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Committee Secretary  
House of Representatives  
Standing Committee on Transport and Regional Services  
Parliament House  
CANBERRA ACT 2600  
AUSTRALIA

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**Inquiry into Interaction of Regional Road and Rail Networks and their Connectivity to Ports**

Dear Sir,

Pacific National Tasmania has prepared a submission for consideration by the Committee as part of the above inquiry. (attached)

I would like to extend an invitation to the committee to visit Tasmania to gain a first hand impression of the existing obstacles to efficiency and the opportunities for significant improvement. Pacific National Tasmania would be pleased to facilitate such an inspection.

We would also be pleased to provide any other information the Committee may require.

Yours sincerely,

Neil MacKinnon  
Chief Executive Officer

**House of Representatives Standing Committee on  
Transport and Regional Services**

**Inquiry Into Interaction of Regional Rail and Road Networks and  
Their Connectivity to Ports**

**Tasmanian Container Logistics  
Obstacles to Efficiency**

**Submitted**

**By**

***pacificnational***  
***tasmania***

## Executive Summary

Tasmania has a greater dependence on efficient interfaces between road and sea transport than any other state.

There are three ports located within 70km of each other along the State's northern coast, at Burnie, Devonport and Bell Bay. Each port provides connections for containerised freight to mainland Australia and the rest of the world either directly (Bell Bay) or via Melbourne.

The port of Hobart is no longer serviced by any container or break bulk shipping service. All freight requiring transit to or from the State's key population centre must therefore be transported by road or rail. Efficient and effective interfaces between the northern ports and rail transport and an effective regional intermodal hub to service Hobart are fundamental to the state's competitiveness.

The spreading of the State's containerised transport task across the three Northern Ports means none has sufficient volume to justify investment in infrastructure to optimise the flow of freight between Hobart and other regional centres and the rest of the world. Rationalisation of container traffic to a single northern port would allow investments to be made in efficiency of the logistics chain.

None of the Northern Ports are well served by rail infrastructure. There are opportunities to improve the efficiency of the transfer of containers between rail and sea at each port. These are more likely to be economically viable if a single port is servicing all of the State's container transport needs.

An opportunity also exists to develop a dedicated intermodal hub north of Hobart to allow the efficient distribution of containerised freight that has been transported from a Northern Port by rail. The current facility is poorly located adjacent to the Hobart CBD and inefficiently laid out. A site at Brighton on the Northern outskirts of Hobart has been identified that would allow efficient distribution and collection of goods across the greater Hobart area.

The rail infrastructure investments necessary to fund the new intermodal hub to service Hobart and improvements to intermodal transfer facilities at the northern ports cannot be justified while Pacific National Tasmania is required to fully fund the maintenance and upgrade of the rail network and continues to provide rail services to each of the northern ports. The rail network is part of the national rail highway but does not receive any government funding.

Significant benefits would flow to the state if all of the State's container activity was concentrated at one of the northern ports especially if this port featured an efficient intermodal transfer facility and good connections with the rail network.

Even greater benefit could be secured if a new intermodal hub was developed on the northern outskirts of Hobart allowing 24 hour train turnaround, doubling locomotive asset utilisation.

It is recommended that the committee examine opportunities:

- To encourage a rationalisation of Tasmanian container ports so that one facility provided all of the state's needs;
- To facilitate the improvement of the rail interface with that port;
- To facilitate the allocation of funding to contribute to the maintenance of the Tasmanian leg of the national rail highway; and
- To facilitate the development of a new intermodal hub at Brighton to service Greater Hobart

## ***Introduction***

This paper highlights a number of inefficiencies in the Tasmanian logistics chain and identifies opportunities to make improvements that will benefit the Tasmanian and Australian economies.

## ***Background***

Tasmania exports over 50% of its Gross State Product to mainland Australia and overseas. Tasmania is therefore more dependant on ports and their connections to distribution networks than any other state. All interstate commerce requires transport across Bass Strait. The majority of this trade requires containerised transport. All container vessels that service Tasmania call at either Burnie, Devonport or Bell Bay. The key population centres of Hobart and Launceston are remote from these facilities and therefore require land transport to transfer freight to and from the ports. The existing sea/rail interfaces at all of these ports are inefficient and unsatisfactory.

All rail infrastructure in Tasmania is the responsibility of Pacific National Tasmania (PNT). It receives no support from government for its maintenance or upgrade.

