



SUBMISSION BY THE FREIGHT RAIL OPERATORS GROUP

TO THE

ADELAIDE RAIL FREIGHT MOVEMENTS STUDY

ON THE DISCUSSION PAPER ISSUED OCTOBER 2009

The Freight Rail Operators Group (FROG)

Mission:

FROG was formed to ensure that Freight Rail Operators' unique perspective on key issues in Australia's policy and regulatory environment is heard.

Members:

FROG comprises the principal freight rail operators in Australia



FreightLink



Genesse & Wyoming



Independent Rail of Australia



Pacific National



Queensland Rail



SCT Logistics



South Spur

General

FROG has appreciated the opportunity to contribute to this important project as a member of the Project Reference Group, and in responding to the draft Discussion Paper.

FROG generally endorses the views in the Discussion Paper regarding the importance and current capability of the corridor addressed in the Study.

General comments on the Discussion Paper are as follows:

1. Importance of the Corridor

The Study's geographical scope from Taillem Bend to Adelaide forms an important part of the Australian Rail network, both for the East-West rail corridor and also for South Australia.

a) East-West Rail corridor

The section connects Melbourne and with Adelaide, and thence to Perth. Some key interstate traffic dependent on the corridor include:

1. Land bridging services for S Australian exporters and importers to and from the Port of Melbourne.
2. Steel products from OneSteel's Whyalla facility to customers in Victoria, and from the Eastern seaboard plants to Adelaide and Perth.
2. Intermodal traffics to and from Melbourne to Perth, which provides a key component of the supply chain for the growing WA economy.

b) SA Intrastate Network

The corridor carries important regional traffics from the Murraylands and South East region of South Australia to Adelaide, particularly grain.

2. Corridor Standard

The Report identifies significant shortcomings with the operational capability and amenity issues associated with the corridor. In particular the limitation of train length to 1500m single stack, compared to the industry standard 1800m double stack for operations West of Adelaide.

From both a national and regional freight perspective, FROG believes that resolving the operational limitations and amenity issues associated with the current Adelaide Hills alignment is a significant priority within overall planning for the rail network.

3. Criteria for Evaluation of Options

The Study is yet to publish evaluation of the options proposed in the Discussion Paper. Three factors are particularly significant from an operator perspective

- a) Resolving the operational limitations and amenity issues associated with the current Adelaide Hills alignment;

b) reducing the cost of rail operations between Melbourne-Adelaide and Melbourne-Perth

c) Preferably, improving the transit time on the Melbourne–Adelaide corridor to provide rail customers with an improved service offer. (Improvements on the longer Melbourne-Perth route are proportionally less significant due to the longer overall transit time).

On the information presented in the Discussion Paper not all the options meet all these criteria.

Option	Resolve limitations & Amenity	Reduce Costs	Shorten Transit time Melbourne-Adelaide
1. Upgrade Existing Route	√	√	X
2. Northern Bypass N of Truro	√	√	X
3. Northern Bypass S of Truro	√	√	X
4. Southern Bypass	√	√	√
5. Both Option 1 & Option 3	√	√	X

The Southern bypass option is the only one which improves both cost and market offer Melbourne-Adelaide. However the share gains would need to be considered in further stages of the project against the very substantial cost involved in this alternative.

FROG also has some concerns over the operation of diesel locomotives in such a long tunnel, particularly involving heavy grades, given the need to ensure driver amenity, safety in the event of an accident or delay, and risk of locomotive overheating experienced in other much shorter tunnels.

More detailed comments are provided in the response to the Study questions in Attachment I.

4. Next Steps

Robust evaluation of the options, with the benefits of feedback from the consultation process appears essential, notwithstanding the significant difference between the options on the total investment required.

FROG members will be pleased to assist this process both through participation in the Project Reference Group and elsewhere.

Response to Questions posed in the Discussion Paper

FROG offers the following comments on the questions raised in the Discussion Paper:

Question	Comments
Other features of the route which it is important for the study to take into account	The noise issues associated with the current alignment, which are the subject of significant continuing industry work, are clearly a material factor in assessing the relative attractiveness of alternative options.
The economic growth forecasts underlying the freight forecasts	The basic GDP and other assumptions supporting the forecasts appear reasonable.
The base case forecast for traffic carried on the Adelaide Hills route	This appears reasonable.
The relative shares of traffic M:A and M:P	<p>In considering the Melbourne-Adelaide traffics, there are a number of traffics which are not solely related to the general forecasts of economic activity:</p> <p>In particular, land bridging is a significant proportion of the traffic originating or terminating in Adelaide. The sensitivity of this traffic to changes in vessel call patterns, or other changes to seaborne flows has already been raised with the study team.</p> <p>Steel product movements are also affected by supply sourcing and train routing decisions as well as economic activity.</p> <p>The relative shares of traffics for Adelaide and Perth (and return) will therefore be influenced by these specific factors as well as expected relative economic growth in the two States. We understand this has been considered by the team in their analysis.</p>
The extent to which a more effective alignment would improve services and lead to a greater use of rail instead of road	<p>A more effective alignment may improve interstate intermodal services in two ways</p> <p>a) By allowing 1800m double stack trains, reduce cost and increase capacity at times preferred by the market. Achieving such gains is dependent on appropriate works occurring elsewhere along the whole corridor.</p> <p>b) Reduce transit time and hence improve the fit of the rail option with customer needs. Savings need however to be considered in the context of the door to door transit time (including terminal and PUD time.) Savings on such a short length of corridor therefore need to be very substantial to have a material impact on the door to door time. Also land bridging volumes are less sensitive to transit time savings.</p> <p>Such improvements have greater relative influence on traffics Melbourne-Adelaide. However, while important, only the southern bypass option offers material</p>

Question	Comments
	<p>shortening of the Melbourne – Adelaide transit time, which given the high proportion of this traffic is land bridging suggests the overall increase in total corridor traffic through this better offer is likely to be fairly small.</p> <p>Grain services are from a region in which rail already has the major portion of the task. The existing alignment with improvements is the most efficient and cost effective route for grain movements into the port of Adelaide, but will not as a consequence greatly affect grain volumes on rail.</p>
<p>The options identified and whether there are any alternative rail alignments that should be considered.</p>	<p>FROG is not aware of materially different alignments which should be considered. We however understand that studies for upgrading the existing route have considered a number of detailed variants, which should be fully considered in this review also.</p>
<p>The assumed freight paths (routes) and whether these reflect the choices that above rail operators are likely to make.</p>	<p>Decisions will be driven by the underlying drivers of cost and transit time associated with each option. For intermodal container traffics, on the data presented, given the cost advantages of double stack and longer trains, FROG members would use any of the upgraded or new routes with that capability rather than continue with a single stack operation on the existing route.</p> <p>However for bulk grain traffics, no such benefit applies. On the data presented, FROG sees the upgraded existing route or Option 4 as the most cost effective and efficient route for this bulk business. Options 2 and 3 would add significant cost and transit time for grain services into Port Adelaide.</p>