

NEWSLETTER No 3/2007



Railway Technical Society of Australasia
SA Chapter
Engineering House, Bagot Street
NORTH ADELAIDE SA 5006

March 2007

NEXT MEETING

The next RTSA meeting is a joint meeting with and will be hosted by the PWI. It will be held on

**Thursday 12th April 2007
at the Adelaide Riviera,
31-34 North Terrace, Adelaide
commencing at 5.30pm.**

The speaker for the next meeting will be:

**Mr Roger Wyatt
of Janus Railway and Civil**

who will talk about

"The Glenelg Tramline Switch Upgrade"

In 2005 with the proposed delivery of new trams, the upgrading of the tramline track and the appreciation that the existing tramline turnouts were approaching the end of their lives and suffered from a number of deficiencies, TransAdelaide decided that a new design of turnout was required.

Roger Wyatt of Janus Railway & Civil was engaged by TransAdelaide to design the turnouts and in partnership with Dave Burton of TransAdelaide; the two developed a new innovative design. The new turnouts have been coded BW after their designers.

In the spring of 2005 a spate of tram derailments, some of which were on turnouts provided both impetus to complete the designs and provided areas for further design refinements.

Since then a number of turnouts have been installed and a program of further installations is progressing.

The presentation will cover the background to the design, the various features of this innovative design, the installations and the performance to date.

Refreshments will be served after the meeting.

Continuous Professional Development (CPD)

IEAust members are reminded that attendance at RTSA technical meetings contribute towards CPD requirements. Each RTSA technical meeting generally has a value of 1 CPD point.

March 2007

LAST MEETING

Mr Chris Hall from Bluebird Rail

spoke about his experience in and the details behind the last years of AN's passenger business and the eventual sale of the business. He also spoke about Bluebird Rail and its development.

The following article is based upon Chris's talk.

"Long Distance Passenger Rail - The Transition from Government to Private Operation"

Chris Hall fell into the rail industry and rail tourism by accident. His background was human resources and had worked for most government departments prior to taking up the position of Personnel Manager of Australian National (AN) in 1988.

In 1990, Chris was appointed General Manager Human Resources and his main task related to the restructuring of AN and the reduction of personnel numbers. In doing this he reviewed the various operating departments and eventually this included the Passenger and Travel Division (P&T) that ran the various AN passenger trains.

The passenger trains operated by AN included the Ghan, the Indian Pacific and the Overland for which, at the time, the cost recoveries were 60%, 45% and 35% respectively. The Ghan ran two services per week in winter and one per week in summer and was wholly operated by AN. The Indian Pacific and the Overland were jointly owned and operated with other rail authorities. The SRA operated the Indian Pacific from Sydney to Parkes, AN from Parkes to Kalgoorlie and Westrail from Kalgoorlie to Perth. The Overland was run by AN and VLine with each responsible for their respective sides of the SA Victorian border.

In 1992, the position of Manager Passenger and Travel was to be filled and Chris met with the then General Manager, Russell King to discuss likely candidates. The GM suggested that as a result of his investigation, Chris had the best knowledge of the division and suggested that Chris take the job. When the GM suggested something, it was not wise to refuse and Chris accepted, taking up his position in 1993.

On taking up his position, the following areas were recognised as needing attention:

- i) On-Train Staff – They were not hospitality industry trained.
- ii) Marketing – Advertising and marketing was not aimed at suitable target audiences.
- iii) Provisioning – Train provisioning was badly managed and there were no inventory controls.
- iv) Management Groups – Elitist and separate from the workforce.
- v) Maintenance and Servicing Facilities
- vi) Facilities – Booking offices and terminals

In addition to the above, the most important need was to secure the management within AN of the Indian Pacific for the entire distance from Sydney to Perth. This was achieved over a 12 month period and required the taking on of staff from the other rail systems and integrating them into AN.

To improve the performance of the Passenger and Travel Division, the following initiatives were implemented:

i) On-Train Staff

On-train staff was rostered into teams and the teams performance was measured and reviewed. All on-train staff were put through hospitality training. Secret on-train inspections and staff reviews were abandoned in favour of more enlightened evaluations methods. Staff members identified as not performing to the required standard were supported and encouraged with appropriate training.

