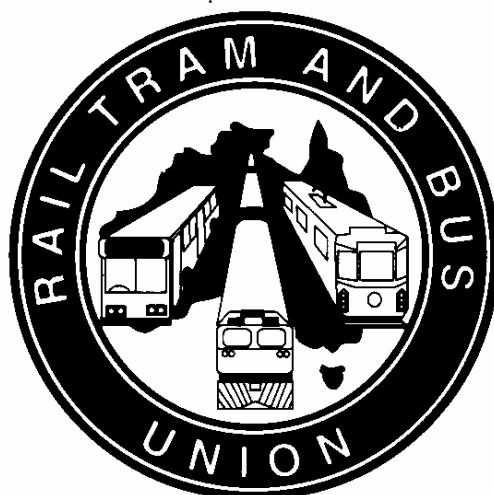

RTBU Analysis of Eyre Peninsula Grain Transport



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Introduction

The Rail Tram & Bus Union represents the train crew and track maintenance workers in the Eyre Peninsula narrow gauge rail network. The Union protests at its exclusion from discussions and workshops of stakeholders held prior to the distribution of the *Eyre Peninsula Grain Transport Issues Paper* in October 2002.

The RTBU and its members are deeply concerned at the condition of the track and rolling stock in the Eyre Peninsula system, and recognise the validity of statements made in the Issues Paper about the potential for the rail Transport system to cease functioning.

The rail system was in poor condition at the time of the AN sale in late 1997, and the new owner, ASR, has not invested in any upgrade of its asset. The deregulated Transport market provides no incentive for ASR to do so.

The RTBU strongly supports the investment of public funds in the rail system because the grain and gypsum industries in the Eyre Peninsula cannot operate in the medium to long-term without an effective rail system.

However, this investment should only occur as part of a long term Transport plan, with government regulation to ensure that the benefits of public investments are shared by all parts of the community, and by the state and nation on a broader scale.

The RTBU has always been sceptical of the alleged benefits of unfettered free markets as promised at the time of rail privatisation in 1997. The Union opposes propositions for open access on the Eyre Peninsula rail network, and the separation of port and grain storage infrastructure ownership from provision of services. These proposals are quite impractical given the scale of infrastructure and responsiveness needed within the grain Transport chain in the Eyre Peninsula. Regulation and cooperative arrangements are a far better formula for efficient grain Transport operations.

In South Australia and Tasmania, state governments have not invested in freight rail networks since 1978, when their State railways were taken over by the now privatised Australian National Railways. In Victoria, the Kennett government starved the rail system of investment in the years preceding privatisation in 1999. But just closing one's eyes to infrastructure has turned out to be a mistaken policy. The Victorian Government is now investing heavily in its country rail network. South Australia must do the same, with Federal Government assistance, as with the Roads to Recovery Program of \$1.4 billion for regional roads.

Grain Product Diversification

While grain product diversity is a growing trend, the scale of production of almost all grains will remain in the bulk category, and bulk Transport economics will apply. This means that for a journey of over 60 kilometres, rail Transport will be more efficient than road Transport – as long as the transit times of rail and road are approximately equal.

Given the quality of road infrastructure compared to rail infrastructure today in the Eyre Peninsula, this assumption does not hold.

However, any rational Transport system will provide an improved rail network. Farm to silo journeys will be by truck, and silo to silo and silo to port journeys should be by rail, except where farms are around 60 kilometres from ports.

Continued Growth in Grain Production

The RTBU is not qualified to comment on industry projections of increased grain production. However, the union is impressed with the expanded production of the last five years and will work with the projected increase of 30% over the next 15 years. It is clear that the current rail network cannot substantially increase its contribution to the grain haulage task within these growth projections. It is also clear that the road network will also not be able to fulfil this increased task without substantial public and private investment.

It also appears to be true that the silo system will not be able to cope in the high-intensity Transport phase from November to February, with these projections.

Operational Efficiency of Eyre Peninsula Rail

The RTBU has consulted its members about the issues raised about the current operational efficiency of rail in the Eyre Peninsula. The feedback is set out below:

a) Summer Heat Restrictions

When temperatures reach 36 degrees, loaded trains do not depart before 8.30 pm. Empty trains only run during daylight hours. On the light rail between Minnipa and Poochera, when the temperature exceeds 34 degrees, a maintenance company worker has to pilot the train. Train crew have to check the temperature at Minnipa or Poochera.

b) Inland Silo load-out rates

These rates vary from 60 tonnes per hour to 200 tonnes per hour – IF everything is going well.

c) Track Speeds

The maximum track speed on the Eyre Peninsula is 50 kilometres per hour, due to track / vehicle interaction, loaded or empty. This is speed is often not achieved. On a typical journey, say the 280 kilometres from Port Lincoln to Buckleboo, only 34 kilometres is open for 50 kmh. The rest is mainly at 20 kmh or 30 kmh, with a section of 43 kilometres at 40 kmh.

Port Lincoln to Thevenard is about 434 kilometres. Only about 85 kilometres is open for speed at 50 kmh. The rest is mainly 20 kmh or 30 kmh. At present, without shunts, this trip takes 17 hours.

