Western Australia Evidence

SUPPLEMENTARY SUBMISSION NO. 170

Early Development

The rail network in Western Australia developed during the period between the late 1800s and early 1900s. The map at Appendix 1, taken from the 1957 Western Australian Government Railways Annual Report, shows the full extent of railways in WA.

The railways were constructed to facilitate the early development of Western Australia, as was the case in all states of Australia.

Southern Western Australia Transport Study (SWATS)

In 1975 the Western Australian Government commissioned SWATS seeking recommendations for the following:

- policies to ensure the most efficient use of resources allocated to all modes of transport
- co-ordinating the use and development of transport modes to achieve the policy objectives
- an approach to implement the planned changes

The report dated December 1977 notes:
"The base for current policy, laid down in the 1920's and 1930's to cope with the growth of road transport and its impact on rail, was heavily slanted towards regulations to allocate access to transport between road and rail for economic, social, political and other reasons.

The total transport system that had grown up under the regulatory umbrella had been progressively modified by a wide range of piecemeal adjustments which did not reflect a systematic approach to transport policy."

At the time of the report the rail network had been modified by:

- significant rationalisation
- standardisation of the Kwinana / Perth to Kalgoorlie railway
- railway extensions between Kalgoorlie and Kambalda / Widgemooltha, Dongara and Eneabba, Kwinana and Mundijong / Jarrahdale and a new connection to the Port of Bunbury.

See Appendix 2 for the network in 1977 as shown in the SWATS report.

In summary, the key recommendations in the study report were as follows:

- competition should be the basis on which an effective transport system is developed and that regulation of road transport should be minimised.
- Westrail should have a fully commercial charter and be able to operate in all modes of transport and be freed of its common carrier obligations
- a responsible body should maintain a constant overview of all transport operations and that the Government should have special regard for the need to maintain balance in the transport systems.
- the road maintenance contributions be recognised as justifiable and all transport subsidies should be transparent and monitored for effectiveness.
- a reasonable timetable for change to allow sufficient time for the necessary adjustments to be made.

The Period between 1977 and 1997

In the period between 1977 and 1997 further rationalisation of the rail network occurred and in 1997 the network was as shown on the map at Appendix 3.

Most of the rail network rationalisation during this period related to section of the network which supported the grain and timber industries.

Grain Industry

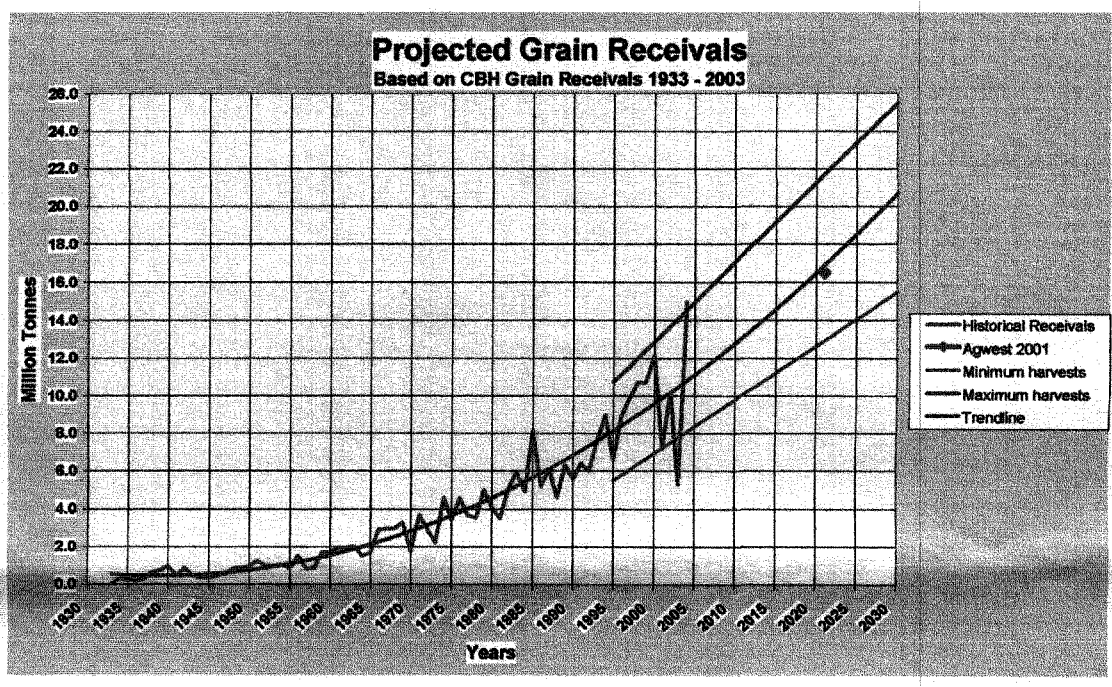
There has been a history of close co-operation and joint strategic planning between the players in the grain industry in WA. In particular the grain handling authority (CBH Limited) and the rail transporter (Westrail) have implemented many rationalisation / upgrading initiatives to improve the overall cost effectiveness of the grain supply chain to the benefit of grain growers.

