

THE ABT RAILWAY MINISTERIAL CORPORATION ANNUAL REPORT 2011/12

Management

The *Abt Railway Development Act 1999* established the Abt Railway Ministerial Corporation (ARMC). Section 6 of the Act sets out the functions of the ARMC as:

- to arrange for any necessary approval to undertake the railway development; and
- to construct or arrange for the construction of the railway development; and
- to arrange for a person to operate the railway development; and
- to facilitate associated developments in the vicinity of the railway.

Section 31 of the Act requires the Minister to make a report to Parliament on the activities of the ARMC within four months of the end of each financial year. Section 31 also provides that the report may be by statement in an annual report from an agency for which the Minister is responsible.

By Administrative Arrangements Order (No. 2) 2010, the Minister for Infrastructure assumed responsibility for the ARMC and is able to delegate the functions and powers pursuant to Section 8 of the Act. The General Manager, Roads & Traffic Division, Department of Infrastructure Energy & Resources (DIER) was delegated under this provision however following his resignation in March 2012 the delegation was amended to the Director, Traffic & Infrastructure Branch of DIER.

Background

The railway was constructed in the 1890s by the Mt Lyell Mining and Railway Co Ltd to transport ore from its Queenstown mine to Macquarie Harbour, for export by ship. Increased maintenance costs and improved road transport to the North-West of the State made road transport of the ore a more cost effective option and the railway was closed in 1963.

In 1998, the Federal Government approved a grant of \$20.45 million from the Prime Minister's Federation Fund to enable restoration of the Railway as a heritage tourist railway. The State Government contributed \$18 million and the private sector also was involved. Reconstruction was completed during 2002 and full tourist train services began on 26 December 2002.

In August 2002, ARMC leased the railway to Federal Holdings Tasmania Pty Ltd (FH) for a period of twenty years, with two ten-year extension options. FH trades as West Coast Wilderness Railway (WCWR), which is the accredited Rail Infrastructure Manager and Rolling Stock Operator.

During the peak tourist periods, WCWR operates train services daily from both Queenstown Station and Regatta Point Station at Strahan. A reduced train service is provided over the winter months, depending on demand and special bookings.

The railway provides the only means of access between Lowana and Lower Landing (Teepookana Plateau), which is State Forest under the control of Forestry Tasmania (FT). WCWR transports vehicles on special wagons for FT as this is a primary source of Huon pine along with leatherwood honey by a licensed apiarist.

The WCWR directly employs over forty staff and undertakes all the maintenance of locomotives and rolling stock in the Carswell Park workshop. It operates engineering, carpentry and painting shops ranging from routine daily activities, refurbishment of carriages to complete breakdown and rebuilding of the steam locomotives. This includes upgrading the locomotives to contemporary technical and engineering standards resulting in improved reliability and efficiency, without losing the historic and heritage aspects.

The Abt Railway Ministerial Corporation

The assets owned by the ARMC include land, buildings and plant, track infrastructure, 39 bridges, three Abt steam locomotives, two diesel locomotives, carriages and various other rolling stock items.

Administration of the ARMC's functions and responsibilities and the management of the Railway assets incur costs, which include auditing of WCWR's compliance with the terms of the lease and asset maintenance, property management and reporting to Government. This is undertaken by staff within the Roads & Traffic Division of DIER, along with engagement of consultants for technical advice.

The ARMC receives rental income from WCWR for the lease of its assets, based on the gross income to WCWR, and is held in the Abt Railway Trust Fund, which can only be used for Abt railway purposes. This year's payment was approximately \$190,000 and, after ARMC's internal management and administration cost, the Fund is used for asset improvement and associated railway activities.

It is apparent to the ARMC and WCWR that the operating environment and market place of the railway have changed significantly from that envisaged when it was planned and reconstructed more than ten years ago. Both parties intend to undertake a joint process to assess all aspects of the railway and lease, identify appropriate amendments and instigate a more strategic approach to ensure the long-term viability of the railway. A review of legislation applying to the Abt Railway is also intended to identify any inconsistencies and possible need for amendments.

