



27<sup>th</sup> July 2015

The Chairman  
Inquiry into the Financial Sustainability of Tasrail  
Legislative Council  
Parliament House  
Hobart.

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Dear Sir

The Tasmanian Transport Museum Society respectfully presents this submission in regard to the future directions of Tasrail. The Tasmanian Transport Museum Society was formed in 1962 and now is the proud operator of the Tasmanian Transport Museum at Glenorchy which features operational rail vehicles of the former Tasmanian Government Railways. These vehicles have been reintroduced to heritage service by the Society and have participated in statewide operations in conjunction with the Derwent valley Railway at New Norfolk and the Don River Railway at Devonport.

During the acquisition, restoration and operation of the vehicles the Society has interacted with the Tasmanian Government Railways to 1975, Australian National Railways to 1997, Australian Transport Network to 2004, Pacific National to 2009 then Tasrail under state government ownership to present date. Over that time, every rail operator since the Tasmanian Government Railways has concentrated on and aimed towards developing the railways of this state based on being a commercially focused freight railway with an emphasis in break even or profit. It is the observation of this society that despite noble efforts from all parties, this goal has not been sustainably achieved and in all probability will be extremely difficult to sustain into the future without continuing capital injections. Along with these efforts, there has been an extremely variable desire to interact with the rail heritage sector and the most positive interactions have been the result of individual railway officer's considerations and efforts rather than publically evident corporate intent.

This society will leave it to others to comment on the relevant financial rates of return on recent investments made by Tasrail but does broadly agree that they have been required for the continued effective operation of a railway in this state as most assets including the track itself, have been subject to minimal real investment over nearly 40 years since the demise of the state owned Tasmanian Government Railways.

However this society would question whether the investment made can be justified solely through the operation of a freight railway based on current tonnages. Whilst some wins have been made in this regard the current limited increases are likely to be short term (Bauxite), subject to state government subsidy, facilitated by another government enterprise (logs from Brighton to Bell Bay) or relatively small tonnages (containers from Devonport and Launceston to Hobart). Apart from these traffics, Tasrail only have four major customers:

- MMG at Rosebery,
- Australian Cement at Railton,
- Norse Skog
- Toll Transport

Indeed Tasrail currently asserts that it has achieved coverage of 68% of the targeted contestable freight market in Tasmania. By default this infers an increase of something less than 50 % of current tonnages is possible into the future without an expansion of that market itself. (however it should be acknowledged that the existence of viable freight network will no doubt influence increases in the freight market over time)

**Accordingly this Society contends that it is time for the State Government to review and expand the focus of Tasrail to be more aligned with a wider set of state growth goals that benefit the wider community including the Heritage Tourism sector as well as the traditional freight sector.** Broadening of Tasrails present operations will ensure that the investments made to date provide opportunities for returns to a wider spectrum of Tasmanian businesses and the Tasmanian community as a whole, through relevance to a wider cross section of the Tasmanian population.

This society makes the following suggestions:

- 1) That Tasrail take over responsibility for and ownership of the railway track and safe working (network control) of the West Coast Wilderness Railway.
- 2) Through arrangements established through point 1, Tasrail actively encourages and facilitates heritage passenger train access to the wider Tasmanian railway network.
- 3) Tasrail have a series of Key Performance Indicators established to report on annually in respect to support and facilitation of rail heritage and tourism in Tasmania.

These suggestions are further expanded upon below:

- 1. That Tasrail take over responsibility for and ownership of the railway track and safe working (network control) of the West Coast Wilderness Railway.**

The Tasmanian Government currently owns and controls two railways of the same gauge in the state. Both currently require recurrent fiscal support. Both are required to maintain railway track and operate in a safe manner. Whilst there are many differences in rolling stock and the prime purpose of both railways, having Tasrail take over management of the track infrastructure and safe working system of the West Coast Wilderness Railway which would be common to its current core operation should lead to:

- a) A reduction in overall costs as capital equipment expenditure on specialized equipment can be minimised and insurance possibly shared.
- b) A possible increase in track standards of WCWR through best practice adoption
- c) Seamless recycling of selected redundant assets from heavy duty freight operation.
- d) A possible increase in attractiveness of remaining WCWR operation to private enterprise through not having to maintain track or safe working systems
- e) The processes being put in place that see Tasrail interact with a heritage rail operator on Tasrail tracks. Initially this would be two state government enterprises operating side by side, but it would establish protocols, precedents and policies that could be extended to

heritage train operation on the main network in conjunction with existing volunteer heritage railways.

