

**Inquiry into Integration of Regional Rail and  
Road Networks and their Interface with Ports**

**The Rail Perspective**

**Bryan Nye  
CEO ARA**

- Role of Rail
- The Issues
- Solutions



# Role of Rail

Table 1 Estimated road/rail market share of export grain transport task

state	export volume (mt)	% on rail	volume (mt)		average distance (kms)		total ntk	
			rail	road	rail	road	rail	road
NSW	3.00	95%	2.85	0.15	400	250	1.14	0.04
Qld	1.00	80%	0.80	0.20	300	150	0.24	0.03
Vic	4.00	75%	3.00	1.00	350	200	1.05	0.20
SA	5.00	60%	3.00	2.00	250	100	0.75	0.20
WA	10.00	60%	6.00	4.00	250	100	1.50	0.40
Total (mt)	23.00		15.65	7.35			4.68	0.87
			68%	32%			84%	16%

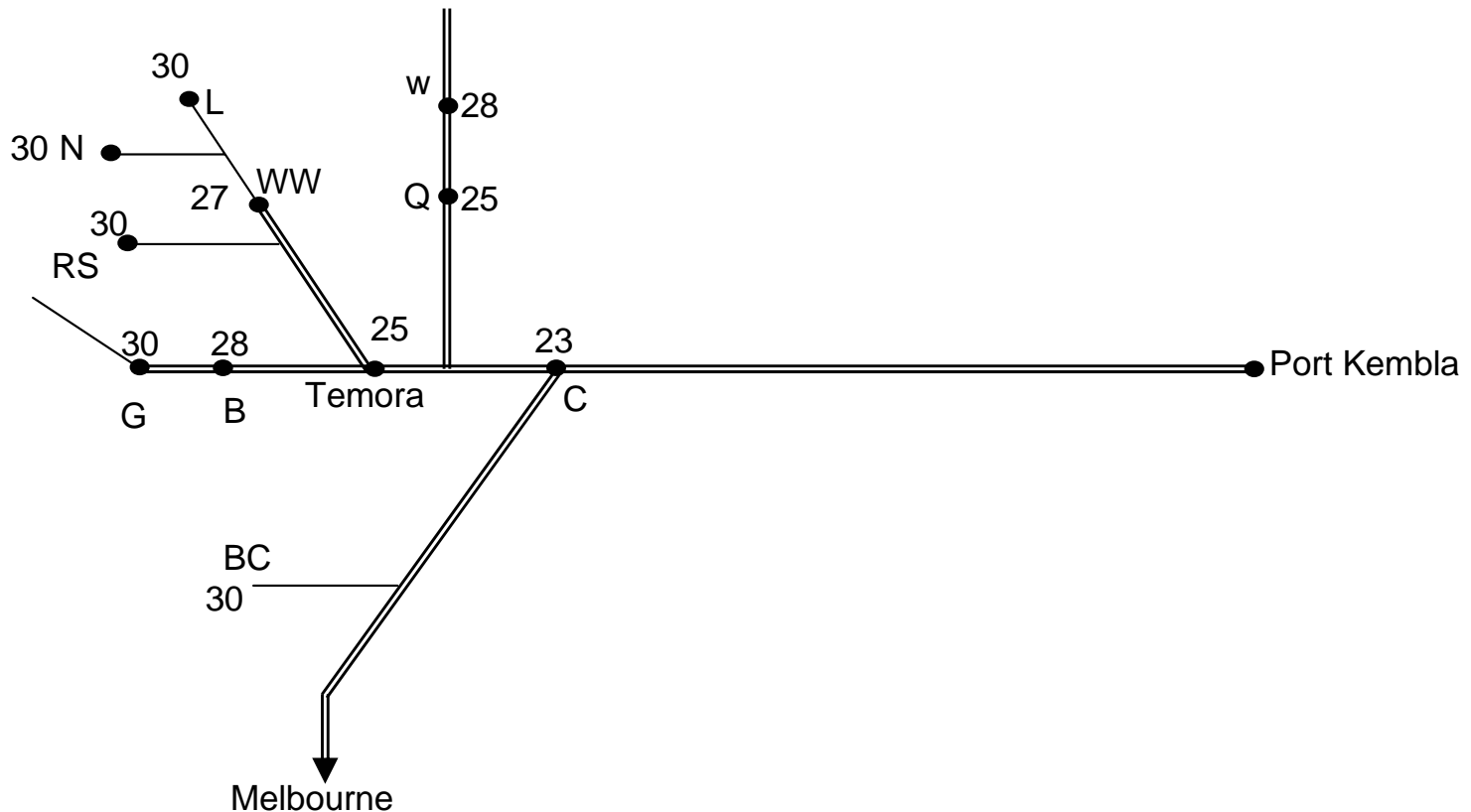
# The Issues

- Grain Handling Inefficiencies
- AWB Charter
- Rail Inefficiencies
- Under Investment in Track and Rollingstock
- Failure of Competition