Departing from past practice, complaint letters were given less emphasis but compliment letters that had been ignored in the past were given significantly increased attention. The aim was to build on what was done right rather than dwell on what had been done wrong.

The above actions lead to a culture change within the on-train staff and resulted in significant improvements in on-train service.

ii) Marketing

AN marketing was pitched as an adventure and was aimed at young and free independent travellers. In fact the experience did not live up to the marketing claims. A more appropriate market was that of older people who were not in a hurry, who wanted nurturing and a simplicity of arrangements.

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AN had a range of marketing agents around the world which was found to be poor. More suitable agents were found and appointed.

Agents in Australia were just as bad. In one case a SA tourism representative when questioned, said that Europe was wonderful and couldn't think of what Australia had to offer.

The AN booking function was moved to the Keswick Terminal.

iii) Provisioning

Qantas was contracted to supply all food. The food was pre-made with portions cut to size, ready to cook or heat. More importantly Qantas employed their control systems to identify both how much food was required and what was used. There was no allowance for wastage or pilfering. A significant saving in food cost was achieved.

iv) Management Groups

The number of managers in the Passenger and Travel Division was reduced from 7 to 3. Surplus managers were offered redundancy.

v) Maintenance and Servicing

The workshops were made more efficient through consultation and the consideration of suggestions and ideas to achieve greater efficiency. More efficient and reliable equipment was obtained.

Train cleaning was kept in house at Keswick but contracted out at remote locations such as Alice Springs.

vi) Facilities

All Passenger and Train officers were transferred to the one location at Keswick, as was the booking function.

While the above reform was being implemented, other initiatives included:

- i) The Indian Pacific train sets were upgraded, initially at a budgeted cost of \$12.5 million but eventually to cost \$24 million. By contrast the Ghan sets had been refurbished at a cost of \$3.5 million 2 years before.
- ii) The total management of the Indian Pacific and Overland was achieved.

iii) The catering function was contracted to Qantas.

iv) The Passenger and Travel travel agency was sold to a private business that used it as a basis to set up a successful private travel agency.

v) The business was trimmed to core functions with a focus on hospitality.

vi) On-Train staff received hospitality training.

vii) Rail standardisation between Adelaide and Melbourne allowed a fully standard gauge set of rolling stock increasing both flexibility and opening up future possible options. For example a one off Perth to Brisbane via Melbourne train was fully booked even at a premium fare.

The AN Passenger and Travel Division was subsidised. After 1988 it was the only part of AN that was subsidised. All other AN business divisions made an operating profit.

In 1993 the annual subsidy was \$35 million. This went into general revenue and the Passenger and Travel Division received the money via its budget allocation. Under the guidance of Chairman Don Williams, who thrived on achievement, the aim was to make the passenger service a profitable business in its own right.

Unfortunately Don Williams left and a new politically appointed Board was appointed. The new Board had an agenda to sell off AN. AN was broken up into its various business units and packaged for sale.

The Passenger and Travel Division at this stage was in an ideal position to be sold. The business had been reformed and packaged into a suitable entity. It was a valuable asset with approximately 180 vehicles.

The annual subsidy had been reduced to \$6 million. Passenger and Travel paid AN track access charges and was also charged an additional contribution of \$6 million to service the load for track upgrade. In effect the passenger business was on the brink of profitability.

The major impediment to profitability was that the railway employees were paid approximately 11% higher than equivalent workers in the hospitality industry and penalties and allowances were over 20% higher. While the business remained in Government ownership and was covered by Federal Awards, this was unlikely to change. The sale of the passenger business would allow the new owners to reemploy those existing staff that wanted to remain in the business at award rates more closely aligned to the hospitality business. In the event this is what happened.

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The AN Board was not happy about the positive performance of the passenger business. The Board's aim was to get rid of the business at any cost and for political reasons it was considered that the electorate would oppose the sale of a profitable government owned business. The aim therefore was to make the passenger business appear unfavourable and to be making a substantial loss.

When an advertising campaign was launched over a Christmas period, Chris was called in to explain why the business was being advertised. The Board made it clear that there was not to be any advertising of the AN passenger trains.

The Board questioned all results achieved by the business. The Board allowed the cost of the Indian Pacific upgrade to increase to \$24 million when the fixed contract price was \$12 million in order to subsidise the AN workshops.

