Our Reference: RTSA-NS-277

24th January 2012

Review of Access Pricing on the Grain Line Network
Independent Pricing and Regulatory Tribunal
PO Box Q2909
QVB Post Office
NSW 1230

Dear IPART,

The Railway Technical Society of Australasia (RTSA) appreciates the work undertaken by IPART concerning the NSW branch lines. The RTSA welcomes the draft report - Review of Access Pricing on the Grain Line Network and wishes to make some comments.

The RTSA is a joint technical society of both Engineers Australia (EA) and the Institution of Professional Engineers New Zealand (IPENZ). Technical Societies have a role in providing a forum for technical professional development, networking, expanding and sharing knowledge with like-minded engineering professionals. In particular, the RTSA has as part of its mandate, the professional development of its members and the communication of the social, technical and economic benefits of rail engineering practice.

A major component of the RTSA’s activity is its technical rail engineering conferences every two years, monthly talks in each of its chapters and occasional study tours on rail engineering. In relation to the NSW branch lines, the RTSA undertook the RTSA Study Tour – Branch Lines of NSW in March 2006. This was in response to an industry speech by Mr. Paul Neville MP (the Federal Member for Hinkler) for input into the Australian Parliament House of Representative’s Standing Committee on Transport enquiries into regional rail. The NSW Chapter of the RTSA thought it important to organise this tour for its members to see first-hand how the NSW branch lines operate and to understand the challenges facing the grain logistics industry. The RTSA produced a study report from this tour and made submissions to Mr. Neville’s inquiry. A pdf copy of the study report is attached for the information of IPART. The RTSA also made submissions to the NSW Grain Industry Advisory Committee at that time.

Subsequent to this study tour and as a direct result of the interest generated by the tour the RTSA organised (in collaboration with Charles Sturt University) a symposium on regional rail. Called the Future Frameworks for Regional Rail, this symposium was held in February of 2007 in the regional city of Wagga Wagga.
The speakers and topics included:

<table>
<thead>
<tr>
<th>Speaker</th>
<th>Affiliation</th>
<th>Topic</th>
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<tbody>
<tr>
<td>Mr. Ed Zsombor</td>
<td>Rail Projects Saskatchewan Highway and Transport Agency, Canada</td>
<td>Transforming Canada’s Rural Railways</td>
</tr>
<tr>
<td>Mr Paul Neville MP</td>
<td>MP for Hinkler, Chair Standing Committee on Transport and Regional Services</td>
<td>Report on Integration of Regional Rail and Roads and their Interface to Ports</td>
</tr>
<tr>
<td>A/Prof Ian Gray</td>
<td>Charles Sturt University</td>
<td>Regionalism, Railways and Local Government</td>
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<tr>
<td>Prof Allan Curtis</td>
<td>Charles Sturt University</td>
<td>Regional Governance: Lessons from the Australian Experience with Catchment Management</td>
</tr>
<tr>
<td>Mr John Hearsch</td>
<td>John Hearsch Consulting</td>
<td>Victoria’s Regional Rail: Past, Present and Potential</td>
</tr>
<tr>
<td>Mr John Goodall</td>
<td>Beyond Rail Solutions</td>
<td>Evidence from Western Australia of an Integrated Grains Industry</td>
</tr>
<tr>
<td>Mr Kenn Clacher</td>
<td>Kenn Clacher and Associates</td>
<td>Co-operative approaches to Rail in the Hunter Valley Coal Export Industry</td>
</tr>
<tr>
<td>Mr. Mick Maartensz</td>
<td>Vic Operation Manager, Southern Shorthaul Railroad</td>
<td>View of the Emerging Australian Short-line Rail Operator</td>
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A representative from the NSW Department of Transport was invited to speak at this symposium at the time, but declined.

As part of this symposium, the RTSA organised for an eminent speaker, Mr. Ed Zsombor (Director of Rail in the Saskatchewan Highway Department) to talk on the Canadian grain task and short-line rail experience. Mr Zsombor has unique experience in farming, regional development and rail experience in the Canadian system. The similarities and differences between Saskatchewan’s and NSW’s grain logistics continue to be relevant case studies for future NSW regional rail policies. The RTSA also provided separate briefings of Mr Zsombor to the NSW Department Transport, Mr Paul Neville’s inquiry and to State officials in Victoria and South Australia.

The symposium was a great success and a number of speakers gave their experience of the regulatory and cost barriers that operate in the NSW branch lines.

The RTSA is pleased to enclose pdf’s of the presentations of each of the speakers from this symposium for the information of IPART.

As a volunteer organisation the RTSA has been active in promoting rail solutions as part of the NSW grain logistics. As can be seen by the number of enquiries on regional rail by both state and federal governments, regional rail capability remains a key concern for local regional communities. The policy settings do not appear to meet the aspirations of local regional communities. The RTSA believes that rail is not living up to the potential it has to offer. The RTSA is therefore pleased to make some general comments on IPART’s Review of Access Pricing on the NSW Grain Line Network.
1. The RTSA believes it important that the assumptions on the capital costs be made available. Table 6: Rail Cost Assumptions from the Deloitte’s cost paper states “The capital cost of the rolling stock is based on the refurbished value of the asset and was obtained from a combination of desktop review and industry expert consultation.” The actual values of wagons and locomotives are not disclosed and yet large parts of the IPART modelling are based on these assumptions. Furthermore there is no sensitivity modelling on these capital assumptions.

A number of new generation locomotives and wagons, both 19 and 20 Tonne Axle Loads, are entering the Australian market at very low prices. Locomotives have new generation fuel efficient engines (including the ability to use bio-fuels) and new generation AC traction control and when combined in a train consist using ECP (electronic controlled pneumatic) braking on wagons, may shift the whole economic paradigm of the grain task, from rail head to port. Fuel efficiencies alone (on a power-for-power locomotive) can have very significant cost savings and with traction control and improved braking may change the whole nature of the freight task.

However there is no ability within the IPART documentation to compare the capital costs of new generation locomotives and wagons to those of the ‘business-as-usual’ approach, using 81 or 48 Class locomotives. In some instances rail operators may be eligible for government capital grants under energy efficiency or climate change policies. The RTSA requests the assumptions in Table 6 be made available for critical review.

2. Furthermore, the RTSA believes the NSW Government (through Transport for NSW) should undertake operational research in conjunction with GrainCorp / AWB / CBH, the Country Rail Infrastructure Authority, SME rail companies and local governments to study new rail operating models (including rail infrastructure, storage facilities and port terminals). Many of the inefficiencies within the grains logistics chain operate at different levels and parts of the chain. For example there are silo loading / unloading constraints, track layout constraints, axle loading restrictions, regulation burden and capital and operating cost constraints. The RTSA therefore supports a grain’s industry planning and co-ordination group similar to the WA Grain Industry Group model. It is recommended that this planning and advisory group is strongly led by State Government with support from industry, local government and the Commonwealth. Any NSW grains industry planning and co-ordination group must be able to undertake applied research and feed directly into NSW Government policy.

The work of the five councils of Harden, Young, Cowra, Blaney and Weddin to re-open the Demondrille Cowra Blayney line is to be commended (http://www.cowraregion.com.au/home/?id=4369) and demonstrates preparedness on regional communities to engage with the State Government to reopen branch lines.

(The RTSA also notes the recent announcement on 20 Jan 2012 by Union Pacific Railroad, Colorado Wheat Administration Committee and the Colorado Association of Wheat Growers to form the Wheat Rail Transportation Workgroup to “…work together on common understanding, accountability, education and discussion of rates and service issues”. See http://coloradowheat.org/2012/01/wheat-rail-transportation-workgroup-created-in-colorado/)

3. One of the challenges facing the NSW branch lines is regulatory risk, particularly in relation to the Rail Safety Act (NSW) (notwithstanding the emerging Rail Safety National Law). Gaining accreditation for rolling stock, particularly from overseas suppliers can be a long process. Similarly, gaining accreditation for rail infrastructure,
to regulators that may not be knowledgeable in 'fit-for-purpose' regional rail infrastructure places a compliance burden on rail operators and rail infrastructure managers. Unintended consequences occur when a bias against rail develops because of the application of a test of 'as low as reasonably practicable' in the risk process, which then sees grain transport divert from rail to road. And yet there is no similar test for road transport, but simply an obligation to have a driver's license, registration of vehicle (designed to Australia Design Rules) and adherence to the road rules. Intuitively, bulk grain transport is inherently safer on segregated rail corridors, than on the public road system.

The treatment of road risks by an ex-post actuarial assessment of road accidents, and then the application of insurance premium, is fundamentally different to the treatment of rail risk (which is via ex-ante regulation). The risk profiles are not comparable across modes and do not provide the community with a comparison of the changing risk profiles occurring across the modes. There is no risk comparator on regional grain corridors that compares the overall public risk profile of rail grain haulage to that of road haulage. We recommend that a risk assessment across both modes would help understand the economics of the task.

An ex-ante assessment of risk exposure (frequency, loadings and trip length) of grain transport on the public road corridors would assist in providing a better understanding of the risk of grain haulage for regional communities.

4. The RTSA recognises the low cost recovery on branch lines (2% on average), however commends the IPART’s priority attention to regulatory reform rather than pricing. The industry currently does not have the capacity to fully recover the cost of infrastructure upgrades.

One measure to lift rail productivity on branch lines would be to lift the axle loadings on 'fit-for-purpose' infrastructure. The trucking industry claims that B-doubles and B-triples increase road productivity. These same claims can, and should be applied to rail, with increased axle loads.

5. Anomalies also occur in funding for rail infrastructure in relation to an holistic grain transport task. Certainly the costs of fatalities and injuries are factored into benefit-cost analysis of government funded road projects and yet no direct consideration is given to the avoidance of these costs (in relation to the grain transport task) in the provision of rail infrastructure. Similarly the link between rail infrastructure provision and the avoidance of road maintenance costs is also very weak.

