Public Submission by Alcoa World Alumina Australia on the Train Management Guidelines as submitted by WestNet Rail

Prepared for:

Rail Access Regulator
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1. INTRODUCTION

Alcoa World Alumina Australia (Alcoa) has submitted this paper in response to the call for public submissions by the Regulator in relation to the Train Management Guidelines submitted by WestNet Rail (WestNet).

Alcoa operates 25 train trips per day between Pinjarra and Wagerup refineries and the port loading facilities at Bunbury and the port and refinery at Kwinana[1]. Daily tonnage transported by rail is in the order of 38,000 tonnes and multiple journeys to each destination are required for most products to ensure continuity of the production process.

Against this background, we see the Train Management Guidelines as a vital part of the process to ensure rail access reflects the needs of all users on the network, especially as we must all coexist with other rail users often with different or sometimes conflicting priorities and needs.

The requirements of bulk haul users are sometimes misunderstood. There is a general view that mining companies do not require accurate timetabling or scheduled arrivals in order to achieve their monthly throughput but increasing cost pressures are causing additional constraints on the production process and these requirements need to be reflected in the daily decisions made by the access provider. Minimising disruption through careful planning and robust policies and procedures is part of the process required to manage the network and to provide the most flexible access arrangements to customers at the least cost.

[1] Appendix A contains an overview of the Alcoa rail haulage task in Western Australia

2. OVERVIEW COMMENTS ON THE TRAIN MANAGEMENT GUIDELINES

Alcoa has reviewed the Train Management Guidelines (TMG) as submitted by WestNet in the context of our operations on the South West mainline where all of Alcoa's rail task is situated. This section of track carries the highest tonnages of any track sections on the network with a mix of both passenger services and bulk haul users. Effective management of trains on the network is critical to efficient on-time running on all tracks but it is especially important on the South West mainline. The comments in this submission are, however, equally applicable to all routes operated by WestNet.

Alcoa considers the following aspects of Train Management are critical to the business needs of users on the network:

- Reliability of the network - is it maintained to a sufficiently high standard and therefore available as required;
- Effective utilisation of the network;
- Flexibility of train paths when required;
- On time running is guaranteed with minimal delays caused by network maintenance, speed restrictions, or other traffic delays; *and*
- An equitable process for the handling of conflicts on track - train priority, late trains etc.

We consider that these issues are best addressed in a detailed set of guidelines, individual procedures and instructions which operate at each level of management and control within the railway owner's organisation. If these procedures and policies are in place, then the system will react correctly to any event in a defined way and disruption to all parties should be minimised.

It is Alcoa's view that the TMG does not provide sufficient detail on the procedures for handling conflicts on the track or the rescheduling of trains to meet unexpected changes to scheduled train paths.

We believe that the railway owner's performance in this regard is best monitored by a series of relevant Key Performance Indicators (KPIs) which would show, through regular reporting, the performance of the railway owner in the key areas of:

- On time running v delayed running;
- Causes of delays eg track, signalling, operators, customers etc;
- Maintenance possessions - planning, time allocated/time used, reasons for late release etc.;
- Monitoring of track standards; *and*
- Response to delays and incidents.

It is our view that these concepts are not addressed in sufficient detail in the TMG as submitted. We have attached detailed comments both in response to the issues which are raised in the document and also on some other issues which are not addressed in the guidelines.

3. COMMENTS ON THE TRAIN MANAGEMENT GUIDELINES (TMG)

In the following sections, numbering in square brackets **[ ]** refers to the sections in the Train Management Guidelines submitted by WestNet in November 2001.

3.1. Relevance of Train Management Guidelines [Section 1.2]

It is important that there is some definition of the precedence of documents under the Code. The TMG contains many clauses which duplicate or are similar to clauses in the standard access agreement. Subsequent negotiations between operators and WestNet over the terms of an actual access agreement may therefore contradict sections of this document. This may lead to disputes and may require precedence of documents to be established. Any specific variations to the TMG agreed between parties should be incorporated into the Access Agreement and therefore the suggestion that the TMG should be attached to any access agreement will cause issues relating to any subsequent updating of the TMG.

3.2. Definitions [Section 2]

The definition of "Network" should be consistent with other documents released under the Code.

3.3. Use of Network in accordance with the Scheduled Train Paths [Section 3.1]

This section does not clearly explain the process following a successful access application allocation of train paths under the Train Path Policy which results in an amended Master Train Plan. What is the process of weekly or daily updates to the scheduling of paths? Is there a weekly or daily train plan which incorporates maintenance possessions on the track and variations requested by operators and customers. If there are any conflicts and priorities to be addressed as a result, how are these handled by the guidelines?