Poor rail alignments, difficult terrain, the high cost of infrastructure maintenance, life expired rolling stock, a highly competitive road industry and the need to service three ports on the north coast means PNT's container freight business is marginal and cannot be sustained. It will require significant rationalisation, investment in improvements to sea/rail interfaces and a new intermodal hub to service Hobart and ongoing support from government for infrastructure maintenance if intermodal rail services are to continue in Tasmania.

## ***Containerised Freight***

The state is serviced by four major general purpose ports; Burnie, Devonport, Bell Bay and Hobart. Other smaller or specialist facilities exist at Triabunna, Port Latta, Stanley and Macquarie Harbour. The three main ports on the Northern Coast (Burnie, Devonport and Bell Bay) are less than 70km apart.

Each northern port also provides services to other than container ships. Burnie and Bell Bay each handle bulk minerals and woodchips. Devonport handles bulk cement and is the home of the Spirit of Tasmania passenger/freight ferries.

The following table shows container throughput (TEU) for the 2003/04 financial year.

<b>Port</b>	<b>Imports</b>	<b>Exports</b>	<b>Total</b>
Burnie	78,652	88,302	166,954
<b>Devonport</b>	88,476	77,435	165,611
<b>Bell Bay</b>	41,330	46,872	88,202
<b>Hobart<sup>1</sup></b>	467	3,262	3,729
<b>Total</b>	208,925	215,871	424,796

<sup>1</sup> Regular container and break bulk calls to Hobart ceased on 21 January 2005.

If a single port handled this total task it would be the fifth largest container port in Australia, behind Melbourne, Sydney, Brisbane and Fremantle. The withdrawal of the regular Hobart shipping service (January 2005) has resulted in the containerisation of export zinc (previously break bulk). It is now estimated that Tasmanian container throughput is larger than Fremantle.

On a per capita basis the Tasmanian population is two and one half times more dependant on efficient shipping, ports and intermodal connections than any other state (0.92 twenty foot equivalent units (TEU)/capita versus 0.37 TEU/capita for Victoria, the next most dependant state).

All of the container ports have been and continue to be state government owned. Each reports to a separate board. The ports have competed with each other to attract business, resources and capital. Scarce resources have therefore been spread across the three facilities. No single facility has been able to attract sufficient volume to justify the investments required for efficiency. There appears to have been little overall strategic coordination of investment and development activities across the ports.

The Tasmanian government is in the process of consolidating the ports into a single corporatised entity. This initiative is widely supported and is likely to lead to a more efficient allocation of resources in future. Existing arrangements made with shipping lines at each of the individual ports are however likely to delay any rationalisation to a single port.

An opportunity exists to accelerate the rationalisation of the three northern ports so that a single efficient facility could service the state's entire container shipping needs.

### ***Rail Connections to Ports***

The need to service each of the three ports has meant that rail infrastructure investment has also been spread across each facility. As a result none of the northern ports interface well with rail.

#### ***Burnie***

An on wharf rail loading facility is available at Burnie. Growth in volumes at that site and limited opportunity for expansion however means that this is only utilised for a small

proportion of the containerised freight. The majority of the containers are shuttled between the wharf area and a rail terminal by road.

The rail terminal is poorly set out and requires excessive shunting and double handling of containers.

Rail access to the Burnie rail yard is adequate. It is however approximately 53km further from Hobart than Devonport and 90 km further than Bell Bay. All three ports are approximately the same distance from Melbourne by sea.

Both the wharf and rail terminal are land locked. They are surrounded by the city of Burnie, little opportunity exists to accommodate growth.

### *Devonport*

The Devonport wharf area is located on the east bank of the River Mersey. The rail terminal is on the west bank. All freight is therefore shuttled between the facilities by road. A bridge would be required over the Mersey to provide a direct connection. This would be very expensive and is likely to adversely affect the Devonport community.

The rail terminal is poorly set out and requires excessive shunting and double handling of containers.

Rail access to the Devonport rail yard is adequate. It is however some 47km further from Hobart than Bell Bay by rail.

Both the wharf and rail terminal are land locked. They are surrounded by the city of Devonport little opportunity exists to accommodate growth.

### *Bell Bay*

The only rail loading facilities at Bell Bay are located on the wharf area. This area is congested and parts of it are not accessible while ships are being unloaded.

The Bell Bay rail facilities have evolved with the port. The yard layout is poor. Connection to the rail network is also suboptimal; the gradient leading out of the port is very steep and limits the weight of trains that can be hauled from the port.

An alternative access has been designed that would rectify this and improve yard layout. Funding has been sort under the DOTARS Regional Partnerships Scheme to construct this access (\$3.5M).

