridor coal transport on air quality is determined.

In relation to progressing this matter Pacific National supports a collaborative approach to understanding the significance of train operations on the Hunter rail corridor air quality and its impact on health. Pacific National has previously demonstrated its co-operative approach to this matter in the past, through the sharing of data and expertise with relevant parties. Pacific National recognises the importance of effective consultation with the community and communication regarding the outcomes of these studies. Pacific National supports the model of the Lower Hunter Particle Characterisation and Deposition Studies which includes the community in the design of the programs, and Pacific National would encourage similar approaches going forward.

In addition, in relation to addressing coal dust emissions in the NSW coal chain Pacific National believes that the EPA and other regulatory bodies should act in a coordinated and consistent manner with all stakeholders rather than addressing each stakeholder or license holder separately in relation to coal dust issues.

Conclusion

Pacific National broadly supports the Consultation Paper’s objective of improving NSW air quality.

Pacific National believes that within the context of NSW emissions the level of locomotive emissions is insignificant and the focus of emissions reductions should be on other emission sources, however Pacific National recognises that an improvement in locomotive emissions is desirable and is working to develop a draft locomotive emissions standard and is undertaking other projects to reduce emissions.

In relation to coal dust emissions Pacific National supports the Consultation Paper position that it act on the findings of studies undertaken by the NSW Chief Scientist and Engineer. Given these studies are not yet finalised Pacific National believes that the inclusion of this matter as a priority action area is not warranted. Pacific National believes that any potential controls that are ultimately implemented are in response to an evidence-based validation of a significant emission source which has a material environmental impact.

Please contact Matthew Brown on 0434 079 234 in relation to this submission.

Yours faithfully

[Signature]

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