6. The RTSA also notes two sets of values of externality costs, and consider that the higher values are more appropriate than are the lower values, and closer to those developed in 2001 by Booz Allen and Hamilton for the ARTC Track Audit (http://www.artc.com.au/Article/Detail.aspx?p=6&np=4&id=13 and http://www.artc.com.au/library/news_010501.pdf). The RTSA also contends that on average the energy efficiency of rail freight transport is three times that of articulated trucks, and that rail’s energy efficiency can further be improved by lifting, with track upgrades as need be, the permissible axle loads on branch lines.

In summary, the RTSA sees a brighter future for regional rail but one in conjunction with active government facilitation with grain stakeholders and regional communities. Although pricing for cost recovery is important, a leadership role in developing a deeper understanding of new approaches in technical efficiency on a corridor by corridor basis, allied with some enhanced government policies is required in delivering a balanced and integrated regional grain transport...
task. The RTSA is available to assist any of the stakeholders, including the Tribunal, with this task.
LIST OF REQUESTS AND RECOMMENDATIONS

- RTSA requests that the capital costs and modelling assumptions of rollingstock as used in the Deloitte’s report for IPART, be made public.
- The RTSA recommends a grain’s industry planning and co-ordination group be established, similar to the WA Grain Industry Group model, with Transport for NSW leadership to oversee the redevelopment of regional branch lines.

Yours sincerely,

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NSW Committee
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ahonan@pacific.net.au
Study Tour — Branch Lines of NSW

22-25 March 2006

Study Tour Notes

Front—Philip Laird, Frank Lander, Ian Ferguson, Graham Priddle, Peter Stewart, Andrew Bingle, Robin Wapole, Ian Gray, Barry Murphy, Jacob Latter, Bill Laidlaw
Back—Len Regan, Andrew Honan, Jeff Moran, Nick Montague, Andrew Mackay, John Watsford
Acknowledgements

Thanks go to; John Campbell (Manildra), Murray Wilkinson, Mick Warren, Adam Nesbitt, Kevin Williams and Peter Marshall (GrainCorp), FCL at Parkes, Jonathon Scott (AWB), Wayne Alpen (Patricks), Michael Woo (ABA), Les Worland and John Casella (Casella Wines) for giving up their time to show us around their facilities. These operations have provided us with a better understanding of the demands placed on regional transport.

Special thanks go to: Phillip Hill and local farmers at Kikoria, Rodger Schimer and Steve Hargreaves (Riverina–Boree Creek Growers Rail Committee), Bill Barwood and Max Duffy (Lachlan Regional Transport Committee) and Ian Luelf and local farmers at Weethalle. Their commitment to rail and daily experience with transport gave us an insight of the impacts of transport on community life.

A special thanks goes to organisations that provided hospitality including; Zig Zag Railway Tea Shop, Forbes Station, Whistle Stop Craft Shop at Weethalle, Cr B Day and local community at Lockhart, Cootamundra CountryLink, Junee Roundhouse Museum, and Yass Railway Museum.

We also acknowledge Deputy Vice-Chancellor Lyn Gorman from Charles Stuart University who attended the dinner at Wagga and the talk by Associate Professor Ian Gray on local government. This talk provided members with another dimension to the challenges facing regional rail.

Thanks also go to RIC Country for facilitating access to the regional network and ARTC for the site presentation / update of the Murrumbidgee Bridge project.
Introduction

The following comments are from members on the tour. Comments expressed are personal views only.

A ‘Request for Information’ (RFI) sheet was handed out to members at the beginning of the tour along with resource material, such as maps, background news articles, press releases, extracts from various reports as well as agricultural production figures.

This RFI was designed to stimulate debate and get comment back, to inform the Government Relations Sub-Committee in compilation of its report to the Neville Inquiry.

Photos provided by Bill Laidlaw and friends

Request For Information

Markets and Demand for Transport Services

A number of studies by governments (Federal and State) and industry (both farmers and rail associations) provide ‘outlook’ and opportunity statements for regional and rural agribusiness.

Q1 There appears to be strong research and understanding of agribusiness production & marketing; but does this extend into regional and rural transport and logistics chains?

Q2 Looking at the various agribusiness sectors (grain, wines, mineral sands etc) can you comment on the level of industry involvement in the logistics chain? Which sectors can (or should) influence logistics development and which sectors rely on existing frameworks for transport services.

Rail transport can offer superior performance in the movement of bulk commodities over long distances to fixed destinations. Track infrastructure is a long-lived asset that provides the capability for rail services. Removal of this infrastructure can deny existing and future generations of this capability and ultimately the benefits to communities.

Q3 Although providing capability, to what degree has the structure of agribusiness production changed (and farming processes) that challenges fixed rail transport (for delivery of product and delivery of farm inputs)? Should there be a rationalisation of some rail branch lines?

Q4 What are new market opportunities for rail? Both product to destinations well as farm inputs (i.e. transport of fuel, fertilizer for farm inputs, water / hay / agistment during drought etc)?

Q5 Can you give specific examples where rail may win over some existing freight task, or may aid in the development of a new industry within regional communities?

Q6 Turning specifically to grain logistics, do you consider that some NSW lines are (or ever likely to be) solely for grain transport? Should these lines be classified as grain dependent lines, and their development tied to grain logistics development?

New Models for Regional Rail

Both USA and Canada have successfully segmented their rail freight services into classes; Class 1 for Mainline, Class 2 for Regional and Class 3 for Short-line services. The quality of service and cost structures are different for each class, representing the scale of demand. Operators are not allowed to operate in the Class 3 and Class 1 markets together.

The North American rail system is ‘evidence-base policy’ of the success of rail service segmentation and has provided new opportunities for regional producers, consumers and economies. There are some similarities between Australian and North American geography and markets (particularly the Canadian system with vast country and dependent grain lines), however there are some important differences as well. Each Australian State has distinguishing topographical features and export orientated markets. NSW has a grain producing hinterland, largely for export, traversing the Great Dividing Range direct to port.
Q7 Given the success of the segmenting of rail services in North America do you see short-line type operations within Australia, and if so how do you see it operating given some of the comments above?

Q8 Do you believe there is the minimum scale for a ‘Short-line’ operation in NSW. For example, track distance of 100 miles (166km) and existing tonnages of 100,000 tonnes pa?

The nature of some agribusinesses (e.g. grains) means that production is seasonal and output is highly variable (from year from year). Export markets are highly volatile to commodity prices. Canadian Short-line operators struggle with ‘grain dependent’ lines.

Q9 Do you see a different class system (maybe based loosely around grain dependent lines)?

Q10 How do you see rail transport services (and the infrastructure used to support those services) responding to changes in the structure of farm production (e.g. farms moving into /out of cash crops) and the demand for services?

The RTSA considers there is strong engineering merit in the efficiencies of the ‘rail-wheel’ interface. This interface means that the one firm provides locomotive power (and sources wagons) as well as controls the maintenance of the infrastructure – the one firm matches the engineering performance of rolling stock to ‘fit-for-purpose’ infrastructure to deliver optimised rail safety and service performance. Firm-level efficiencies produce benefits for rail operators and value (expectantly) to customers.

The RTSA also supports wider competition dynamics for mainline operations (Class 1), including intermodal transfers, competition between operators on track, and ‘open’ track access regimes. Demonstrable competition benefits of open access need to be tested against efficiencies of an integrated system and the transaction costs of an open access regime.

Q11 What is your view on how regional rail should operate in terms of management of track and operations (and competition).

Q12 Do you see competition as significant issue or are there other, more significant issues that affect rail viability?

New Linkages

The NSW Farmers Association has been quoted as saying that ‘…road was a better alternative over distances of 0-150km and that for distances over 150km rail was more efficient. It also found that if restricted lines were upgraded to branch line standard then road would be preferred over distances 0 –50km.’ The Grain Industry Advisory Committee (NSW) is quoted as saying ‘The current ‘area of influence’ is said anecdotally to be 30km to 160km (for road). The development of lower cost B-double trucks and road trains has lowered the cost of road transport for grain’.

Q13 Can you comment on these statements? Do you agree or do you have any comment on road / rail interfacing?

Booz Allen & Hamilton (and Meyrick and Associates) discuss the choices between using road and rail for short haul. Their research appears to indicate that price is the major consideration but non-price considerations added together are more significant (price is weighted 42% of the choice decision, transit time weighted 15%, reliability 23% and service availability 19%).

Q14 Do you have any comment about how rail can be a more attractive choice for producers?

Q15 To what degree do you believe that road and rail costs are reflected in road and rail service prices? What are the community costs for road and rail services (including infrastructure)? How significant is the burden on local government road maintenance budgets for road haulage of grain?

The AWB quotes NSW ‘Average Site to Sea’ costs for 2003-2004 as approximately $54/tonne for export wheat. Of this approximately $17/tonne is for up-country storage, $23/tonne for freight and $14/tonne for port (bulk and non-bulk handling companies).