During that same period (1977 to 1997), CBH extensively rationalised and upgraded their grain receival facilities. The company almost halved the number grain receival facilities, improved train loading and unloading rates, and increased the number of terminal capable of handling full train lengths.

Westrail contributed by introducing higher capacity locomotives and wagons, increasing minimum track axle loads and grades, eliminated many high-maintenance locomotives and wagons and contributed to the cost of track improvements at terminals.

These combined efforts, together with growth in the transport task, resulted in major improvements in efficiency and asset utilisation.

The grain harvest and transport task has grown significantly in WA as evidenced by the following graph.



Rail transport's share of the "to port" transport task has remained at around 90% within the rail network areas of the state. In some areas it is close to 100%.

The WA Grainflows map at Appendix 4 was prepared in 1997 and shows the projected grain flows by transport mode for 2005. This map demonstrates the major role that rail plays in the transport of grain in WA.

A Review of the Western Australian Grain Logistics System

Further evidence of the joint approach to strategic planning can be found in the report titled **A Review of the Western Australian Grain Logistics System** prepared for the WA Grain Logistics Committee in 1998.

The following extract from the report details the report objectives:

"The principal aim of this study was to undertake a strategic review of the Western Australian grain logistics system to:

- assess current practices and planning for the integration of storage, handling and transport, including the rationalising and revamping of road and rail infrastructure to achieve grater efficiency;
- review the efficiency of directional flows of grain from country receival points to port;
- establish the net system costs and benefits of GLC member strategic plans;

- identify any external impacts on the GLC's long term vision and strategic plan that may arise from outside the grains industry."

The study considered a number of rail network options identified by Westrail, and CBH's plans for the introduction of a Strategic Receival Point concept. Westrail's options included further increases to the minimum axle loads and grades and tracks rationalisations between 200 and 800 kms of the rail network. CBH's plans envisaged further rationalisation and upgrading of the grain receival facilities including increased train loading rates.

The result of this study saw the network reduce by 200 km (which was the lowest of the Westrail options). No track improvements resulted from the review however CBH and Westrail continued a program of terminal facility improvements that improved train utilisation. The WA Government concurred with the network rationalisation.

As a matter of interest, the report noted the rail wagon utilisation improvements over the period 1980 to 1998 as:

- Rail task increased from 2.50 to 7.25 mtpa
- Wagon numbers reduced from approx 3000 to 600
- Wagon utilisation increased from <1000 tonne/wagon/year to 10,000 tonne/wagon/year.

2005 Review

During 2005 the WA grain industry participants have undertaken another review. The industry has presented its findings/recommendations to the Government for consideration but at this time the review is not yet in the public domain. It is understood, however, that the industry is suggesting further track rationalisations similar in scale to the higher rationalisation option in the Grain Logistics System review discussed above. It is also understood that this may involve a significant rationalisation / upgrading of CBH's grain receival system. A proposal of this nature may involve longer road travel distances from the farm gate to the grain receival point and / or road travel between grain receival points, but is likely to maintain, if not increase, the percentage of grain railed to port. It is also expected to result in further train utilisation improvements and greater overall efficiency.

Grain Industry Summary

In summary, the evidence from the WA grain industry suggests that despite a steady program of track rationalisation, rail transport has progressively increased its role in grain transport in WA. The progressive efficiency improvements that have followed from the joint approach to strategic planning has ensured that rail transport continues to achieve efficiency improvements to assist WA grain growers to remain competitive in world markets. From a government perspective, the collaborative industry approach has provided clear indications of what is needed from an industry perspective thus allowing government to consider its policy and capital investment responses with some certainty.