It is anticipated that following the above review the Fund will be directed more effectively for railway improvements. The ARMC has not undertaken major asset improvement or funding in the past reporting year, pending the review.

The Office of the Valuer-General has recently undertaken a five yearly revaluation of the ARMC assets. In summary, the land value has declined in line with general property sale trends while other asset values remain fairly static.

Highlights and Issues

- Total passenger numbers for this reporting period were approximately 29,700. This is a 10% reduction from the previous year and follows the downward trend of the past several years, and is consistent with the general tourism downturn statewide. For comparison, passenger numbers in the first operational year were approximately 60,000. The trend is of concern to the ARMC and Federal Holdings as it directly impacts on the overall viability of WCWR and resourcing capability to maintain the railway.
- WCWR has continued an extensive program of sleeper replacement and track maintenance in accordance with its lease obligations, along with significant maintenance of the locomotives.
- Much of the railway was rebuilt with used sleepers and surplus rail sourced from various sources. The materials are of variable type, are ageing rapidly and their replacement require resources in excess of that which WCWR can provide. There is potential for the asset condition to impact on the operational status of the railway in the near future and ARMC and WCWR are considering strategies to address this issue.
- In March 2011, a severe windstorm in the King River Gorge completely blocked about 500 metres of the railway with fallen trees and earth debris. WCWR was unable to resume full services for over three months while the hillside was made safe and the track cleared and repaired. The significant reduction in passenger numbers over that period and cancellation of forward bookings impacted on WCWR business throughout the rest of 2011.
- Several years ago the WCWR began using recycled oil instead of diesel fuel for the three steam locomotives, resulting in improved economy, efficiency and smoother running. Following an approach from a member of the public, the Environmental Protection Authority (EPA) undertook testing of the fuel and modelling of the operational characteristics. The final EPA report stated that "... emissions from the WCWR do not constitute an environmental concern." No further action is intended by ARMC or WCWR.
- WCWR has reported an increase in unauthorised entry to the rail corridor by walkers. Being in an isolated wilderness area without direct access this imposes risk to the public and WCWR staff, along with the potential of damage to rail infrastructure. In 2012 there was one serious incident in which a person required rescue from the King River by police, having accessed it via the railway. The ARMC is requesting legal advice regarding action that might be taken to manage the issue.
- Signalisation of two road/rail crossings in Queenstown was funded by a Federal Government safety initiative, and completed in February 2011. Late in 2011 it was found that the signals were being tampered with by unknown persons, causing disruption to the WCWR operations, safety issues and disturbance to local residents. It was agreed that the signals would be turned off while a technical solution was investigated. Subject to final approval, a proposed amended system will see the signals remotely activated by the train crew, though implementation will be at a significant cost.
- ARMC engaged a safety consultant to undertake an independent Occupational Health & Safety assessment of the railway. No significant issues were identified, though a number of asset and workplace issues were confirmed and are being addressed.
- The freight operation is of continuing concern to DIER as the cost to WCWR is not directly funded. This issue has existed since the railway re-opened because a cost-recovery system was not clearly identified nor implemented at that time. It has been paid by DIER as an interim arrangement until an appropriate payment mechanism is agreed with stakeholders.
- The ARMC has agreed to fund the purchase of spare used bogies from an interstate heritage railway that is disposing of surplus stock. This is the only source of compatible bogies and will enable WCWR to standardise the rolling stock.
- The Mt Lyell Abt Railway Society (MLARS) was the custodian of a large collection of artefacts and historical records, with a public display located in the Queenstown Station. ARMC was informed that MLARS has been deregistered for a number of years so the ARMC and WCWR have assumed custodianship of the MLARS collection until a permanent arrangement is identified. The modest balance of MLARS funds are being held by Federal Holdings with ARMC acknowledgement while the situation is finalised.