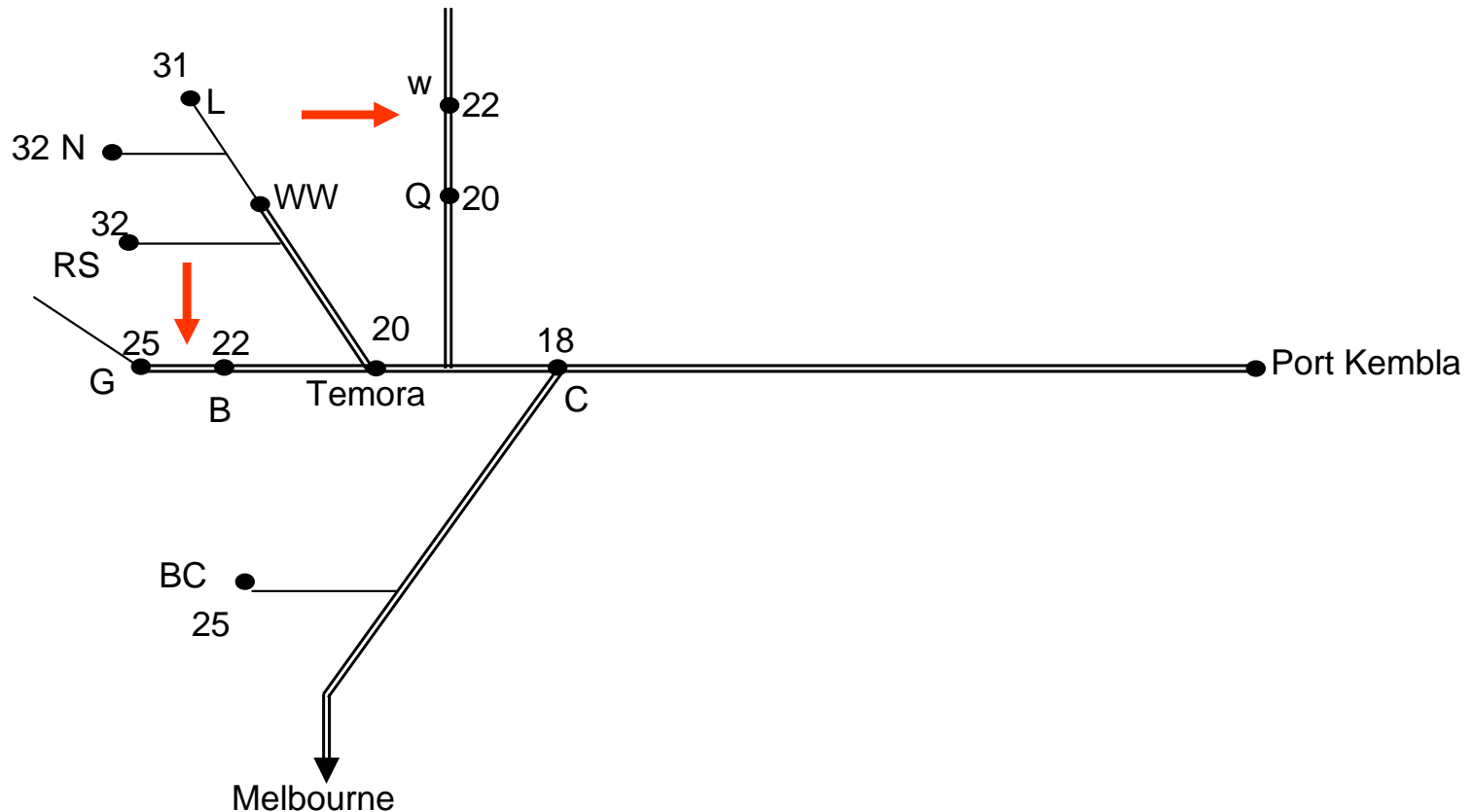
# Grain System

## Scenario 1 – pre competitive



# Grain System

## Scenario 2 – post-competitive



# Rail Revenues

Table 2 Comparison of rail revenue earning outcomes from pre- and post-competitive network scenarios