Woodchips Industry

The WA Government has recently announced its funding support for the development of a new intermodal terminal for woodchips at Greenbushes (south of Bunbury). The announcement followed extensive consultation with industry and the community in the timber growing area of the state.

Essentially the proposal involves road transporting woodchips to the terminal at Greenbushes and transhipping the woodchips onto rail for the transport leg into the Port of Bunbury. The project will result in the Greenbushes to Lambert railway being discontinued, but will result in the "to port" transport activity being transferred from road to rail.

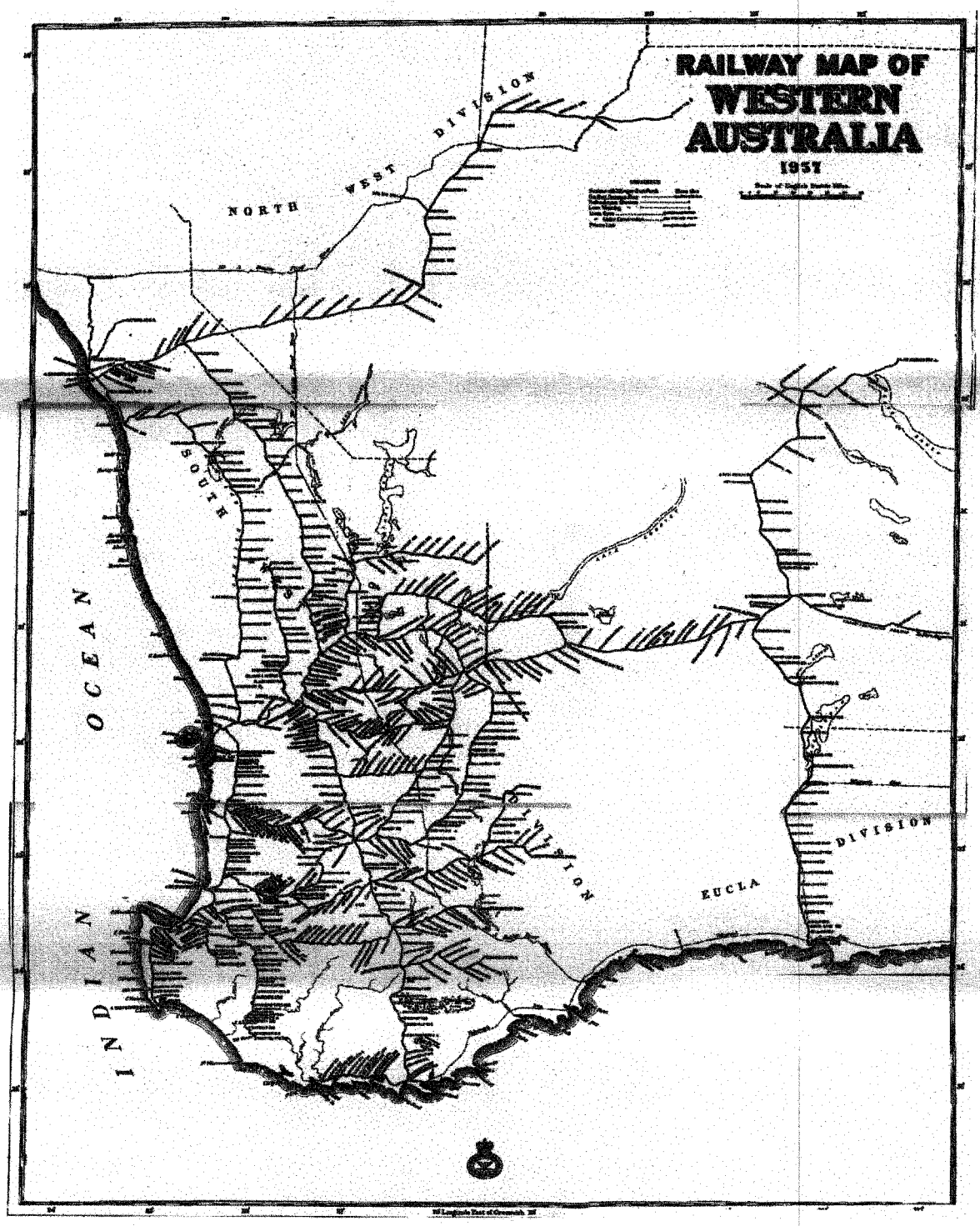
Summary

The SWATS report of 1977 set a clear policy direction for the development of road and rail transport within WA. The evidence of industry collaboration (both within the industry and with government) demonstrates how a sound role for rail transport can be maintained and strengthened. What has sensibly flowed from the reviews and policy settings is a logical rationalisation/upgrading (plus some extensions) of the rail network in WA. These changes have stemmed from a continual reassessment of where the appropriate road and rail interface should be, and ensured the best attributes of rail transport add value for the customers and supply chains to whom rail provides services.