Q16 Thinking about the various agribusiness sectors again, are there wider productivity improvements in the links of the logistics chains, which also occur in the choices between road and rail (e.g. out-loading of up country grain silos, port handling, matching inland transport to shipping schedules for grain, container handling)
Rail Infrastructure / Operations Cost Structures

The NSW railway infrastructure is classified in the following manner:\(^1\):

<table>
<thead>
<tr>
<th>Track Class</th>
<th>Rail Section (Kg/m)</th>
<th>Type</th>
<th>Nominal Ballast Depth (mm)</th>
<th>Sleeper Type</th>
<th>Ballast Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>1XC</td>
<td>60</td>
<td>CWR</td>
<td>300</td>
<td>Concrete</td>
<td>Standard</td>
</tr>
<tr>
<td>1X</td>
<td>60</td>
<td>CWR</td>
<td>300</td>
<td>Timber</td>
<td>Standard</td>
</tr>
<tr>
<td>1C</td>
<td>53/60</td>
<td>CWR</td>
<td>270</td>
<td>Concrete</td>
<td>Standard</td>
</tr>
<tr>
<td>1</td>
<td>53/60</td>
<td>CWR/LWR</td>
<td>270</td>
<td>Timber/Steel</td>
<td>Standard</td>
</tr>
<tr>
<td>2</td>
<td>47</td>
<td>LWR</td>
<td>270</td>
<td>Timber/Steel</td>
<td>Standard</td>
</tr>
<tr>
<td>3</td>
<td>40</td>
<td>LWR</td>
<td>200</td>
<td>Timber/Steel</td>
<td>Standard</td>
</tr>
<tr>
<td>3G</td>
<td>53</td>
<td>LWR/CWR</td>
<td>150-200</td>
<td>Timber/Steel</td>
<td>Standard</td>
</tr>
<tr>
<td>4</td>
<td>36</td>
<td>Loose rail</td>
<td>150</td>
<td>Timber/Steel</td>
<td>Standard/Fine</td>
</tr>
<tr>
<td>5</td>
<td>30</td>
<td>Loose Rail</td>
<td>150</td>
<td>Timber/Steel</td>
<td>Standard/Fine</td>
</tr>
</tbody>
</table>

Note CWR means Continuous Welded Rail

Freight Performance

<table>
<thead>
<tr>
<th>Track Class</th>
<th>Max... Axle Loads (Tonnes)</th>
<th>Speed (Km/h)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1XC</td>
<td>25</td>
<td>80</td>
</tr>
<tr>
<td>1X</td>
<td>25</td>
<td>80</td>
</tr>
<tr>
<td>1C</td>
<td>25</td>
<td>80</td>
</tr>
<tr>
<td>1</td>
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<td>80</td>
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<td>2</td>
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</tr>
<tr>
<td>3 / 3G</td>
<td>19</td>
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</tr>
<tr>
<td>4</td>
<td>19</td>
<td>50</td>
</tr>
<tr>
<td>5</td>
<td>19</td>
<td>40</td>
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</tbody>
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Regional branch lines are typically class 3 or 4 whilst the ‘restricted’ lines are typically Class 5 engineering construction.

Studies by Worley Parsons for the Essential Services Commission on the Victorian lines provide useful benchmark costs for routine and major periodic maintenance activities, for the various classes of infrastructure.

The Queensland Competition Authority\(^2\) provides useful, indicative maintenance costs between 47 kg rail on timber sleepers and 60kg rail on concrete. The track life-cycle cost for 47kg rail for 5 MGT pa is $20,000 /km pa, and for 60kg rail (5 MGT pa) is $12,000 /km pa.

The AWB recommends (in its submission to the ‘Inquiry’), that ‘grain’ lines be upgraded to 23 tonne axle loads with speeds of 60km/hr.

Some RTSA members believe that if track is upgraded to a ‘tamper-able’\(^3\) state with good drainage then routine maintenance costs become insignificant. Furthermore, that whilst ever track does not have sufficient ballast and cannot be tamped then both routine and major periodic costs undermine rail performance

Q17 What is your view as to the standard that track should be upgraded?

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1. See RIC Standard TS.3101 for full description
3. Tamping is the lifting of track and repacking ballast under track in order to maintain original configuration
Q18 To what extent are the different gauges in NSW, Victoria and South Australia impeding productivity? Given some lines in each state are dilapidated do you see strategic merit in standardisation lines if renewal was to occur?

Q19 What is your view of the costs and efficiencies of maintenance and renewals on NSW tracks?

Q20 Is it legitimate to provide Unit Rate cost figure ($/km) to upgrade NSW restricted lines (Class 5) to Class 2 or will this be misleading and dependent on each line and the structures involved?

Thinking of above-rail costs, and in the context of North American short-line or branch lines services

Capital structures of these rail-operating companies are very different to mainline operators. Typically these short-line operators have limited resource to capital (including loans) and have limited capacity to absorb overhead costs. Most short-line operators are SME4 regional businesses.

Q21 Given a scenario of SME involvement can you comment on how rolling stock capital will be acquired?
Can you comment on the structural changes required in above-rail operations and the operating costs associated with these changes?

Q22 How significant are below rail costs of maintenance (excluding renewal costs) to above rail costs.

In order to place the short-line sector on a sounder footing and to improve productivity, the US government has passed legislation providing tax rebates for short-line investment. Fifty cents in the dollar is offered at a tax rebate up to $US3,500 per mile each year for 3 years.

Q23 Given the fledging nature of rail SME’s what industry or government support may be required to support regional rail?

Q24 Can you comment on the effectiveness of tax rebates, tied grants, soft loans, Infrastructure Borrowings Tax Offset Schemes, accelerated depreciation for locomotives (similar to road rigs), joint industry or any other financial support for rail SME’s?

The RTSA is particularly keen to look at specific lines for rehabilitation that can demonstrate local / regional benefits.

Q25 Do you have any evidence of the costs to upgrade infrastructure for rail services and the benefits to regional communities?

Institutional Frameworks and Strengthening Capability

Returning to wider issues such as governance of branch lines, road pricing, rail pricing, competition and productivity.

Some RTSA members cite failures in Tasmania and Victoria as evidence that the ‘Crown’ should own track infrastructure and that rail operating companies should only lease track or franchise services for a particular time. In the above jurisdictions there was an expectation of track upgrades post privatisation (which did not occur for various reasons). The claim is that infrastructure has suffered further under privatisation, and that services have been threatened as a result.

Other members cite the Western Australian experience where capital injection by the government occurred prior to privatisation of track, with ongoing industry / government funding as evidence that track can be privatised.

Q26 Evidence would suggest that irrespective of track ownership, capital upgrades have to occur. Do you agree / disagree? Have you any comments?

Some RTSA members believe rail services are very sensitive to road pricing signals, and that whilst ever rail and road pricing operate differently, financial returns on infrastructure capital (on branch lines) can not be justified. Capital should be considered a sunk cost (similar to roads?) and there not be a requirement to obtain financial returns nor should infrastructure capital feature in access pricing.

Q27 Do you have any specific comment on infrastructure capital?
Q28 Do you have any comment on the avoidable roads costs if specific rail lines were to be upgraded?

Q29 Do you believe that regional transport problems would be solved if governments (either federal / state/ local) simply funded the upgraded rail lines?

The federal government with the states recently announce ‘model legalisation’ that defines the requirements of rail accreditation consistently across States.

Q30 Do you have any opinion on this legislation and its implementation?

Q31 What role should the ARTC have in branch lines?

Q32 Given that local councils have the burden on road maintenance, funded to a large degree by Federal Government (directly of through the States), what participation do you see local councils have in governance of branch line services and / or infrastructure?

Q33 What role should the federal government play through AusLink, DOTARS, ABARE (Outlook conferences) or BTRE (on transport research) in commodity volume forecasting, ‘chain productivity’, fit-for-purpose infrastructure provision and the frameworks for possible rail SME’s?

Q34 What role should the State Government play through participation in AusLink or directly through Ministry of Transport / RIC and / or through State Development?

Q35 What other stakeholders should be involved in the ‘participatory governance’ of rail branch lines?

Please feel free to make other comments relevant to rail branch lines
Day 1

Blue Mountains
Zig Zag Railway
Bathurst
Orange
Manildra
Munging
Parkes

Day 2

Parke
Forbes
West Wyalong
AWB Terminal
Ungarie
Kkoira Siding
Weethalle
Rankin Springs
Goolgowi
Tabbita
Griffith
Day 3

Casella Wines
Whitton
Leeton
Yanco
Narrandera
Boree Creek
Lockhart
The Rock
Wagga

Day 4

Junee
Cootamundra
Stockinbingal
Harden
Yass
The establishment of efficient and sustainable regional transport systems confronts a serious problem of governance. There is currently no institutional platform from which regional rail businesses can be developed. In various ways, regional rail networks have been cut loose from their governing institutions, originally the state railway departments. The people who most value railway service, those with the most direct interest in efficient and sustainable regional transport, have no substantial organisational basis to work from. Australian local government is very weak by international standards for historical reasons. The closure of rail services has amounted to ‘cost-shifting’ when local councils have no choice but to pay consequent increased road maintenance costs but rail is not an accessible solution for them. The current Commonwealth Strategic Regional Transport Projects program offers an opportunity for local government to obtain funding, but it is based on unrealistic expectations of regional institutions. Although often expressing support for rail services, local government has rarely had any involvement in the rail industry. Rather, it has a strong tradition of road provision (as utilised by the Commonwealth Roads to Recovery Program) and is not broad enough either spatially or functionally to undertake sustainable transport planning as envisioned by AusLink.

This vacuum presents an opportunity because, like the other elements of sustainable regional development, transport is most effectively planned at the regional level. Regional organisations exist now and there is evidence that more could be formed for transport planning. However, being groups of inherently weak organisations in the Federal system with a limited range of functions, they will need strengthening. Even in the UK, where local government has been relatively strong, the central government has chosen to maintain rail services at the local level by sponsoring partnerships among local organisations - the ‘Community Rail’ movement. The development of Catchment Management Authorities, with planning powers and substantial budgets, has shown how planning sustainable development can be focused at the regional level. It should be examined as a model for establishing an institutional basis for sustainable transport, one in which people directly affected and aware of business opportunities can participate.

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4 As indicated by the participation of Tumut, Gundagai and Cootamundra councils in an attempt to reopen the Cootamundra to Tumut line. See http://abc.net.au/cgi-bin/common/printfriendly.pl7/news/australia/nsw/riverina/200508/s1438473.html
5 See http://www.dft.gov.uk/stellent/groups/dft_railways/documents/divisionhomepage/039382.hcsp
Andrew Bingle

As I am new to this industry, I have only limited knowledge and my own opinion to offer. I hope it provides some constructive argument:

Specific to the Grain Branch Lines of South-west NSW:

There is an opportunity for a mediator (possibly such as the RTSA) to step in to facilitate dialog between Grain growers and handlers and the State and Federal Governments and other regulatory bodies (rail). This is evident with what can be seen in the needs of the grain industry, particular to certain regions, compared with the priorities of governments and regulatory bodies. A mediator group with a broad skill set can evaluate the problems specific to regions and provide an effective solution, with or without compromises for all parties. Where necessary, this mediator may be used to lobby key government areas to enhance the standing of specific issues.