	Silos											
	G	B	RS	N	BC	L	WW	T	W	Q	C	Total
<i>Scenario 1</i>												
tonnes ('000s)	150	150	150	100	80	120	150	200	120	80	80	1,380
rate (\$/tonne)	30	28	30	30	30	30	27	25	28	25	23	27.86
revenue (\$000)	4,500	4,200	4,500	3,000	2,400	3,600	4,050	5,000	3,360	2,000	1,840	38,450
<i>Scenario 2</i>												
tonnes ('000s)	180	180	90	95	80	80	100	250	140	100	85	1,380
rate (\$/tonne)	25	22	32	32	25	32	25	20	22	20	18	23.95
revenue (\$000)	4,500	3,960	2,880	3,040	2,000	2,560	2,500	5,000	3,080	2,000	1,530	33,050

# Efficiency Drivers for Grain Rail

Characteristics	Efficient Operations	Traditional Operations
Silo Load Rate	1,000 tph	200 tph
Siding Length	42 wagons	15 wagons
Silo Operating Hours	24 hours 7 days per week	Mostly 8 Hours 5 days per week
Track	23t axle loads	15t – 19t axle loads
Track Speed	80 kmph	30 kmph
Wagon Capacity	67t - 72t	< 50 t



# Grain Storage Sites

State	Owner	Number of Locations
QLD	GrainCorp	52
	AWB GrainFlow	4
NSW	GrainCorp	193
	AWB GrainFlow	9
	Australian Bulk Alliance	3
	Other	3
VIC	GrainCorp	116
	AWB GrainFlow	5
	Australian Bulk Alliance	6
	Other	3
SA	ABB Grain	117
	AWB GrainFlow	4
	GrainCorp	1
	Other	3
WA	Cooperative Bulk Handling	198
<b>TOTAL</b>		<b>717</b>

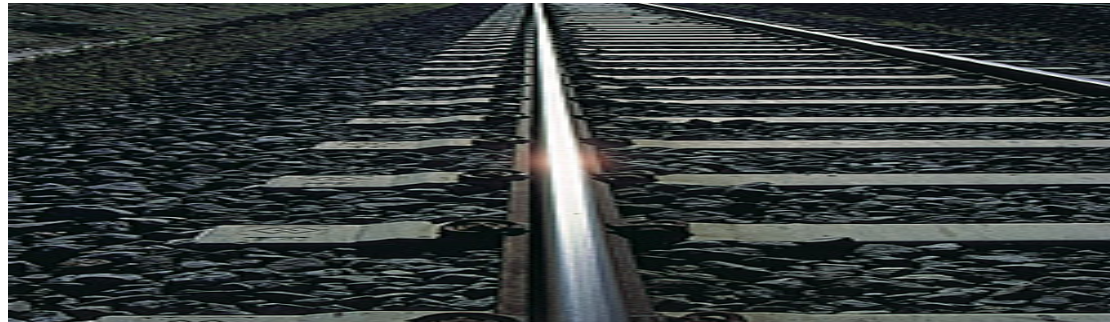
❖ **47 > 1000 tph**

➤ **20 WA**

➤ **19 AWB**

# AWB Charter

- Monopoly powers both external and internal.
- AWB is rewarded as a marketing organisation for continually driving costs out of the supply chain.
- Competition is encouraged to provide greater leverage.
- Who is responsible for sustainability?



# Rail Inefficiencies

- Operating on Lines that are not Economically Viable
- Small Locos & Wagons, Low Speeds due to Track Condition
- Industrial conditions that do not Allow Flexibility during Seasonal Fluctuations

# Inherited Maintenance Deficit

- Significant on Many Lines
- Costs of Rectification is Above any Viable Economic Return
- Low Volume Branch Lines Must Close to Allow Sustainable Investment



# Productivity / Competition

- Road / Rail Pricing Lacks Transparency and Equity
- Rail's Competition is Road not Rail
- Cost of Road and Grain Transfer Across to Road is Masked
- Economic Regulation Away from Economic Service Provision to Sustainable Investment Capacity

# Negative Spiral

- No Certainty – No Return  
– No Investment – More  
on Road
- Increase Road  
Maintenance – More  
Trucks
- Community Concerns –  
Increase Cost
- Not Sustainable



**‘CSO’s expire 2007’**

# What Needs to Be Done

- Reduce number of Depots
- Close Low Volume Branch Lines
- Improve Loading Rates at Depots
- Improve Asset Utilisation and Operating Hours
- Establish a Planned and Coordinated Road/Rail System

# Integrated Supply Chain

- Participants Start Working Together Rather Than Self Interest
- Industry as a Whole can Force the Required Change
- Commit to Supply Chain Model
- Government can Have Confidence it is Investing in an Optimised Network
- \$ required from Grain, Rail, Road and Governments at all levels



Provide Government with a Solution Not a Problem