Operation of West Coast Wilderness Railway steam passenger trains would remain a specialist enterprise as there is little synergy with Tasrail freight operation

**2. Through arrangements established through point 1, Tasrail actively encourages and facilitates heritage passenger train access to the wider Tasmanian railway network.**

It is not suggested or intimated at any point in this submission that Tasrail should be in the business of operating heritage or tourist passenger trains whether they be of regular weekly schedules or occasional services. Passenger train operations can be quite labour intensive in many regards and in this regard these operations are best dominated by volunteer labour. However there are many attributes of passenger rail operations that Tasrail could support and facilitate:

- through training
- some inspection and engineering certification
- cooperative timetabling
- consultation when undertaking infrastructure development etc.

All of these would require commitment by or shareholder direction to Tasrail to become involved in such activities. Such costs should not be looked at in isolation but on an incremental cost basis – that is, what is the extra cost of Tasrail to share knowledge or provide service or consult on a proactive basis?,

**The initial trialing of such arrangements with West Coast Wilderness Railway would allow base line scenarios to be established with overall cost reductions flowing to government early.**

Such arrangements should lead to a welcoming culture to heritage train operators to make use of spare capacity on taxpayer funded rail tracks in Tasmania rather than the current guarded reception received along with primary considerations of cost and liability without recognition of wider return or opportunity for the state as a whole.

**3. Tasrail have a series of Key Performance Indicators established to report on annually in respect to support and facilitation of rail heritage and tourism in Tasmania.**

Currently, Tasrail operates as a vertically integrated rail operator with the first of its core objectives being the “provision of rail and associated freight services in Tasmania”. Should government pursue the direction of objectives put forward in this submission Tasrail will undergo somewhat of a culture change and become much more focused on its role **as a custodian of a significant state asset** with much more interaction with its taxpayer ownership base. It will also be contributing to a much more economically and culturally diverse range of economic sectors and businesses than it currently does.

This will undoubtedly provide new challenges for Tasrail and a whole new sector of entities monitoring its performance with a vested interest. Accordingly, it is suggested that key performance indicators be introduced to keep Tasrail focused and transparent in regard to its expanded roles and responsibilities. These could take the form of financial, time invested, outcomes (heritage train km or passengers) or other measures but whatever is reported on it is suggested that this be fully transparent and able to be supported by freely available detail. Throughout this submission, the extended scope of Tasrail to be a more vibrant part of the state’s wider economy is being suggested. This does not have to be restricted to operation of heritage trains alongside freight trains on the “operational” network. This state has many kilometres of non-operational rail track that have potential uses identified for heritage or tourism purposes.

***Incidentally, a Business Plan prepared for the TTMS by Chris Le Marshall last October demonstrates that a Tourist/Heritage Rail service on the former Bridgewater – Hobart corridor, would be financially sustainable.***

Although care needs to be taken not to create unlimited costs back to the state on speculative ventures, there are sections of track that require relatively little capital investment to make them operational again for **low axle load passenger train operations at restricted speeds**. These tracks are currently under the care of Tasrail and incur a baseline cost just to manage the inert property and infrastructure without running trains. It would thus be very tempting for Tasrail to view interest in operation on these tracks as an opportunity to divest itself of current costs and liabilities to the interested party.

It is to be hoped that the directional changes that this submission hopes to foster within government and Tasrail would instead promote a culture of partnership and cooperation to look at how the current costs of maintaining an inert asset could be harnessed to facilitate improved outcomes for the state as a whole rather than Tasrails balance sheet. As an example it could be that assets at the end of their commercial life cycles could be supplied along with training to enable a volunteer body to safely take on tasks to reduce Tasrail costs to maintain that particular corridor (an example is perhaps weed spraying). The savings made could then be reinvested in support of further volunteer activities to make the otherwise inert asset again active for greater community gain.

Above all, this submission hopes to foster an attitude of what can be responsibly achieved to provide a true return to the Tasmanian economy and assist to justify the significant capital expenditure on upgrading the railways of this state.

Thank you for the opportunity to present this organisations thoughts and opinions on this matter.

The Committee of Management  
Tasmanian Transport Museum Society Inc

Rod Prince  
President