However, because of the momentum of change, the board could not stop the results from improving. Eventually, in 1997 and in no uncertain terms, Chris was told to run the business into the ground. This Chris could not do and resigned his position. At the time that he left, both the Indian Pacific and Ghan fleets had been upgraded and the cost recover had risen to 82% for the Indian Pacific including the \$6 million for extra track charges, 95% for the Ghan and 70% for the Overland.

In the end, the passenger business was sold for \$16 million with the appearance that it was a loss making ineffectual organisation that required the breath of life to survive. As an indication of how much undervalued the passenger assets were worth, a while after the sale, two carriages were written off after being damaged by fire. The new owners received approximately \$4 million each for the carriages from insurance. In other words, two carriages were equivalent to half the purchase price.

Following his departure from AN, Chris became associated with a group that wanted to rebirth the Bluebird railcars. This group became Bluebird Rail. Eventually they negotiated a purchase of 9 Bluebird railcars for a price of \$41,400 or \$4,600 each.

Initially the group contracted the refurbishment of the railcars but found they had little control over the cost of the refurbishment. The group considered doing the work themselves, found out that Islington Workshops were empty and in February 1998 took out a lease on the Fabricating shop.

At about the same time the AN Passenger and Travel Division was sold to a consortium headed by Serco and Stagecoach and was rebranded under the name of Great Southern Railway.

The first thing they did was to change the staff pay and conditions to be in accord with the hospitality industry.

Then they looked at the Overland train. While the Indian Pacific and Ghan services make a profit, the Overland does not.

The Overland was a service that remained subsidised by the SA and Victorian Governments. It is the oldest inter capital rail service in Australia and no government would close it. The Overland is an interstate commuter service, not a leisure train like the others. It competes with airlines, buses and self-drive cars. It also carries passengers part way and these seats remain empty for part of the journey not earning revenue.

A number of options were considered including running the train during the day to save on operating and track charge costs. The use of the Bluebirds was considered as part of this option. The other options were to close the service or maintain the subsidy. The SA and Victorian Governments chose to maintain the subsidy.

When GSR took over the business, they had little to do to get the business onto a firm footing other than to improve marketing, improve on-train service and reduce the costs of on-train staff by changing the award.

GSR had no real need to spend any capital. They contracted out both the maintenance work and the train haulage.

Bluebird was able to obtain some of the maintenance work and from this, a relationship was built. In 2000, Bluebird was contracted to carry out major upgrades of the diner and lounge cars. This led to upgrades of sleeper cars, which was mostly carriage building work, carpet and upholstery.

Bluebird also won rail track contracts for John Hollands on the Leigh Creek Line and Outer Harbor projects. They also obtained machinery maintenance, servicing and overhaul contracts.

One thing that was not foreseen was the requirement for retention toilets on the trains. In 2002 the WA Government threatened to stop the Indian Pacific from entering Perth Terminal so retention toilets were installed on all of its fleet. This done, the Indian Pacific and Ghan trains continue to run as the icons they are. They are internationally known.

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Only a large organisation such as GSR can afford to run passenger trains. Their size justifies the overhead costs. Bluebird Rail is a small organisation and trying to run tourist trains on the Barossa Valley Line did not work. In practice the market was too small and the destination was one that could be driven to in significantly lesser time. The returns could not cover the costs of operation, insurance, track access and stabling. The high cost for train travel was not acceptable.

Bluebird Rail has sold the Bluebird rail cars to another owner who is trying to get them operational again.

Bluebird Rail has now been purchased by Chicago Freight Car Leasing Australia and is thriving as a rail vehicle maintainer and builder.

Chairman's Chatter – Duncan McLeod

As an organisation involved in (amongst other things) promoting rail transport, RTSA operates in a niche which must be almost unique in this country.

On one hand, there are industry groups made up of representatives from rail owners, operators, contractors, and suppliers. At the other end of the spectrum, Australia has a myriad of railway enthusiast organisations in one form or another.

Sitting in the middle is RTSA, comprising people from a range of backgrounds. RTSA members are interested in the technical aspects of railways, and/or the future of the industry from a quasi-professional rather than a purely enthusiast perspective. A majority of members are professional engineers, but a significant proportion are not.