The Port of Bell Bay is located in an industrial area remote from any residential development and immediately adjacent to a 2000Ha industrial estate. It is near the proposed pulp mill site. The port has a reclamation program at concept stage that would provide an additional 30 hectares and provide ample room for growth and construction of an efficient sea/rail interface.

### *Rail Infrastructure*

The main rail line linking the three Northern Ports with Hobart and Launceston was made part of the National Rail Network (Defined Interstate Rail Network or DIRN) in 2004. Despite this no Federal or State funding has yet been allocated to this key piece of national infrastructure. The network is in poor condition having been inadequately funded for several decades. Support has been sort from the Auslink program for these works (\$3M pa)

### ***Southern Intermodal Hub***

The southern intermodal hub that services Hobart, has evolved from an old rail maintenance facility rather than being purpose built to provide intermodal services. It is located at Macquarie Point adjacent to the Hobart CBD.

It is poorly located and laid out, it is inefficient and adversely affects the amenity of the surrounding tourist/commercial precinct. Its location requires heavy road freight vehicles to enter the Hobart CBD to collect and deliver freight.

A site has been identified at Brighton on the northern outskirts of Hobart that would be suitable for a modern intermodal hub. It would interface well with the rail network and allow efficient distribution and collection of freight across greater Hobart.

The rail component of the southern intermodal hub will cost approximately \$9M. A further \$15M – \$20M would be expended by the freight forwarding industry constructing facilities on site for cross docking, warehousing etc.

### ***Recommendations***

It is recommended that the committee:

- Review the State's container port needs and examine opportunities to facilitate the rationalisation to a single northern port;
- Facilitate the approval of the submission made under the Regional Partnerships scheme to improve rail access to Bell Bay (\$3.75M);
- Facilitate the allocation of Auslink funding to contribute to the maintenance of the Tasmanian portion of the national rail highway, Hobart to Burnie and Western Junction to Bell Bay (\$3M pa); and
- Examine opportunities to assist with the construction of the proposed new Southern Intermodal Hub to service Hobart (\$9M).



### **Attachment A – Tasmanian Container Shipping Services**

There are eight ships operating regular services across Bass Strait. These are operated by four different Shipping Lines and all call at the three Northern Ports.

A single international service is operated by the AAA consortium. This provides a weekly connection to Singapore and Malaysia as part of a Sydney, Bell Bay, Fremantle, Singapore, Kelang call cycle.

The following table summarises the shipping services carrying containers across Bass Strait.

<b>Company</b>	<b>Service Frequency</b>	<b>Tasmanian Port</b>	<b>Destination</b>	<b>Vessels</b>	<b>Technology</b>
<b>Toll Shipping</b>	6 per week	Burnie	Melbourne	Victorian Reliance Tasmanian Achiever	Roll on Roll off "Mafi" trailers
<b>Patrick Shipping</b>	6 per week	Devonport	Melbourne	Searoad Tamar Searoad Mersey	Roll on Roll off "Cassette"
<b>ANL</b>	3 per week	Bell Bay	Melbourne	ANL Bass Trader	Lift on Lift off
<b>TT Line</b>	7 per week 2 per week	Devonport	Melbourne Sydney	Spirit of Tasmania I, II, III	Roll on Roll off – road trailers on passenger vessel.
<b>AAA Consortium</b>	Weekly	Bell Bay	Fremantle, Singapore, Kelang	Various	Lift on Lift off

Toll Shipping operates services six days each week between Melbourne and Burnie using the dedicated roll on roll off container carriers Victorian Reliance and Tasmanian Achiever. These vessels utilise "Mafi" trailer technology.

Patrick Shipping operates services six days each week between Melbourne and Devonport using the dedicated roll on roll off container carriers Searoad Tamar and Searoad Mersey. These vessels utilise "Cassette" technology to achieve rapid load and unloading.

ANL operates three services per week between Bell Bay and Melbourne using the container ship ANL Bass Trader. This is a lift on lift off vessel.