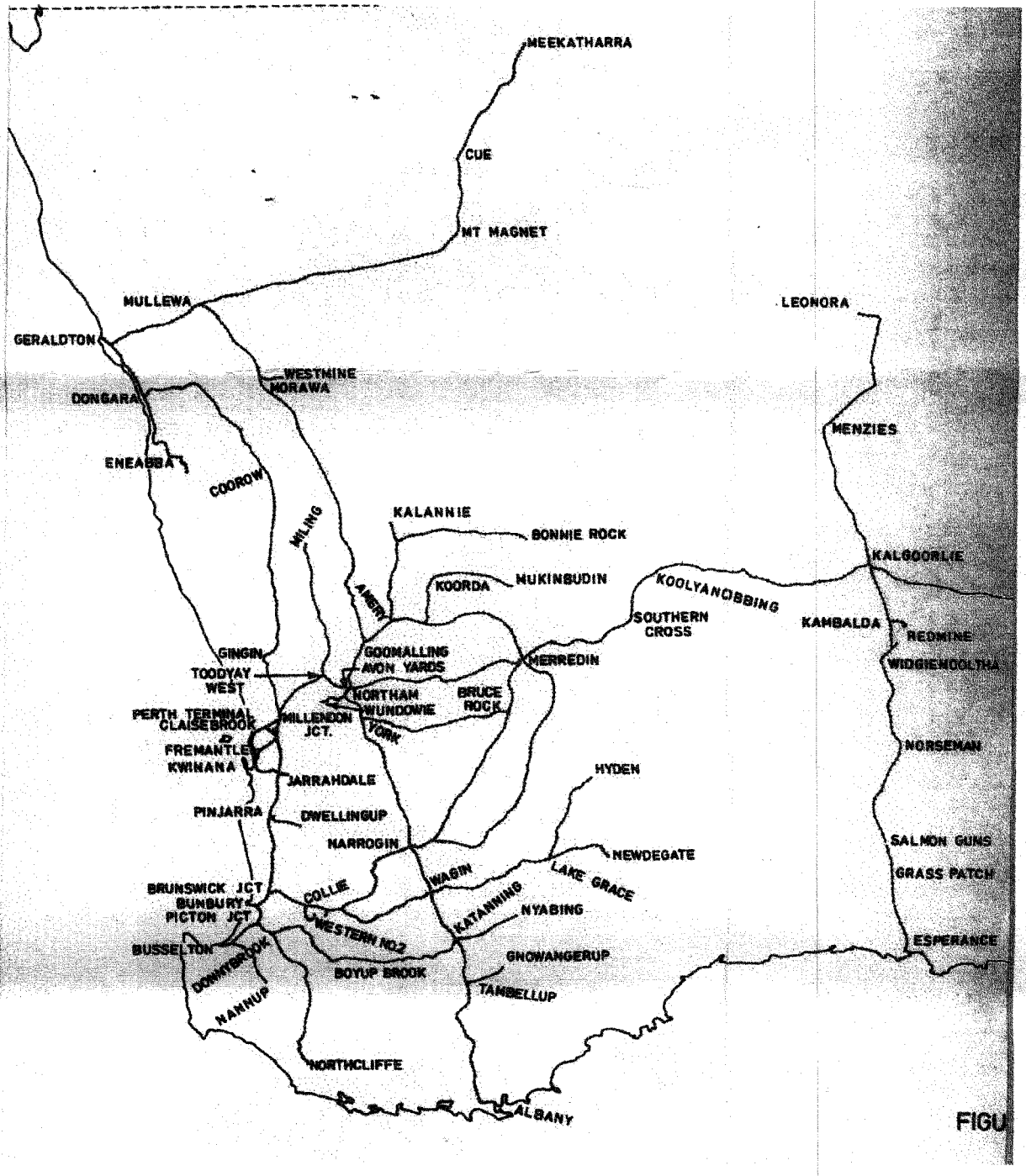
The rail network in 2007 could be as shown in the map at Appendix 5 which includes a potential rationalisation to the grain network (one of the higher network rationalisation options from the report prepared for the Grain Logistics Committee) and the network reduction as a result of the agreement reached with the woodchips industry.