A Port Lincoln – Wirrulla return journey, with five shunts, takes 26.5 hours. Of this only about 2 hours is at 50 kmh, the rest is on speed restrictions.

d) Port Lincoln wagon discharge rates

No 1 discharge shed has an optimum rate of 400 tonnes per hour. No 3 Shed has an optimum 600 tonnes per hour. And No 2 shed is not used at present. These discharge rates vary a lot depending on which block the grain is discharged to.

e) Short crossing loops

Trains have to follow each other out of Port Lincoln, and crossing happens only between Port Lincoln and Cummins, usually at

Grantham, Wanilla or Edillilie. Coomunga is a short loop. Out of course trains can cause crossings anywhere and the following stations can accommodate normal length trains ie 40-44 wagons and three locomotives to cross:

Cummins, Yeelanna (1 train has to split), Lock, Warramboos (1 train has to split), Minnipa, Poochera (1 train has to split), Wirrulla (1 train has to split), Nunjirkompita, Wharminda (a tight squeeze), Rudall, Waddikee (1 train has to split), Kimba.

f) Grain receival time at Port Lincoln

These times are dictated by terminal management. It usually takes 2.5 hours to unload a whole train of 40-44 wagons. But if there are a lot of road trains unloading at the same time, then the train takes longer to unload. If departure time is approaching and all the wagons are still being unloaded, then spare wagons are used to make a new train. ASR may call them 'spare wagons' but they are not really spare at all.

g) Track and loco quality

The abysmal state of the track is the beginning of all the woes of the Eyre Peninsula railway. If the track was up to scratch, RTBU members would cope better with driving some of the oldest locomotives now working in Australia – average age is 35 years. ASR may appear to have a 'spare locomotives' but they are not really spare, since operating locomotives often fail and need to be replaced.

Security in Grain Supply to Export Shipping

The RTBU believes that the trend to larger grain carriers will continue, and that the demands of shipping companies for fast ship turnaround will place unachievable demands on both road and rail haulage of grain to port. Better planning of port usage should be achieved by cooperative arrangements with Flinders Ports. However, Rail Transport and higher speed unloading facilities at Port Lincoln and Thevenard are the key to coping with this demand.

True Cost of Road Transport

The RTBU has long argued the case for Road Transport charges to be increased to recover the impact of heavy vehicle damage and to pay for the externalities of congestion, air and noise pollution, non-renewable resource use, and injuries and fatalities. The RTBU has also argued hard for equity in Transport infrastructure investments so that axle loads, average speeds and transit times for road and rail modes are the same. If this were done, there would be a major shift in freight from long haul road to rail, with significant economic, social and environmental benefits.

In the Eyre Peninsula, there cannot be a special local road access charge, but there can be a major boost in rail infrastructure investment to lift the quality of rail grain services and achieve competitive neutrality between the road and rail infrastructure.

Cooperation in a networked industry

The institutional power of AusBulk and AWB and Flinders Ports does make it possible for road freight rates to be increased in areas where rail haul is the best Transport option. But that should only happen when rail is capable of the task. AusBulk, AWB and Flinders Ports, backed by government regulation, can make it viable for ASR to invest in new locomotives and rolling stock.

ASR must be required to specify an adequate track and rolling stock investment program for the next 15 years, and commence the spending program. If ASR does not respond, these grain and ports agencies and the SA government can encourage the replacement of ASR with a more willing operator.

If SA government investment in the rail infrastructure is required, it should be based on the transfer of the asset to the SA government and with the asset achieving competitive, efficient rail infrastructure

standards. This would ensure that the government had genuine leverage in the Grain Transport Chain.

The Hunter Valley Coal Transport Chain in NSW is a positive example of cooperation between multiple producers, the railway and the port loading agencies to obtain very efficient results and to largely eliminate heavy road coal vehicles from most public roads.

Structure of Eyre Peninsula Grain Export Industry

The RTBU notes that the deregulation model applied in the economy generally and in the Eyre Peninsula in particular has not produced good outcomes. The privatisation of the railway, the ports and the demutualisation of both AusBulk and AWB has produced a dysfunctional outcome for all stakeholders.

However, the *Issues Paper* suggests that these problems could be overcome by going further down the deregulation pathway, by separating port ownership from port services, and grain handling facilities from grain transport, and separating rail ownership from train operations.

This would produce even greater disincentives to cooperation and networking by stakeholders, and worse outcomes than at present.

While rail is crying out most for investment, it is clear that the silos and the ports also require further investments. But greater uncertainty and shareholder demands for profit in a more fragmented competitive arrangement will only reduce incentives to invest.

Sustainable Grain Transport Operations

The RTBU argues that the strategic silo investments of recent years are dysfunctional for all stakeholders except AusBulk, because they require farmers to truck grain further, and greatly increase the amount of grain moved in trucks, sharply increasing local and state road costs, and also reducing road quality. The damage is greatest around the strategic silos located away from the rail network.

A long-term plan, at least with a 15 year horizon, is needed, with the highest priority for rail upgrading, but also for the location of silos with higher speed loading facilities to re-balance Transport tasks away from long haul road operations toward long haul rail operations. Port facilities also need to be upgraded and Port Lincoln should be managed so that Thevenard continues to take a substantial part of the shipping task.

The RTBU argues that in the rail sector, only public investment will achieve the required goals, and that as part of this commitment, ownership of the track infrastructure should revert to the SA Government.

In the highly privatised grain industry in the Eyre Peninsula, a publicly-owned rail infrastructure will give the SA government the leverage required to make a cooperative regulation regime work for all immediate stakeholders and the Eyre Peninsula community.