There are alternative solutions than those presented by the interested parties. In many instances growers or handlers may be requesting upgrades of rail infrastructure that may exceed their immediate needs. There is in many cases a compromise that may suit both parties for both interim and long term upgrades.

One might argue that the role of the RTSA as a technical society is not to enhance facilities for regional Australia. However, if the intended end state is to maintain or expand the Rail Industry as a whole, the RTSA has a responsibility to become involved.

Specific to Rail Infrastructure:

The use of rail as opposed to road infrastructure for heavy transport provides both environmental and financial sustainability for regional Australia. The life cycle costs of rail infrastructure provide more transparency than that of road infrastructure, since its use is regulated and accounted for. It could be assumed that the environmental emissions involved in maintaining road infrastructure far exceeds that of rail (on a tonnage per distance basis). Environmental emissions can be further quantified into a financial burden for a region, state or nation.

Rail Infrastructure provides an ideal platform for the incorporation of energy conservation technologies in goods (and passenger) transport. The low friction and high capacity of rail infrastructure allow for the future introduction of highly efficient vehicles, control strategies and green technology. With increases in fuel costs, operators will be actively researching new technologies and practices to reduce the fuel
burden. Governments should also take advantage of these opportunities and provide support to operators, with the possibility of export potential.

There are better control mechanisms on rail infrastructure, where operators can be regulated and accounted for. These systems are already in place and are historically proven to be ideal, with potential to become highly efficient. Road use is effectively unregulated, with only recent efforts to enforce (token) regulation.

Public safety for rail is not as significant a risk as that of heavy road transport. School buses with the responsibility of safely moving our children share the same roads as heavy road vehicles, often without any safety buffers, such as sections and distances between vehicles. There are few systems in place to monitor the condition of drivers and vehicles of the road, whereas rail provides many failsafe measures.

The RTSA Study Tour of NSW Rail Branchlines was a successful tool for both highlighting the issues involved with this infrastructure, and for expanding the knowledge and understanding of the rail industry for the participants of the tour. Without doubt, it has enhanced the standing of the society, and provided much insight for its members. I would like to convey my sincere appreciation to the RTSA and, in particular the organisers of the tour for such an enlightening and educational on-the-road seminar.
Nicholas Montague

To add to the body of work for the RTSA submission to the Neville Inquiry, here are some of my thoughts/observations/questions on the grain branchline matter:

Generally, grain growers prefer to have the shortest road haul possible to silo, not only to minimise road-based delivery costs, but also to aid harvest efficiency (ie. vehicle turn-a-round times etc).

Growers do not really want to increase on-farm storage volumes, as this limits their cash flows (ie. they are not payed for the grain until it is delivered to silo).

Despite the fact that growers prefer short road hauls to silo, they are in some instances attracted to distant silos (eg. AWB West Wyalong) despite higher road haulage costs (and distances); primarily due to lower rail freight rates offered by the rail operator. Rail freight rates are determined relative to the consumption of resources necessary to complete the task (eg. provision of rollingstock, crew costs, fuel, efficiency of asset utilisation etc).

As such, it would appear that fast outloading of grain to rail from silos is a CRITICAL DETERMINANT for the rail operator to offer attractive freight rates. For example, local GrainCorp silos have gravity discharge @ around 100t/hr and AWB Grainflow sites can discharge @ around 800-1,000t/hr; thus, MAJOR DIFFERENCES IN THE EFFICIENCY OF RAIL FREIGHT OPERATIONS.

This raises questions for the rail operator ie. What is the balance - in terms of attractiveness to the rail operator - between faster outloading at silos and upgraded track infrastructure? In effect, can the same productivity benefit be achieved from upgrading track without upgrading silo outloading, or alternatively, upgrading silo outloading capacity without improving the track infrastructure?

Is it in (commercial) interest of GrainCorp to increase outloading capacity at old/up-country silos when the majority of the benefits from this improved interface with the rail system appear to flow to the rail operator? Many of these older silos could probably be considered as a sunk cost on GrainCorp’s books. There is also the issue of aggressive competition for grain delivery from newer, more efficient AWB and ABA sites.

Interestingly, if the outloading capacity of GrainCorp silos on a given restricted branchline was increased, then the operational efficiency arguments about only running block grain trains without stopping to load at multiple sites becomes less relevant.

Perhaps there is a role for local Silo Committees to take an active (controlling?) interest in the operation of local up-country GrainCorp silos - say a co-operative type arrangement. The Silo Committee/Co-operative would then have a vested interest in maximising the use of the silo to bring freight/handling costs down as lows as possible for grain growers (hence, improving overall returns).

Is it the same logic that just as PN is not the right type of operator to be running branchline trains, perhaps GrainCorp is not (now) the right organisation to be running up-country branchline silos? I agree with Frank Lander’s arguments that true ‘shortline’ type operations are needed for branchlines in Australia; couldn’t the ‘shortline’ rail principles be extended to the local operation and management of grain storage and handling infrastructure to ensure the maximisation of rail usage in order to reduce community impacts (particularly local government road maintenance and upgrading costs)?

I’m not sure if these comments raise more questions than they answer, but I trust they are of some interest!
It would appear that the process used by the grain handlers is merely a reinvention/modernisation of old techniques with generally a twist of modern technology. Perhaps there could be more thought put into the handling techniques themselves to achieve cheaper handling rates and therefore make local silos more attractive for local farmers. I know I have mentioned this to a few of you already but in some cases the tonnages being spoken about are equivalent to some of the smaller mines across the country. Surely some of the materials handling techniques that are engaged by the mines could be modified to suit grain handling.

The other issue that I noticed which extends Nick’s comments re: Graincorp still being the right group for the job, is that each of the handlers is directly competing against each other, narrowing the resource pool and creating marketing issues with clients for what amounts to the same grain. Each of the parties seem determined to ensure that the others are the ones that foot the bill for upgrades or improvements or at least the position is that the problems lie with some one else (rail in particular). Until the stakeholders meet on a level playing field, then the cyclical arguments will continue until it all falls apart.

Now here’s one for Frank to consider for the Boree Creek to the Rock Line.

If the current estimated track upgrade for 81 class locos to operate is 20M (assume the track owner is expected to meet the bulk of this expenditure), is there a saving in operating costs and benefit to the system as whole if the capital improvement cost is shared if the following is considered.

1. Upgrade 2km of branchline from ABA site to Mainline to allow 81 class movements. estimated cost say 800K including 2nd hand rail.
2. Upgrade ABA Site to Boree creek to allow 48 class or equivalent to run short trips from ABA to Boree creek at speeds better than 30km per hour. I noted that there is an existing steel tie pattern in track so this work would likely consist of mostly life expired items being upgraded. Say 3M worth of improvements then maintenance kicks in as normal.
3. Graincorp and ABA agree to hold hands and spend around 6M building a receival facility that would unload rail wagons into stockpiles that could direct feed to the existing loading facility at the Rock.
4. A dedicated short line service is then committed to do nothing but shuttle grain from Boree creek and potentially other sites along the line and dump at the loading facility at the rock for bigger trains to run to port (no allowance here for triangle construction for North/South choice but easily factored into costs).
5. Trucks would then run to Silos through harvest period. By keeping the run shorter, they can keep up with the headers and are not long hauling materials on the road systems.

I see the benefits of the above as follows.

1. Reduced and distributed expenditure (Approx Rail - $4m, Grain $6m) totalling 10M (half of current requirement).

2. Quickly implemented. The only thing to wait on is the unlading facility, rail upgrades could potentially happen over time to spread costs even further.

3. Local road traffic only

4. Farmers can maintain pace with transport without the need to hold grain on site.

Unknowns - Operating costs for rail operator and whether such a proposal would have an impact on handling and cartage costs compared to what they are now and this is where Frank would come in.
The NSW Regional Rail Network has gone from being fully funded by the NSW State Government for Capital, Operations and Maintenance; to being handed over to a private entity (Australian Rail Track Corporation, ARTC) which maintains and operates the track infrastructure. Rail services are delivered by other operators which pay ARTC a fee for access to the rail network.

The business model of ARTC (and previous operators) is minimum cost, where existing track infrastructure is kept functional, but prime cost items (eg timber bridges) are not replaced at the end of their service life and infrastructure upgrades are not considered. Such injections of Capital have been, and apparently still are, expected to come from Government. This business model provides rail service operators with minimum infrastructure access cost and gives rail it’s best opportunity to compete with road freight operators. However, it does not provide a sustainable future, with investment decisions being deferred until crisis times when a decision has to be made to either close a branch line or commit significant investment to keep it operating.

The above business model provides an uncertain rail environment, where stakeholders face difficult investment decisions. It is difficult for GrainCorp and AWB to invest in grain storage facilities or rail operators to invest in rolling stock when the continued operation of rail infrastructure is in doubt.

Competition between road and rail is not “an even playing field”. Road maintenance is paid for by vehicle registration, a significant proportion of which comes from light vehicles which do not cause pavement damage and thus effectively cross-subsidise heavy vehicles which do cause pavement damage. Comments from the folk we met along the recently closed Rankin Springs line indicate that the condition of the roads has deteriorated significantly since the line has closed. Similar concerns were cited by the folk on the Boree Creek line, the Mayor noting that if the line were closed the Government would not compensate the shire for increased road damage, the local roads being a Local Government responsibility. This is surely economic thuggery.