Here in South Australia, the industry advocacy aspect was strengthened a few years ago, when the Rail 2000 lobby group was merged into our local RTSA Chapter. In this context, it was somewhat perplexing to learn of a recent initiative by Engineers Australia. EA is gauging responses to a suggestion that those eligible for EA membership should hold such membership as a prerequisite to joining RTSA.

People holding engineering qualifications may not wish to join Engineers Australia for a variety of reasons. For example, somebody may be qualified to join EA, but may be employed in a different profession or occupation, and thus see membership as somewhat irrelevant. Yet they still may have a professional interest in railways, and may wish to be a member of RTSA as a focus of that interest.

Another aspect to consider is that eligibility for membership of EA is subject to more rigorous scrutiny than for RTSA, where the formalities are minor by comparison. It seems inappropriate that a person with

engineering qualifications should have to jump over more hurdles to eventually become an RTSA member than would somebody else who does not hold engineering qualifications.

RTSA is a diverse group of men and women, but with a common interest. I believe it would be undesirable to do anything which could lead to a perception that there is any sort of "dividing wall" between those members who are engineers and those who are not. Some of the most significant contributions to our organisation, at both Chapter and National levels, have been from people who do not hold engineering qualifications.

It was therefore no surprise to read in our Executive Chairman's recent letter to members that the outcome of EA's survey of selected RTSA members' views on the suggestion was overwhelmingly negative.

Nevertheless, this issue will no doubt remain active for some time to come. If you have specific views on the subject, now is an appropriate time to voice them. This will help to guide the RTSA Executive in its deliberations.

The Observation Post – Max Michell

February has indeed been an interesting month (or more correctly $\frac{3}{4}$ of a month); the Wagga Regional Rail Seminar, several interesting days out peering at the local rail scene (even if some outings were really work related) then just this week the great day out when Sydney became the city of Queens.

The Wagga Seminar deserves to be one of those landmark occasions that will be recorded in history as a defining moment. Here we are in 2007, looking at the long awaited upgrading of the national rail network (ironically one of the first projects completed is the bridge at Wagga Wagga) while at the same time the regional network in most parts of the country is falling into disrepair.

In some cases such as in Victoria the situation is an outcome of a seriously flawed privatisation, and as John Hearsch was to tell the seminar, probably that will be fatal for some of the remaining 'freight' network in that state. Even recovery for the rest is not yet secure, and in John's view that can only be achieved by a combination of recovery maintenance and standard gauging. In doing so the southeastern region (embracing NSW, Victoria and South Australia) would have a common gauge with inter-changeable resources working in a market large enough to sustain a viable business through seasonal fluctuations.

Other states did not get more than a passing mention at the seminar, apart from Western Australia where despite the relatively good standard of their grain lines it

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is proposed to yet again contract the rail network against rapidly increasing grain production. This may be a classic case of traditional short horizon economics at work, but at the same time a neat counter-foil to the keynote presentation.

Ed Zsombor, Director of Rail Projects at the Saskatchewan Highway and Transport Agency gave a presentation that was quite inspirational. Canada, as is the case here, has a relatively dense network of rural lines scattered through the agricultural part of the country (the 'less cold' bit in Canada's case). The major railroads – Canadian Pacific and Canadian National – were the owners of most of these lines but have progressively cast them aside as being a distraction from main line operations. The Canadians, unlike us, have a quite sensible and logical process to deal with this situation that basically takes as its starting point the desirability of retaining these secondary rail links if at all possible. The result has been a rapid and continuing growth of short lines that, in Ed's words, range from Ma and Pa operations through to ownership by Regional Railroads (we know about them – Rail America, Wisconsin Central, Genessee and Wyoming etc) and everything in between. A number are co-operatives, some are private equity, others are public, and there are examples of public track ownership with the above rail contracted out. These short lines actually originate something like 25% of all rail traffic in Canada. They survive by feeding traffic to inter-changes with line haul railroads and taking a contracted tithe from the overall rail rate for the traffic. In some ways this is very similar in a smarter way to the contract road carriers who cart containers in and out of South Dynon, Chullora and their kind, except that the short lines have a rather more symbiotic relationship with their large rail mates than the roadies do with the rail line haulers here.