The statement that “WestNet is not responsible for any delay suffered or cost incurred by the Operator in complying with a proper Instruction of WestNet, and the Operator releases WestNet from any claim arising from such compliance”[2]

[2] WestNet's Train Management Guidelines Nov 2001 Page 6 last paragraph

does not address the issue of performance by WestNet. It would be expected that where the changes to a scheduled train path result from a requirement under the control of WestNet that it would accept some responsibility and which, at the very least, would be reported as a missed KPI.

3.4. Network Blockage [Section 3.2]

It is not clear from the guidelines who is responsible for clearing a network blockage. Would Alcoa be asked to provide locomotives from its trains if they were closest to the scene? Would locomotives from "the nearest locomotive depot"[3] be provided by AWR or another third party operator? Will WestNet declare an 'Incident Event' occurrence so that all operators and end users are aware that normal services will not be operating and that emergency procedures are in place. The procedures for managing such incidents should also incorporate any allocation of costs to the parties concerned.

It should also be noted that whilst some operators can provide assistance, others can not - for example, WAGR country passenger trains could request assistance from another operator to provide recovery in the event of total failure however WAGR diesel electric railcars could not provide assistance to a freight train.

3.5. Operator's Recovery Plan [Section 3.3]

The suggestion in the TMG is that the operator who is responsible for the breakdown will be consulted on the best way to resolve the issue however this may need to be broadened to include other Operators on the same line as that may result in a better, more timely solution.

3.6. Operator and Track Access Consultation Protocols [Section 3.4]

Good communications with all parties will be essential to the operation of the network. Keeping all affected parties advised on train delays is important and the protocols for this advice need to be established. Alcoa, for example, has set time accuracy limits on arrival and departure times from its sites to ensure that Alcoa personnel are available to load and unload trains. Any delays in transit due to either WestNet, other users or our own operator result in rescheduling of our staff

[3] WestNet's Train Management Guidelines November 2001 Section 3.2 (b) p7

and equipment resources. Real time updated advice is a KPI with our above rail operator and should be a KPI between WestNet and all operators.

3.7. Real Time allocation of Train Paths [Section 4.1]

WestNet have suggested that the real time allocation of train paths is based on either the Working Timetable or Special Train Notices. These documents may be the end result of input from many sources and the process needs to be explained in more detail in the guidelines as it is crucial to the efficient operation of the network.

Our understanding of the Working Timetable is that it is a long term planning document, only updated once or twice a year. Alcoa currently submits our forward estimate of train path requirements every week for the following two weeks. This primarily takes into account any changes in ship arrival patterns at the ports of Kwinana and Bunbury or variations in output tonnes expected at the refineries. This "weekly" timetable is then further modified on a daily basis to reflect any last minute variations caused by refinery output problems, train delays etc.

This process, or any variation to this process, needs to be detailed in the TMG. Whilst there is only the incumbent operator (and WAGR) providing above rail services on the South West line, it is to be expected that other operators will soon be providing services and therefore the process for real time allocation of train paths needs to be detailed and the approach to resolving any potential conflicts in the scheduling of trains should be explained.

3.8. Resolution of Prioritisation scheduled to Train Paths or to Trains [Section 4.2]

The brief statement in Section 4.2 on prioritisation appears to be in conflict with current operational practice on the South West mainline where passenger trains regularly have priority over freight trains irrespective of whether the passenger train is running on time or late. This approach seems contrary to the guidelines as submitted. It is not clear what special arrangements are in place for the Australind passenger service but if priority over and above the matrix is granted then all users should be made aware of the guidelines which are being applied and WestNet should be obliged to publish the arrangements. There is no mention

of premium access rates which may justify the current approach. **The TMG as submitted does not give priority rights to any one type of traffic except in relation to healthy v unhealthy trains.**

It should also be noted that there are occasions when Alcoa may seek priority access for its trains in order to meet a critical loading requirement for a ship but these are rare events. In the past, this requirement has been achieved by consultation with all parties or by reallocation of existing Alcoa train paths.

3.9. General Principles for Train Management [Section 4.3]

This section of the TMG requires significant expansion. It is interesting to note that WestNet have suggested a matrix solving approach to conflicts between healthy and unhealthy trains. This approach which was also proposed by Queensland Rail (QR) in its draft Undertaking has resulted in significant debate amongst stakeholders in their responses to the Queensland Competition Authority (QCA)[4]. The QCA, in its final response to QR has also suggested amendments to both the train control principles and the definitions of healthy and unhealthy trains[5].