A clear economic model is required which indicates the most efficient method of moving grain, either branch line rail or road haulage to sustainable main line rail. I see this as requiring both short term (given the immediate state of disrepair of branch line infrastructure) and long term (so that a sustainable long term commitment can be made). In the short term, the Boree Creek line requires a commitment of $22m to remain open and competitive. The alternative to this is road haulage to The Rock for transfer to the main line. Given that grain export is a continuous process across the year between harvests. I assume the requirement to store grain immediately after harvest will remain, meaning that existing storage facilities on the line will...
need to be retained, but that when the grain is required for export it will need to be reloaded on truck and shipped to rail head for direct loading onto railtrucks. The difference in these two processes is the double handling of the grain and carriage on road instead of branch line. It should be reasonably easy to compare the economic merit of each process. We know the tonnage being carried to storage, we just need to calculate the number of Equivalent Standard Axles carrying the grain by road to determine the reduction in service life for the road and cost for reconstruction under the greatly increased design loading. My guess is that these cyclic costs will be greater for road than rail. With the closure of the Rankin Springs line a couple of years ago, it should also be possible to examine first hand the impacts of branch line closure, including secondary effects like increased transport costs forcing marginal producers out of the market and reduction of Gross Domestic Product. Given ARTC’s new role of “Rail Champion”, maybe they should undertake this sort of examination on behalf of the rail industry.

In the longer term, I believe the costs charged for rail haulage need to be fully inclusive of capital renewal so that the industry is sustainable and not relying on government for handouts when significant assets are at the end of their functional lives. For this to be effective though, the real cost of road freight operation will need to also be reflected in operator costs. Bob Hawke tried this many years ago and saw a national truck blockade for his troubles. If the Government is not prepared to implement this level playing field, it should at least be prepared to subsidise the rail industry the equivalent amount so that rational economic decisions can be taken with respect to road versus rail.

Met with Ian Luelf and farmers at Weethalle

this level playing field, it should at least be prepared to subsidise the rail industry the equivalent amount so that rational economic decisions can be taken with respect to road versus rail.
The rail line from The Rock to Boree Creek in the NSW Riverina demands special attention owing to its potential capacity to carry 360,000 tonnes of grain, its short length of 57 km and the minimum cost for upgrading to enable the line to carry mainline wagon loads of grain. Any closure of the line would result in a large increase in the use of trucks to carry grain to a sub terminal or port and the resultant higher consumption of diesel fuel. It has been shown in separate studies that trains use up to 6 times less fuel than a truck carrying similar loads.

The line has GrainCorp silo and dump storage capacity of 230,000 tonnes at Boree Creek, Lockhart and Milbrulong while the Australian Bulk Alliance facility some 2 kms from The Rock, has capacity of 130,000 tonnes making a total of 360,000 tonnes. The current line rail loading of 19 tonnes per axle allows loaded 76 tonne gross grain wagons to be hauled by branch line 48 class locos the full length of the line from The Rock to Boree Creek, a distance of 57 km. Wagons of 92 tonnes gross capacity can be hauled to the silos empty but are unable to be loaded to capacity and must leave the terminal loaded to only 76 tonnes, some 16 tonnes less than capacity. Following the journey to The Rock, the train requires a change of locomotives to the mainline 81 class for the 400 km trip to Port Melbourne or north to Port Kembla.

A similar situation applies to train loads from the ABA terminal at The Rock where there is a high loading capacity of 1200 tonnes per hour, however wagons can only be loaded to a maximum of 76 tonnes gross. This includes the new 100 tonne capacity wagons that can only travel 2 km to The Rock where they can travel at their full capacity of the port. Further, owing to current safe working arrangements, only one train can occupy the track at any one time. This results in the most unsatisfactory situation where a train at Boree Creek prevents the loading of trains at the ABA terminal at The Rock.

A local group called the Boree Creek Rail Line Committee representing the four local shires of Wagga Wagga, Narrandera, Urana and Lockhart, retained Risk Asset Management Pty Ltd, Consulting Engineers from Geelong, Victoria to review the condition of the track and infrastructure. The group was concerned that the ‘Grain Infrastructure Advisory Committee’ calculated that the grain carried was 88,000 tonnes whereas GrainCorp and ABA have confirmed that the total is 122,000 tonnes per annum and predicted to increase to 170,000 tonnes by 2010. The RTSA believes that loads such as these are best carried by rail owing to rail’s efficiency of carrying large loads over medium distances.

The consultants report has recommended the upgrading of the line to 23 tonne axle loading with a 40 km speed limit to allow mainline locomotive operation from the Boree Creek terminal or the ABA terminal to Melbourne or Port Kembla without the need for branchline locomotives. The cost of $12M would cover the use of second hand 47 kg rail and the replacement of bridges with culverts. The completion of the south leg of the triangle at The Rock would also expedite train operations eliminating the need to reverse the locomotives on trains heading for Melbourne.

The RTSA endorses these recommendations as the benefits of the upgrading would allow 100 tonne gross wagons to be used to capacity, reduce the need to upgrade roads to B-Double standard, reduce the use of diesel fuel and the generation of excess greenhouse gases, allow the efficient use of rolling stock and locomotives and the optimise the use of funding for roads and rail in the area.
Robin Walpole

Manildra Flour Mills
- Most grain railed in by Manildra owned 100 tonne gross wagons
- Some local grain in and local flour out by truck
- Bulk flour out by 100 tonne hopper wagons
- Bagged flour in containers by rail
  - To heavy to be road legal.
  - Generally loaded on truck in plant and roaded via private road to adjoining container siding.
- Byproducts out by 100 tonne hopper wagons
- Operator is ARG
- Management and operations very good.
- Company has large operations outside Manildra (Gunnedah, Nowra), most of which is rail based.

Various other wheat Bulk Handling complexes
- Graincorp –
  - Long established,
  - Mainly older complexes
  - Often close together
  - Generally low outloading rates
  - Antiquated rail layouts
  - Management and operations generally in a Time Warp.
- AWB
  - Large new complexes
  - Some with high outloading rates
  - Some new ones with disappointing slow outloading rates
  - Most with disappointingly poor performing rail layouts – and in some cases built a considerable expense.
  - Management and operations seemed generally a little more with the times cf Graincorp.
- Variety of new large independent operators
  - Large new complexes
  - Significant number not served by rail
  - Management and operations seemed generally more with the times – even if they generally have a road focus.
Burcher Line:
- Recently non-operational
- Because of apparent low annual tonnage
- Total length – 53.971 km
- 30 kg jointed rail in poor condition
- Poor sleeper condition
- No timber bridges

- 53 steel bridges of total length 255.1 m
- Train Control is Ordinary Staff

Lake Cargelligo Line
- Operational
- Total length – 71.364 km
- 53 kg rail for ???
- 13 timber bridges of total length 124 m
Train Control is Ordinary Staff

**Rankin Springs**
- Operational
- Total length – 115.272 km
- 30 kg rail for ???
- 19 timber bridges of total length 240.8 m
- No steel bridges
- Train Control is Ordinary Staff

**Naradhan Line**
- Operational
- Total length – 60.440 km
- 50 kg rail and 80Km/h out from West Wyalong
- No timber bridges
- 11 steel bridges of total length 93.6 m
- Train Control is Ordinary Staff

**Junee to Griffith**
- Operational
- Total length – 174.900 km
- Timber Bridges
  - 487.177 km 1/1.8 m in Silo Road
  - 537.954 km 5/7.62 on the Junee end of Ganmain
- 14 steel bridges of total length 229 m – no restrictions in 2004
- Rail minimum of 80 lb
- Train Control is Electric Staff with inappropriate section lengths.

**Griffith Yard:**
- Old Freightcorp minimalist container yard now operated by Patricks
- In centre of Griffiths
- Train Operator is the Freight Australia aspect of PN – principally to Melbourne
- Current 3 slot wagon limited to 76 tonnes gross – assumably by timber bridge condition
- Most 3 slot wagons 23 tonne
- QQAY 3 slot 18.7 tonne.
- RREY 3 slot 18 tonne
LQAY ????
Suggest alternative approaches
- Alternative wagons
- Alternative operator with the appropriate wagons
- Replace the critical members/components on the single timber bridge that is causing the problem
- Replace the single timber bridge

**Casella Wines - Griffith**
- +90% of production to export
- Continue to expand as fast as they can expand
- 40 containers of wine per day to Melbourne by rail from Griffith yard for export.
- Containers weight up to about 21 tonnes at present.
- Want to get down to 19.1 tonnes for unimpeded truck movement in the US. (21 US short tonnes)
- Apart from gross mass on 3 slot wagon problem, very happy with the rail arrangement directly to Melbourne docks.
- 50 containers a day of empty bottles inward by b-double from Adelaide.
- Other inputs – boxes, corks, chemicals – all by road
- Rail line goes past the door – other side of major road.

**De Bortolli - Griffith**
- Similar size to Castella
- More local market focused

**Willbriggie Line**
- Recently unoperational
- Because of apparent low annual tonnage
- Total length – 40.394 km
- Poor sleeper condition
Poor rail – 1884 72 lb in 24 ft lengths
3 small single span timber bridges – total 3.1 m length
3 Rice silos close to Yanco end of line
  o Export thru Melbourne by road
  o Very close to track
  o 50k tonnes each???

Boree Creek Line
- Locals have visions of rerailing whole in 47 kg ex Narrandera to Tocumwal
  o Currently difficult to pull up nominally non-operational lines
  o Could argue that if this is to be rebuilt, will be part of the Inland Route and would be 60 kg on concrete, leaving this existing rail as surplus.
- 6 timber bridges on branch – total 85.2 m length
- Train Control is Ordinary Staff
- Single ordinary staff section
- No angle at The Rock to the south
- Large ABA site 2 km from The Rock
  o Currently loads directly onto the mainline
  o Disrupts loading on rest of branch
  o Solution
    ▪ Yard Limit board beyond the loader
    ▪ Or Train Order
  o Easy to relail and up to 100 tonne wagons
  o Good example of a good site being poorly utilised.

Main South:
- Extensive resleepering under way
- No evidence seen of traffic enhancement infrastructure works in progress
- Contract for replacement of Murrumbidgee Bridge at Wagga had closed, had been evaluated and was not awarded when ARTC took over from RIC. Contract has been recalled, and is being evaluated again but has still not been awarded.