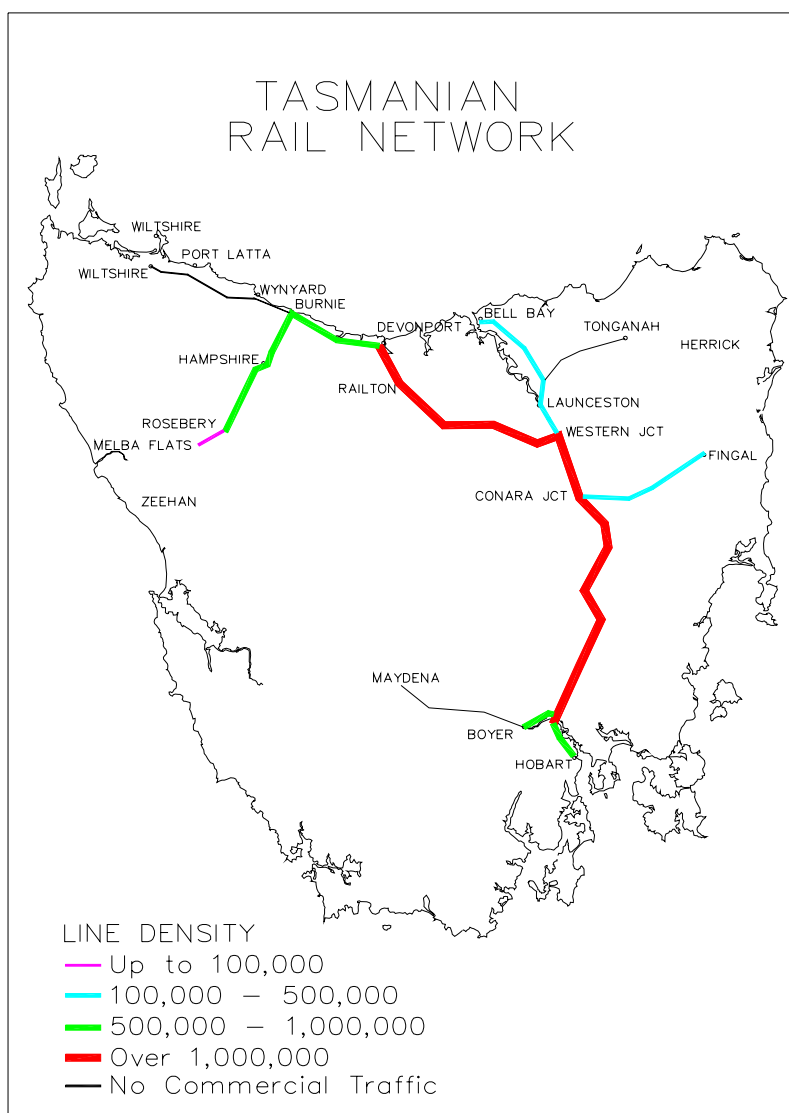
The TT line operates the three Spirit of Tasmania vessels from Devonport. Two are used to provide a daily connection to Melbourne. The third is used for twice weekly services to Sydney. These are predominately passenger vessels but also carry roll on roll off freight. That is, they carry standard road semi trailers on the cargo decks.

**Attachment B - The Tasmanian Rail Freight Network**

The Tasmanian Rail network runs from Wiltshire in the north-west, Melba in the west, Bell Bay in the North, Tonganah and Fingal in the east and Hobart and Maydena in the south. Regular scheduled freight services do not utilise the entire network.

Scheduled services operate over the network between Melba, Burnie, Bell Bay, Fingal, Hobart and Boyer. There are no scheduled services between Wiltshire and Burnie, Maydena and Boyer or Tonganah and Launceston.

Map 1 shows the rail lines and the current freight density across the network.



Map 1 The Tasmanian Rail Network

The Tasmanian rail system operates under some severe handicaps. Tasmania’s difficult topography, relatively small population and industrial base, isolation from the mainland and the rundown infrastructure and rolling stock all limit its efficiency.

The track follows the original 19<sup>th</sup> century alignments. These reflect the earthmoving capabilities of the time. Gradients are therefore steep and curves tight. This reduces efficiency by restricting the tonnage that can be hauled by locomotives and reducing train speeds.

Narrow gauge provides lower train stability levels than standard or broad gauge. This means train speeds must be lowered further. The impact of defects in the track are also significantly greater than for standard gauge track of a similar standard.

The infrastructure is therefore relatively expensive to maintain. It is also more expensive to operate than railways that traverse less demanding topography.

The replacement value of the rail network is in excess of \$1 Billion. Rail operations currently generate revenue of less than \$35 Million per annum. PNT is responsible for the maintenance of the infrastructure and receives no assistance for this.

Under federal government ownership (1978 – 1997) some infrastructure asset renewal and replacement was undertaken. However used rail and sleepers were typically transferred from the mainland rather than new materials being used. These assets are now life expired and significant defects and failures are occurring.

Both prior to and since privatisation, asset renewals have been minimised. Insufficient funds have been available to fully fund the replacement program that was required to maintain the network at an appropriate standard. A “maintenance debt” therefore exists.

***Attachment C – Contact Details***

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