

TASRAIL

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NEW APPROACH, NEW ATTITUDE,
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THE NEW STANDARD FOR
FREIGHT LOGISTICS IN TASMANIA



SETTING A NEW STANDARD FOR FREIGHT LOGISTICS IN TASMANIA

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TasRail on the right track for growth

Logistics organisation's progress is a boost for business, community and environment.



A customer-focused approach is helping TasRail to drive a new era of rail in Tasmania, and to capitalise on a period of strong investment. Industry is benefiting from TasRail efficiency gains, and the community is benefiting from fewer trucks on roads.

TasRail, a leading logistics organisation, is building a reputation for innovation and industry engagement. It is working closely with customers, investing in valuable terminal projects, and attracting customers back to rail.

'TasRail's next phase of growth is all about the customer,' says TasRail CEO Damien White. 'Staff have worked hard to transform the rail network, rolling stock and terminal facilities. Our challenge is to build on that good progress and ensure TasRail is responsive and nimble, and puts the customer at the heart of everything we do.'

White adds, 'Tasmania must have a vibrant rail network. The ability to move freight as efficiently and reliably as possible is critical as the Tasmanian industry sells more goods offshore. Also, greater use of rail has environmental and community benefits, as fewer trucks are used.'

Efficiency gains benefit Tasmanian business

TasRail's approach is working. Freight availability, a measure of its on-time delivery, averaged 98 per cent in the year to March 2016. It was less than 50 per cent in 2009 when TasRail's investment and transformation program began.

The proportion of consignments delivered without incident in that period was almost 100 per cent. That is a remarkable result for a rail network that had almost monthly derailments in the previous decade, and a reputation for unreliability.

Net tonnage carried has increased by 18 per cent since the state-owned company was established in December 2009 – this is solid growth in the context of Tasmania's challenging mining and forestry industry conditions.

White says greater industry confidence is underpinning TasRail's gains. 'Business can see that TasRail has a clear, long-term plan and vastly improved operational performance. We are engaging more with customers, listening to their needs, and creating solutions through innovation. Customer feedback on our service is very encouraging.'

But TasRail, says White, is not content with dwelling on past gains. 'We must deliver a compelling, sustainable case for more organisations to choose rail over road, and further strengthen TasRail's proposition as a provider of logistics solutions.'

Greater collaboration between TasRail and industry

A good indicator of TasRail's competitive position is industries and organisations returning to rail in preference to road.

A major new customer for TasRail, an integrated transport and logistics service provider that specialises in Bass Strait shipping and logistics, has returned to rail in Tasmania after a long absence. TasRail's improving operational performance encouraged the company to use rail.

The Tasmanian forestry industry is also making renewed use of rail. Log transportation had been taken off Tasmanian rail in the previous decade because of derailments, safety concerns and reliability issues.

A TasRail innovation, the LogTainer, is providing superior loading/unloading efficiencies and improved safety outcomes. Locally designed and

manufactured, the LogTainer is a custom-designed cradle that sits on top of rail wagons, enabling TasRail to haul logs and conventional shipping containers. Its unique design allows the backhauling of intermodal freight on log-train services.

Greater collaboration with TasRail is also reflected in logistics companies co-investing in several recent terminal developments. TasRail is responsible for the management of Tasmanian rail terminals, including the storage of bulk materials and ship loading.

Toll Holdings, Tasmania's largest freight carrier, invested \$25 million in the Brighton Transport Hub, north of Hobart. The hub, opened in 2014, is providing a safer, more efficient and productive rail network, while reducing turnaround times and increasing rail-freight volumes on the north-south line.

The \$12 million Burnie Optimisation Project, completed late in 2015, has further enhanced Tasmania's rail-terminal facilities. A collaboration between TasRail, Toll Holdings and TasPorts provided half the investment, and the federal and Tasmanian governments provided the rest.

The expanded rail terminal, complete with freight-storage facilities, has improved train handling/unloading times, reduced traffic congestion and facilitated vastly improved transit times. It further strengthens TasRail's competitive position in the Burnie/Brighton corridor, of which it rails 68 per cent of the contestable freight.

Another initiative, the \$7 million Bell Bay Intermodal Terminal Project, in the Bell Bay industrial precinct, is strategically important for Tasmania's freight and transport system. Completed last year, it directly links customers with the state's rail network and provides options for industry to load freight directly onto ships at the Northern Port, or rail freight from Bell Bay to other ports.

'We see the terminals as TasRail's "shopfront" for industry,' says White. 'Their substantial upgrade has created new multimodal solutions for Tasmanian industry, enhanced freight efficiencies, and provided a platform for road, rail and ship operators to work together. The terminals further strengthen TasRail's competitive position.'



TasRail's promising outlook

TasRail wants to use its enhanced market position to attract the remaining 10 per cent of Tasmania's available bulk freight that is suitable for rail but hauled by road. In doing so, it will create options for more Tasmanian industries to use and benefit from rail.

TasRail also aims to be financially self-sustaining, receiving only minimal government subsidies for track maintenance. The state government's Below Rail Maintenance Contribution is expected to have more than halved to \$8 million by the next financial year.

'It's very important that TasRail develops a capability to reinvest in its operations out of internally generated surpluses from our freight operations,' says White. 'We intend to keep improving the network and deliver a greater dividend to taxpayers.'

Rail is forecast to generate \$159 million in value to Tasmania – based on savings from the use of rail rather than road – over five years to 2019, according to 2015 research by pitt&sherry, an infrastructure consultancy. These savings should grow steadily as TasRail's freight volumes increase, and as the next phase of government investment in its rail infrastructure further improves the network's safety, reliability and efficiency.

The savings include an estimated \$58 million in avoided road-maintenance costs, \$55 million in efficiency savings

for Tasmanian industry, \$40 million in avoided road accidents, and \$6 million in environmental cost savings.

'Tasmanians want cleaner, greener freight solutions,' says White. 'There is a lot of support for rail, and goodwill towards TasRail, because people want fewer trucks on roads and they recognise rail's contribution to communities across our state.'

TasRail has come a long way from the organisation that the Tasmanian Government created in 2009 to combine the below-rail assets (that the state assumed responsibility for in 2007) with all the above-rail and business assets purchased from Pacific National.

'There had been chronic underinvestment in the rail network, locomotives and terminals for many years,' says White, who joined TasRail as CEO in April 2010.

'The result was unsatisfactory performance and a loss of confidence. TasRail has turned that around and delivered sound growth, but there is a long way to go. Simply offering the right price and being reliable in freight is not enough anymore. Customers' expectations are higher, so TasRail will be aiming to deliver a stronger value position that ensures customers are central to everything that we do.'

To learn more about TasRail visit www.tasrail.com.au.