Infrastructure Maintenance Operations:
- Ample evidence of major resleepering activity on all operational lines.
- Evidence of a major drainage restoration/drain cleaning operation – the first in ????? years.
Train Control:
- Largely electric staff and ordinary staff in areas where Train Order would be feasible and efficient
- Alternatively ability to close down and reopen some staff sections of a seasonal basis. (Known in Queensland as “Locking Away the Staff”, or alternatively inserting Temporary Staff sections.)
- Didn’t see any appreciation/understanding from the Industry as to the inefficiencies Staff and Ticket working is causing.

Generating Part-Worn Rail for Relining Marginal Lines
- Commonwealth be asked to make as condition of Commonwealth funding that all rail released from Commonwealth funded projects be made available for reuse as the Commonwealth sees fit.
- QR should have available considerable lengths – say 200 - 300 track km – of good p/w 41 kg LWR ex the Rockhampton to Townsville relay.
  - QR will be reluctant to release (even sell at a commercial price) this rail unless there is some commercial advantage to QR. A bargaining tool.
  - QR National has till now concentrated operational interest in the north. The acquisition of ARG and its major presence in Parks region, may change this.

Poor Industry Understanding of Efficient Rail Operation:
- Coal train-like operations
  - Fixed consist
  - Substantial size – 3000 - 5000 tonnes
  - No shunting
  - No making and breaking of consist
  - Balloon at loader
  - Balloon at unloader
  - Emphasis on minimum cycle time
- Applies to all groups, from farmer to bulk handler, with little apparent encouragement from operators.
- Local PN particularly seems to still be in the Freightcorp Time Warp.
- The former Freight Australia division of PN seems a lot more switched on.

Lack of Certainty an Inhibition to Investment:
- If Bulk Handlers and Operators are to make investments to improve infrastructure and rollingstock, there needs to be a greater degree of certainty than present.
- This includes the farmer – farmers will need to give longer term commitments to the Bulk Handler etc
- Ultimately this should lead to lower overall costs compared with the current preoccupation with Spot Prices.
- Alternative will be to continue with the current adhoc regime where there is little room for medium to long term
investment.

- This might take the form of a minimum volume and maximum volume “take and pay” contract. While this may be difficult on any one line, it should be possible on a region or State basis. While the crop may fail entirely in one small region, it will not fail over the larger area – hence there will be an indicative lower bound tonnage. There also should be a strategy between the Bulk Handler and the Operator as to how peak tonnages are going to be handled.
Creative ways of Upping the Usage of the 30 kg Track on Many of these Branch Lines:

- Currently we allow 19 tal wagons and 12.6 tal locos (48 Class – 76 tonne).
- The generic term 30 kg rail includes various 60 lb rails up to and including the more recent 63 lb BHP and AIS rail.
  - Lengths can be 24, 30 or 40 ft.
  - All rail produced before 1914 and all Hoskins rail are generally regarded as being of dubious metallurgical composition and difficult to successfully weld.
  - 60lb and 63 lb BHP and AIS rail – typically in 40 ft lengths is metallurgically sound and suitable for welding to LWR and CWR.
- QR practice of the last 80 years has shown that 60lb and 63 lb BHP and AIS rail in these type of lines with 680 mm sleeper spacings are capable of indefinitely sustaining 15.75 tal wagons and 15.5 tal locomotives at a maximum speed of 70 kph and say 1m gross tonnes per annum.
- If the 48 Class is to continue in operation indefinitely, rebuilding will be necessary in the near future – and the opportunity should be taken to increase their mass. An additional 10 tonnes should be practical. (14.3 tal and 86 tonne.)
- Ex – QR 1500/1550/2400 Class narrow gauge locomotives converted to standard gauge as the 423 Class have a mass of 95.1 tonnes or 15.85 tal.
- QR National has access to a pool of over a 100 of these locos and 150 of the slightly heavier but much more powerful 2100 Class (likely to be 100 tonnes in standard gauge form).
- PN thru its Tasmanian and NZ connections potentially has access to 10 – 30 of the same or equivalent.
- The 19 tal wagons have been a problem on for instance the Walgett Line where parallel jointed track, poor sleeper condition (680 mm centres) on little or no ballast on black soil subgrade has resulted in severely crippled joints.
- The Coonamble line with a similar tonnage and structure but substantially superior subgrade does not show the same problems.
- Parts of the Cobar line have been converted to CWR/LWR??? with steel sleepers and adequate depths of crushed rock ballast. The resultant track condition has remained excellent with a minimum of maintenance.
- On lines where the 19 tal has been shown to be viable in the short to medium term (Coonamble and Cobar), an argument should be able to be made that the locomotive equivalent axle loading of 19 tal wagons would be (say) a 18.5 tal at 60 kph. This would allow the use of 422 Class etc.
- We should look at a test case where we can justify:
  - 100% steel sleepers
  - at 600 mm centres (reduced centres)
  - LWR/CWR 30 kg rail,
  - 200 mm depth crushed rock ballast,
  - All on a sound subgrade – alternative – provide a new 300 mm deep engineering designed capping layer as and where needed.
  - Replace all mainline turnouts with at least p/w 40 kg on steel bearers.
  - Rerail in at least p/w 40 kg all curves less than 600 m radius.
  - Initial ultrasonic rail flaw detection testing at 6 month intervals, followed by normal tonnage based regime if no unexpected levels of failure is found.
- Argument to the Regulator on basis of a 12 month trial.
- Might be easier if the track owner wasn’t RIC - and hence wasn’t burdened by its past.

The Way Forward:
There seems to be a disjoint between the Players. They are all awaiting the “Fairy Godmother” to solve their own individual problems.

I believe the solution lies in a concerted industry approach – not just to the “Fairy Godmother” – but each being prepared to look at their own operation, see how it can be best aligned with the Task – delivering grain to the Customer – and being prepared to commit both strategically and financially to a long term strategy.

I believe the Industry should take a long hard look at the coal operations in the Hunter and in Queensland for the way to efficiently run bulk product.
Also several years ago the Hunter suffered from a chronic blame culture and a gross misalignment of the industry. This has changed. The Grain Industry needs to see how a more cooperative “whole of industry” approach can change the dynamics of the industry.
Responses to RFI

Q1 There appears to be strong research and understanding of agribusiness production & marketing; but does this extend into regional and rural transport and logistics chains?

No – I think there is not enough study of market chains

Q2 Looking at the various agribusiness sectors (grain, wines, mineral sands etc) can you comment on the level of industry involvement in the logistics chain? Which sectors can (or should) influence logistics development and which sectors rely on existing frameworks for transport services.

Little – field operators should be encouraged to attend meetings of govt working parties. All should send people to influence logistics chain. Too many people rely on logistics chain provided by others and therefore chain as developed is slightly wrong. It is wrong to expect a capital city meeting to have a grower from Leeton attending.

Q3 Although providing capability, to what degree has the structure of agribusiness production changed (and farming processes) that challenges fixed rail transport (for delivery of product and delivery of farm inputs)? Should there be a rationalisation of some rail branch lines?

Changing port requirements need 23t/axle loads to provide efficient transport. 19(or less) t/axle can only come out of most branch lines. Inputs have not been considered enough by governments.

Q4 What are new market opportunities for rail? Both product to destinations well as farm inputs (i.e. transport of fuel, fertilizer for farm inputs, water / hay / agistment during drought etc)?

Transport of fuel/water in disposable bags (like on-farm grain) contained in wheat wagons has possibilities. Fertiliser/hay require wagons to be washed out (by someone) before grain is stored in them

Q5 Can you give specific examples where rail may win over some existing freight task, or may aid in the development of a new industry within regional communities?

Bottles need to be carried empty from ports/manufacture to Griffith (say). Perhaps a three way (triangular) freight shift?

Q6 Turning specifically to grain logistics, do you consider that some NSW lines are (or ever likely to be) solely for grain transport? Should these lines be classified as grain dependent lines, and their development tied to grain logistics development?

No. We must get more markets to use grain lines more efficiently. But say year 1 - 100t grain out, 20 t freight in; year 5 – 120 t grain out, 60t freight in. Flexibility is key

New Models for Regional Rail

Q7 Given the success of the segmenting of rail services in North America do you see short-line type operations within Australia, and if so how do you see it operating given some of the comments above?

Yes. Local entrepreneur owns the branch line(s). He is responsible for capital (with federal govt grants) and agreed (beforehand) maintenance.

Hook and pull operators come from outside
Wagons come from outside
Gated (black box) before and after (at main line) to check only minimal damage has been done
Main line/ports responsibility of others, BUT everyone talking to every other party.
Where road crosses rail, and trespassers, need to have documented a standard of rail branch, ie Wt of rail, line speed(s), Wt of wagons and locos, type of sleepers and plates, depth of ballast, cuttings, embankments etc; NOT impossible – for future law suits.
Q8 Do you believe there is the minimum scale for a ‘Short-line’ operation in NSW. For example, track distance of 100 miles (166km) and existing tonnages of 100,000 tonnes pa?

No – each case HAS to be flexible

The nature of some agribusinesses (e.g. grains) means that production is seasonal and output is highly variable (from year to year). Export markets are highly volatile to commodity prices. Canadian Short-line operators struggle with ‘grain dependent’ lines.

Q9 Do you see a different class system (maybe based loosely around grain dependent lines)?

Class of track dependant on different cases that each grain line has. Flexibility

Q11 What is your view on how regional rail should operate in terms of management of track and operations (and competition).

Grain lines should be consolidated into bundles (1GL or 5GL depending on local circumstances). Owned and managed as in 1. No competition (unless the owner(s) want it), as for open market. Flexibility once again.

Q12 Do you see competition as significant issue or are there other, more significant issues that affect rail viability?

Not really – local entrepreneurs will attract competition BUT competitors will have to pay usage charge to original businessman to use grain lines

New Linkages

Q13 Can you comment on these statements? Do you agree or do you have any comment on road / rail interfacing?

No! – for too many years we have heard that “rail is uncompetitive over x distance. It depends on what is carried and what is backloaded. EG nuclear flask traffic in GB.