Ed ran through some of the support that the Province (State) will provide to start up short lines, the regulatory issues and so on (see the RTSA web site at www.rtsa.com.au for the overhead presentations from Ed and others at the Wagga Seminar). Even little asides about some of the operations were instructive – there is some 60 lb/yd rail in use (suitably sleepereed and ballasted) that carries 286,000 lb cars (wagons) which in our speak is 32.5 tonnes axle load. These move at low speed, but there have been no rail breaks or derailments so far.

The key lessons from Ed's inspirational presentation were that there has to be an attitude 'We cannot afford to waste useful assets; A removed railway has gone forever', there needs to be a vision, commitment and involvement (at all levels but particularly in the bureaucracies) and there has to be dedicated leaders and champions to set up and run a 'short line'. At the same time Ed indicated that the key to a successful short line is a viable business plan, and in fact this is a key issue for any Provincial support. At the same time Ed, in his role in Saskatchewan, believes in guidelines rather than legislation as the way to manage the Government interest in rail operations (having rail as a Federal responsibility helps in that the key legislation is Canada wide, with State responsibility being essentially subservient where it applies at all).

There are many differences between Canada and this country, not the least of which is our fragmented responsibility for rail, the application of 'open access' and horizontal segregation, the flawed and substantially immature privatisation process and the wholesale abandonment of regional traffics and opportunities by the a succession of rail owners over several decades. Never-the less there are some grand opportunities to save regional rail lines if we can work our way through the differences to develop an Australianised version of the 'We cannot afford to waste useful assets' attitude, coupled with something of John Hearsch's vision for a final rationalisation of the freight rail network and gauge issue in the three southern states. As Ed says it takes vision, commitment and involvement and I feel sure that between us all (or even just those who feel strongly about this issue) we have those attributes. Can we harness them, turn around the here-to-for blinkered bureaucrats and get some real progress at the quiet end of the rail industry?

It has to be said that the Wagga Seminar was an outstanding event as far as this delegate was concerned. A huge vote of appreciation must go to Andrew Honan, who drove the whole thing, and to Bill Laidlaw and John Watsford who contributed in no small measure to the organisation and running of the event. Thank you from all of us, including those who couldn't get there but may yet reap rewards from this event.

Go to the RTSA website and have a look at the presentations – well worth the effort

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MEETINGS FOR 2006/2007

Future Speakers/Dates/Topics				
Date	Speaker	Organisation	Topic	Venue
12/4/2007	Roger Wyatt		Glenelg Tramline Switches Upgrade	Adelaide Riviera North Terrace, Adelaide
3/5/2007	Larry Matters	ASTB	Lismore Victoria Level Crossing Accident	IEAust. Bagot Street North Adelaide
7/6/2007	Tim Ryan	ARTC	ARTC East Coast Upgrade	Hyde Park Tavern Hyde Park
7/7/2007	TBA	Bombardier	V'Locity Cars	IEAust. Bagot Street North Adelaide
2/8/2007	Bert Easthope	GWA	GWA Operations in SA	IEAust. Bagot Street North Adelaide
6/9/2007	TBA		TBA –Joint with IRSE	
4/10/2007	TBA		Adelaide Tramline Extensions	
1/11/2007	TBA		TBA	

Note - All 2007 topics beyond May to be confirmed.

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Articles or editorial comment for Newsletter are very welcome. We have over 100 members locally some of whom will have stories, events or developments of interest that could be reported in Newsletter.

Part of the function of RTSA is to keep members in touch with what is going on in the industry and with each other and to that end we are only too happy to publish items of interest.

Disclaimer

This Newsletter is a publication of the South Australian Chapter of the RTSA. The opinions expressed within are not necessarily those of the Chapter, Society or Editor.

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Electronic despatch of Newsletter is undertaken by Steve Torok – contact Steve on steve@tge.com.au if you have any problems receiving Newsletter electronically or in hard copy. Note that electronic subscribers will get their Newsletters and flyers as soon as the editorial work is done, while the hard copy mail will of course be some days slower.

For all other matters relating to RTSA SA Chapter contact Duncan McLeod (Chairman) at e-mail dmcleod@aapt.net.au, or by phone on 08 8338 7919.