The evidence outlined above demonstrates the types of efficiency and effectiveness improvements in the use of rail transport, which is line with RTSA objectives.

Appendix 1. Rail Network in 1957.



Appendix 2. Rail Network in 1977



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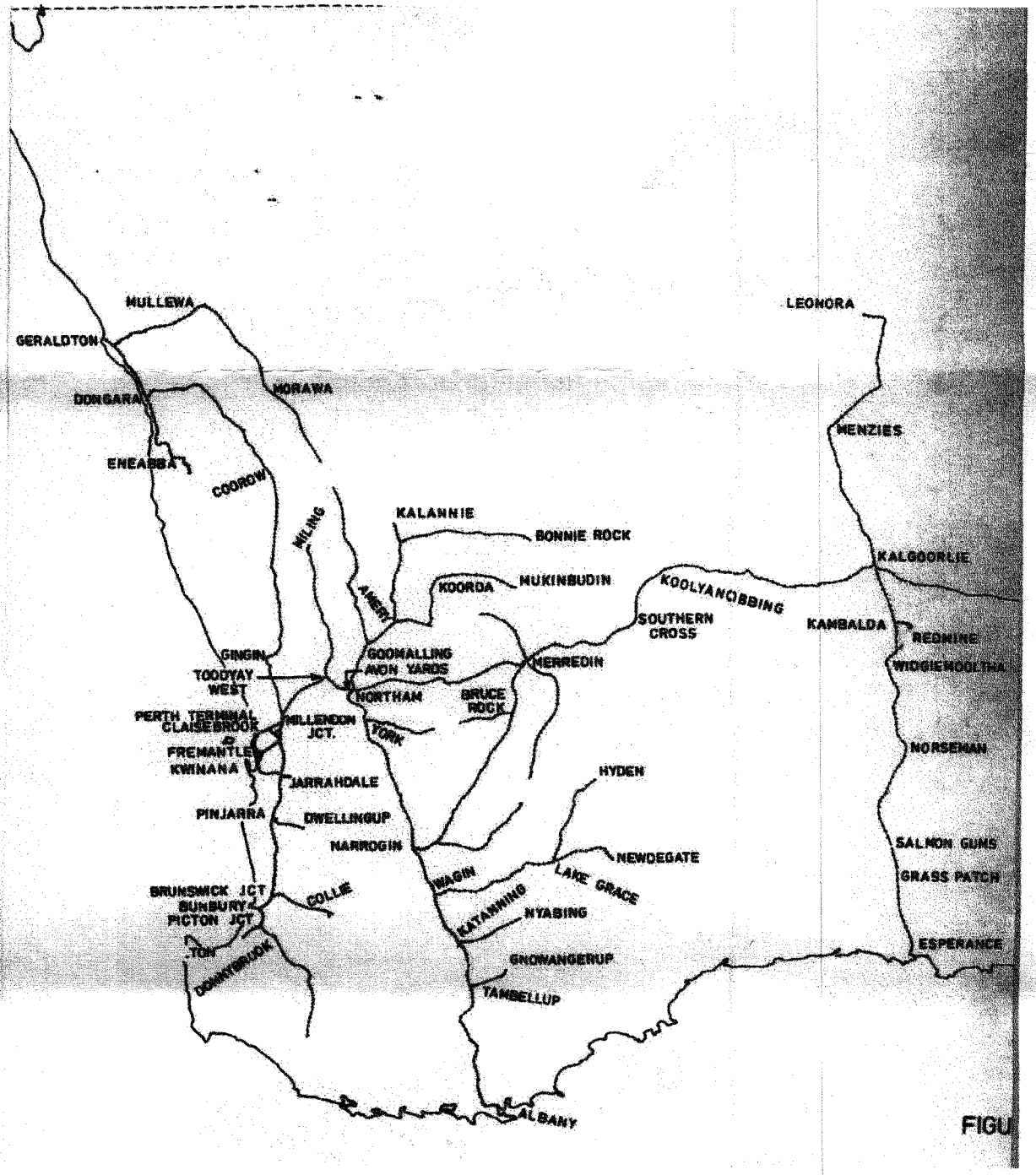
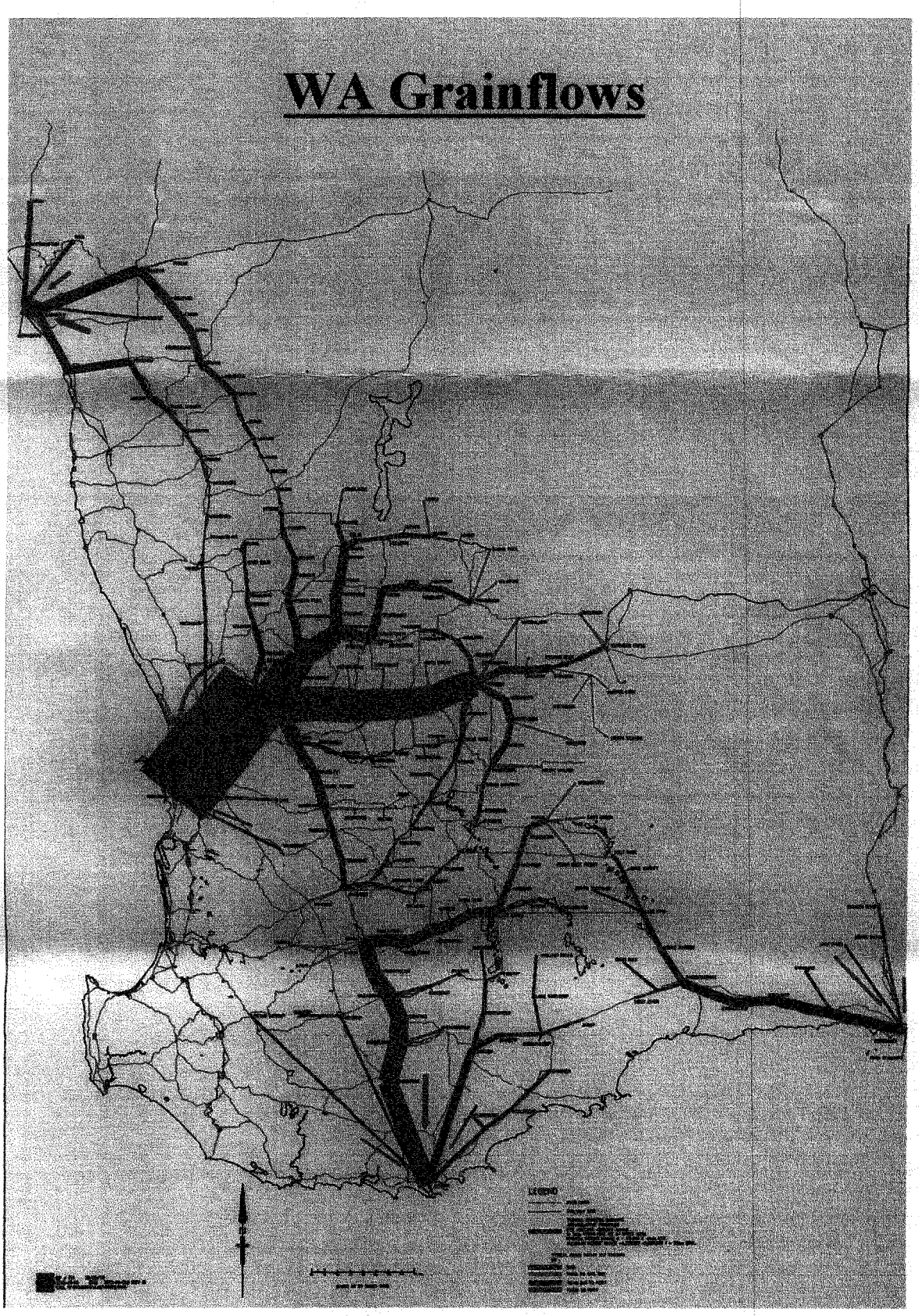
Appendix 3. Rail Network in 1997



Appendix 4. Projected WA Grainflows for 2005.



Appendix 5. Possible Rail Network in 2007