Q14 Do you have any comment about how rail can be a more attractive choice for producers?

Flexibility is key – long term (5yr, 20yr and 50yr) planning must be accurately carried out by someone (govt, expert or entrepreneur) feeding back to owners of branch lines.

Q15 To what degree do you believe that road and rail costs are reflected in road and rail service prices? What are the community costs for road and rail services (including infrastructure)? How significant is the burden on local government road maintenance budgets for road haulage of grain?

Road/rail is totally funded in different ways. Road is almost free to users, rail capital costs are sunk into rail charges. Local govt is desperate for relief on road damages by trucks. Trucks loaded produce 20 x damage of other vehicles; trucks overloaded by 10% produce 100% more damage. BUT Fed govt helps rail a little by granting some money (eg ARTC and Rail to Recovery program).

Q16 Thinking about the various agribusiness sectors again, are there wider productivity improvements in the links of the logistics chains, which also occur in the choices between road and rail (e.g. out-loading of up country grain silos, port handling, matching inland transport to shipping schedules for grain, container handling)

There are prod improvements in all sectors – less so grain suppliers who have had productivity imp already. Product improve could occur in chains of transport/handling/ports. Once again flexibility is key to prod imp and competition between owners of different systems that feed railway operators. BUT care should be taken eg gating of rail vehicles @ interfaces.
Rail Infrastructure / Operations Cost Structures

Q17 What is your view as to the standard that track should be upgraded?
I think that the track should be upgraded to different standards for ie the Lockhart branch and the Griffith branch be cause each has different requirements

Q18 To what extent are the different gauges in NSW, Victoria and South Australia impeding productivity? Given some lines in each state are dilapidated do you see strategic merit in standardisation lines if renewal was to occur?
Standardisation is very good where it could be achieved, but not everywhere

Q19 What is your view of the costs and efficiencies of maintenance and renewals on NSW tracks?
Maintenance and renewal should cost different amounts per km depending on whether rail is heavy or light, embankments/cutting conditions, rainfall, traffic etc.

Q20 Is it legitimate to provide Unit Rate cost figure ($/km) to upgrade NSW restricted lines (Class 5) to Class 2 or will this be misleading and dependent on each line and the structures involved?
Could be misleading

Q23 Given the fledging nature of rail SME’s what industry or government support may be required to support regional rail?
All help/encouragement (with costs of salaries) but no more capital

Q25 Do you have any evidence of the costs to upgrade infrastructure for rail services and the benefits to regional communities?
Only my own figures for rail, sleepers, plates, dogs et

Institutional Frameworks and Strengthening Capability

Q26 Evidence would suggest that irrespective of track ownership, capital upgrades have to occur. Do you agree / disagree? Have you any comments?
Capital upgrades must occur but should be considered a “Sunk cost” (whatever that means). It is essential that someone (feds) provide this. Entrepreneur can AND SHOULD do work.

Q27 Do you have any specific comment on infrastructure capital?
Federal Govt (rail to Australia)

Q28 Do you have any comment on the avoidable roads costs if specific rail lines were to be upgraded?
If rail is kept at branch line level, road costs will tend to increase but not in the same order as if rail is closed.

Q29 Do you believe that regional transport problems would be solved if governments (either federal / state/ local) simply funded the upgraded rail lines?
No. I believe that each branch line(s) has to make its own local business out of rail freight, with capital help from feds, just as roads are funded.

Q30 Do you have any opinion on this legislation and its implementation?
Good idea.
Q31 What role should the ARTC have in branch lines?

A Almost none, except for providing open doors (some salaries).

Q32 Given that local councils have the burden on road maintenance, funded to a large degree by Federal Government (directly or through the States), what participation do you see local councils have in governance of branch line services and / or infrastructure?

A Almost none

Q33 What role should the federal government play through AusLink, DOTARS, ABARE (Outlook conferences) or BTRE (on transport research) in commodity volume forecasting, ‘chain productivity’, fit-for-purpose infrastructure provision and the frameworks for possible rail SME’s?

N No comment

Q34 What role should the State Government play through participation in AusLink or directly through Ministry of Transport / RIC and / or through State Development?

N No comment

Q35 What other stakeholders should be involved in the ‘participatory governance’ of rail branch lines?

N None, if you want to be efficient
Introduction

Grain Corp silos tended to be older facilities with limited load out rates and form part of a large network. Some silos located on main lines (e.g. Mungincoble at Parkes) which can fully load rail wagons (100 tonnes gross). Most Grain Corp silos are located on branch lines (as seen at West Wyalong, Kikoira and Boree Creek) which can only load wagons to 76 tonnes gross (19 tonne axle loads or TAL) and have trains with lighter locomotives which tend to be older and underpowered. A few Grain Corp silos are located on branch lines that have been suspended from use (as seen at Weethalle on the Rankins Hill line).

AWB Sites

The AWB silos (as seen at West Wyalong and Stockingbingal) and ABA silo (at The Rock) are new (5 to 10 year old) modern facilities designed for quick loading of trains (at 800 tonnes or more per hour) and road only receival. However, the effectiveness of silos at West Wyalong and The Rock were constrained by their branch lines being restricted to 19 TAL. In the case of the ABA silo at The Rock, this was despite the main line capable of handling 25 TAL being no more than two kilometres away. It is odd that at the time of installation about 1999 neither ABA (with its joint partner Sumitoto), or the Rail Access Corporation, or Freight Corp sought to make a small marginal investment to lay heavier rail etc for two kilometres. It is also puzzling why this situation has persisted for so long, where now between them, ABA, the NSW Government and/or ARTC, and Pacific National have declined to make the investment. It appears that construction of a triangle and loop on heavier rail to give direct access to Melbourne Port (where most of the wheat from this silo goes) would be a good investment.

In the case of West Wyalong, a longer section of branch line with 19 TAL is used (via Temora and then to Stockingbingal). It was noted that at West Wyalong, some 53 kg/m rail (as opposed to old 30 kg/m rail) was in use, and the ballast appeared in good condition.

Boree Creek

At Boree Creek, a local committee had been active in attempting to persuade the NSW Government to not only retain their branch line (57 km from The Rock) but also upgrade it from 19 to 23 TAL. To this end, they had retained consultants (Rail Asset Management) to estimate the scope of work and cost to upgrade ($11m + 30%) and had made a detailed submission to the NSW Grain Infrastructure Advisory Committee (GIAC - for a summary of the RTSA 2004 submission, see Appendix A). The Boree Creek Committee has made ongoing representations to government at all levels. This included correcting errors in the GIAC report of under-estimating tonnages and the cost of road upgrades in event of closure of...
the line. The Committee also considered that GIAC had overestimated the cost to upgrade their branch line. The Committee’s attention was drawn to the Federal Government’s recent call for submissions for $126.8m in Strategic Regional Transport Projects, and the desirability of gaining their Council’s support for an application for rail funds, as opposed to put road funds (as tend to be preferred by many Shire Engineers).

The Rock

The case of the ABA silo at The Rock, where the main line capable of handling 25 TAL is no more than two kilometres away and the link only has 19 TAL (tonnes axle load). It is odd that at the time of installation about 1999 neither ABA (with its joint partner Sumitoto), or the Rail Access Corporation, or Freight Corp sought to make a small marginal investment to lay heavier rail etc for two kilometres to allow 23 TAL. It is also puzzling why this situation has persisted for so long, where now between them, ABA, the NSW Government and/or ARTC, and Pacific National have declined to make the investment. It appears that construction of a triangle and loop on heavier rail to give direct access to Melbourne Port (where most of the wheat from this silo goes) would be a good investment.

Kikoira

At Kikoira, grain farmers are able to lower their transport and handling costs by sending to a super-silo on a main line (e.g. to $5 per tonne cheaper). However, this is more than offset by the need to “keep the grain away from the header” which is easier when trucks to a local silo. In addition, it is sometimes difficult to get trucks to go to the main silo and get a quick turnaround time. Improving this line to give a 23 TAL would assist these farmers.

Griffith

The issue of limited weight for wagon loadings also affect the Patrick Intermodal operations at Griffith. Their trains currently go via Leeton to Junee and Melbourne, but their line to Junee is restricted to 19 TAL. In their case, a modest increase of 21 TAL, would give good benefits. The necessary investment in rail track would be very small when compared to the private investment of over $150m by Casella Estate Wines to build a large new state of the art grape receival, wine making and bottling plant (12 million bottles year of [Yellow-tail] wines most for export to the United States.

Summary

In the short term, there is a good case for rehabilitation of branch lines. The alternative is to see more and more freight move by B-Doubles on lightly constructed roads. The fact that rail operations are no longer vertically integrated means that government may need to work harder to seek contributions from beneficiaries as well as provide funds to facilitate upgrades that will enhance Australia’s export potential.

In the longer term, with “Twice the task” etc. an East-West Route from Melbourne to Perth capable of double stacked containers should be selected. There appear to be five options with various costs and benefits.

a) Through the Adelaide Hills
b) Through Western Victoria and a bypass of Adelaide
c) Through Tocumal, Narrendera, Griffith, Hillston and Roto via Broken Hill
d) Through Albury, Griffiths etc. via Broken Hill
e) Through Albury, Cootamundra, Parkes and Broken Hill.

On completion of the North South Rail Corridor Study, identification of a preferred route and start of work on the North South upgrade, an East-West Corridor study could be usefully undertaken. Benefits from Option c) or d) above would include bringing in empty wine bottles from Gawler SA to Casella and exporting wine etc. from the Riverina.

The main reason given for the closure of rural branch lines servicing the grain industry is that their cost to Government and the tax payer outweighs the benefit to the community of keeping the lines open. Grain transportation via heavy vehicles
including B-Double trucks and the road network is thought to be appreciably cheaper and more efficient. However, estimates of cost reduction when the need for rail infrastructure maintenance is removed often fail to take into account excessive costs that are simply transferred onto those responsible for maintaining the local road network, and, the wider community.

As noted by the NSW Farmer’s Association (Green Paper Nov. 2002) and others, the regional rail network has for many years through under investment been allowed to deteriorate to the point where track has become substandard, road-rail competition has become ineffective, the transportation of produce has become unreliable, and the urban/rural divide has widened. When rural grain lines are removed altogether, the use of more heavy vehicles is necessitated which in turn results in a significant increase in pavement damage. Here, B-Double trucks cause over 20,000 times the road wear and tear caused by an average car.

Unless all costs and factors are fully considered, the closure of rural branch lines can only be a step backwards in the current necessary search for sustainable transport options.
Ed Zsombor
Presentation to:

Future Frameworks For Regional Rail
1st February 2007
Charles Sturt University
Wagga Wagga NSW, Australia
Overview

- Introduction – Canada Railway Industry
- 1996 Canada Transportation Act
- Saskatchewan Shortline Railways
- Jurisdiction
- Sask Highways Rail Services Unit
- Shortlines and Class I Railways
- Future Opportunities and Challenges
Introduction

Canada
- Grain Production 64.7 MMT
- Grain Exports 27.4 MMT
- Avg. Rail Haul 904 miles

Australia
- Grain Production 37.1 MMT
- Grain Exports 22.2 MMT
- Avg. Rail Haul 250 miles

Major differences include:
- Climate
- Growing Season
- Length of Average Haul
- Railway Infrastructure (e.g. standard gauge in Canada)
- “On Farm” storage
Canadian Railways

Canada

- Approx. 40,000 miles of railway in Canada
- 6,586 miles of shortlines in Canada
- Over 40 shortlines and regional railways
- Shortlines originate 25% of all rail traffic in Canada
- Two Major Class 1 Carriers: CN and CPR
Abandonment Process

- **Before 1996:**
  - Cumbersome and Difficult
  - Required Public Hearings

- **After 1996:**
  - Simplified 3 Year Abandonment Plan
  - Advertise Commercial Deal
  - Offer to Local Gov’t and Province at Net Salvage Value
  - Abandonment Compensation $30,000/mile
1996 Canada Transportation Act

Effects of Branchline Abandonment From 1974-1996

- Abandoned Branchline
- Provincial Shortlines
- CN/CP Branchline
- CN/CP Mainline
Growth of Saskatchewan Shortline Railways

Year

Miles

1996 Canada Transportation Act
Shortline Railways

Saskatchewan – 7 shortline railways

SASKATCHEWAN RAIL NETWORK DISTRIBUTION
Total Miles of Track = 6068 miles

As of 2006:
- CP/CN Mainline (2195 miles)
- CP/CN Branchline (1210 miles)
- CP/CN Branchline on 3 Yr Plan (761 miles)
- CP/CN At Risk Branchline (998 miles)
- Provincial Shortlines (885 miles)
Shortline Railways

Saskatchewan Rail Network

- CNCP Main Lines
- CNCP Branch Lines
- Provincial Shortlines
Shortline Railways

Shortline Business Structures:

- Co-operative
- Private
- Public (Local Governments)
- Private Public Partnerships
Shortline Railways

Great Western Rail & Fife Lake Railway
Shortline Railways

Red Coat Road and Rail &
Southern Rails Cooperative
Shortline Railways

Thunder Rail & Wheatland Rail Inc.
Shortline Railways

Carlton Trail Railway
Shortline Railways

Industrial Railway Operators
Shortline Railways

Provincial Shortline Traffic Information

- 21,273 cars moved in 2005/06 Crop Year
- 17% Producer Car (Grain cars loaded by Producer)
- 22% Grain Cars (Loaded by Grain Companies)
- 61% Non-Grain (Mostly Forestry)
- Traffic Densities Range from 4 cars/mile to 49 cars/mile
Shortline Railways

Provincial Shortline Viability

Cars / Mile:

- 0 – 10  Unsustainable – May not be able to cover operating expenses
- 10 – 20  Marginally Profitable
- 20 – 40  Profitable, but unable to recapitalize
- 40 +  Revenue adequate

Operating Ratio:

- Average Canadian Shortline Operating Ratio is 95%
Shortline Railways

Grain Collection System
  • Producer Car Loading
  • Producer Car Loading Facilities
  • Country Elevators
  • Inland Grain Terminals
  • Port Terminals
Shortline Railways

Evolution of the Grain Collection System
Shortline Railways

Producer Cars

- Allows Farmers to load their own car and bypass grain companies
- Cars are ordered through the Canadian Grain Commission (CGC)
- CGC handles all grain grading
- Cars are delivered directly to Port Terminals
- Canadian Wheat Board is the buyer for all producer cars carrying board grains (wheat, barley, durum)
- All non-board grains generally are sold through grain companies and utilize the country elevator/terminal system
Freight Rates

- Grain Freight Rates are determined by The Revenue Cap which limits the maximum revenue entitlement a railway can charge based on the following formula:

\[
\text{Revenue Cap} = \left[\frac{A}{B} + ((C-D) \times 0.022)\right] \times E \times F
\]

Where:
- A is the carrier’s revenue for the movement in the base year;
- B is the tonnage moved by the carrier in the base year;
- C is the carrier’s average length of haul for the movement of grain in the crop year;
- D is the carrier’s average length of haul for the movement in the base year;
- E is the tonnage moved by the carrier in the crop year; and
- F is the volume-related composite price index determined by the Agency.

- Non-grain freight rates are unregulated and are set by the class 1 railways (CN & CP) and are based on what the market will bear.

- Shortline revenues are generated through revenue sharing agreements with the Class 1 railways.
Jurisdiction

Canada
- Transport Canada
- Canadian Transportation Agency
- Transportation Safety Board
- Regulations
- Safety Management Systems
- No distinction between Railway Owner & Operator

Saskatchewan
- Saskatchewan Highways and Transportation
- Highway Traffic Board
- Rail Services Unit
- Guidelines
- Safety Management Plans
- Railway Owners and Operators are Considered Different Entities
Jurisdiction

Federal
- Class 1 Railways (CN & CP)
- Shortlines that cross provincial borders
- Railways that enter the USA

Provincial
- Any Railway Owner/Operator Not Federally Regulated
- Regional Shortline Railways
- Industrial Operators
Rail Services Unit

Mandate

- Development of Shortline Railways
- Financial Support
- Safety
Rail Services Unit

Development of Shortline Railways

- Provide General Advisory Services on the Abandonment / Transfer Process
- Provide Track Inspection / Assessment
- Assist with Negotiation of Agreements
- Provide Necessary Authorizations to Purchase and Operate a Shortline Railway
Rail Services Unit

Financial Support

- Provide Grant for Feasibility Studies and Business Plan Development

- Provincial Loan
  - Interest Free Loan (32% of NSV or Purchase Price)

- Criteria
  - Viable Business Plan
  - Minimum 8% Local Investment
  - Strong Local Support
Rail Services Unit

Advisory Services To Stakeholders

- Local Producer Groups
- Local Governments
  - Rural Municipalities (RMs)
  - Towns & Villages
- Area Transportation Planning Committees (ATPC)
- Regional Economic Development Authorities (REDA)
ATPC - Mandate

“look strategically at transportation and make recommendations to the provincial or municipal governments based on social and economic goals of the area and the province”

Comprised of representatives from:

- Rural and urban municipalities
- Regional Economic Development Authorities
- Saskatchewan Urban Municipalities Association
- Saskatchewan Association of Rural Municipalities
- Saskatchewan Highways and Transportation
- Other major stakeholder groups in the area
Rail Services Unit

REDA – Mandate

- Bring people and communities together to collaborate and co-operate on plans for economic development based on natural trading areas.
- Link the resources, talents and strengths of their regions to support the creation of wealth and jobs, and to attract new investment.

REDAss are voluntary, non-government, legal entities comprised of:

- Local governments
- Aboriginal groups
- Businesses
Rail Services Unit

Safety

- Crossing and Track Inspection Program
- Safety and Operational Innovation
- Review and Authorize Safety Management Plans
- Railway Safety Education
- Accident Investigation
Rail Services Unit

Inspections, Investigations, Technical Advice
Rail Services Unit

Inspections, Investigations, Technical Advice
Rail Services Unit

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Inspections, Investigations, Technical Advice
Rail Services Unit

Inspections, Investigations, Technical Advice
Shortlines and Class 1 Railways

- In the past, CN & CP viewed Shortlines as an annoyance

- CN & CP now treat Shortlines as partners

- CN & CP realize Shortlines are better at generating local traffic

- Improved Service and Flexibility to Shippers

- Class 1 can focus on mainline operations because Shortlines take care of low density branchline collection and distribution
Shortlines and Class 1 Railways

Mutually Beneficial Partnership Through:

- Fair Revenue Sharing Agreements
- Running Rights and Interchange Agreements
- Fair Purchase or Lease Agreements

Issues to Work on:

- Insurance Requirements
- Car Supply
- Sharing of Fuel Surcharges
Opportunities and Challenges

Challenges:

- Recapitalization
- High “Fixed” Costs – Insurance, Property Tax etc.
- 286,000 lb cars
- Jurisdiction
- Legislative
- Future of Canadian Wheat Board
  - Single Desk vs Dual Marketing
  - Market Power vs Producer Choice
- CGC
Opportunities and Challenges

Opportunities:

Producer Car Savings

- $1000 / car

Stability for Economic Development

- $300 million in Development on Shortlines
- Virtually no Development on CN & CP Branchlines

Public Infrastructure savings

- 1.9 million Tonnes Kept Off Roads in 2005

Direct Shipper Savings Compared to Trucking Costs

- $10 million / year

Environmental Benefits – Reduced Greenhouse Gas Emissions
Opportunities and Challenges

Provincial Strategy:

Reactive vs Proactive Approach

Regional Railways

Identifying Core Network
  - Federal Interest
  - Provincial Interest
  - Local Interest

Considering Grants For Rehabilitation
Urgency of Services

Public

Private
Thanks

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