At the very least, this section should include:

- definitions of healthy and unhealthy trains including the scenario where the operator has not been to blame for a train becoming late (eg due to network problem);
- a statement on train priority and how it applies on each route (eg over-length trains and passenger trains);
- a more detailed statement of the general principles[6];
- a definition of the tolerances allowed on various train paths including entry/exit times and running time tolerances;

[4] QCA Draft Decision on QR Draft Undertaking March 2001 Chapter 6 Capacity Management p270
[5] QCA Final Decision on QR Undertaking November 2001 Chapter 6 pp180-181
[6] Reference should be made to the proposed principles in the QCA Final Decision p177 (a) to (d)

- a definition of the principles to apply to late running including a statement of the objective of train control in relation to different traffic types - is it on-time running or capacity throughput etc;
- an upgraded matrix which identifies the default actions for all possible events and any special arrangements in place (eg passenger trains);
- the resolution of priorities following an incident or major delay;
- availability of all of this planning information and the decisions which result so that all parties acquires a better understanding of the conflicts that arise and the best way to resolve them.

As stated earlier, it is not clear from the TMG how the master train plan is updated to a weekly or daily train plan or if these documents are used. What mechanisms exist for new operators to have input into the preparation of the daily train plan. It would seem important that this sort of information including the matrix, train control running data, train control diagrams etc. should be available to all operators so that they understand the issues arising from train control decisions and to enable them to comment accordingly.

3.10. Maintenance Provisions [Section 4.4]

The current wording, "WestNet may, without notice to the Operator, perform repairs, maintenance or upgrading of the Network….at any time"[7] does not require any consultation with the operators or end users. WestNet should be obliged to give notice of all maintenance possessions. The only exception should be safety related incidents where no advance notice is available and where immediate action is required. All but a few maintenance possessions would be planned and therefore notice to operators and end users should be a formality.

There should be an additional level of consultation required where major works are planned and where scheduled train paths are affected. Advance notice of these possessions would provide an opportunity for users to increase stockpile levels prior to an outage to minimise the impact on all parties.

[7] WestNet Train Management Guidelines Section 4.4. Paragraph 1

We would suggest that there are several different levels of notification of maintenance possessions required in this section and that under most circumstances, WestNet should be obliged to advise operators in advance of all maintenance possessions.

The statement that "WestNet will at all times to [sic] maintain the Network….to the highest of (a) the standard existing as at the commencement date of the Infrastructure lease…."[8] does not take account of sections of line which were considered below standard at the start of the lease or which WestNet have agreed to upgrade as part of the lease conditions.

It is also unclear why section (b) uses the word "if" in relation to being an accredited track owner - one would presume that WestNet must comply with all requirements of the Transport and in particular the Office of Rail Safety irrespective of whether it is "accredited" or not.

For both this case and the final paragraph in this section referring to speed and weight restrictions, WestNet should perform to a KPI which measures the number and severity of these restrictions as a measure of their performance in providing a network which is fit for purpose.

Giving notice of speed restrictions and requiring the operator to comply is a necessary safety requirement but the guidelines should recognise the flow-on effect of these restrictions both in terms of moving the scheduled tonnes and the additional costs to the operator and the customer of these restrictions.

3.11. Disputes and Performance Monitoring [Section 5]

Dispute Resolution

The suggestion in the TMG that a dispute should be "referred to the Office of the Rail Regulator for that Office to investigate…"[9] appears to be at odds with the dispute resolution procedure in the Code. We would request that the Regulator advise if the Office is able to perform this role. It would seem that the Regulator

[8] WestNet's Train Management Guidelines November 2001 Section 4.4 p10

[9] WestNet's Train Management Guidelines November 2001 Section 5 paragraph 1 p 11

would be in a good position to arbitrate as he would have approved the document in the first place but is this a role that the Regulator is permitted to perform?

Performance Monitoring

The TMG should include a requirement to publish network KPIs by major routes on a regular basis. The view that all KPIs are specific to an access agreement is not shared by Alcoa.

The approach taken by ARTC in its Undertaking[10] to publish KPIs on its web page quarterly is one example of how to address this issue. There are a series of network wide KPIs which should be available to all operators, users and the general public which would show how the network is performing and identify any significant failures. These might include:

- Track standard reports;
- Utilisation and available capacity;
- Number and duration of maintenance possessions;
- Number and duration of temporary speed restrictions;
- Number of on-time entry and exits from each route;
- Number of delayed entry and exits from each route; *and*
- Cumulative delay time all users by route.

With this in mind, it would be useful to understand the Regulator's role in monitoring performance standards as much as pricing. The Regulator has a role in relation to the approval of the instruments of the Code and the government also has a role in relation to track standards either through rail safety standards or the specific requirements under the WestNet track lease. How all these various controls interact and provide a reliable, efficient rail network is the key to satisfactory performance by the network owner.

[10] ARTC Undertaking Version 2 September 2001 Part 8 Performance Indicators p21

We would recommend that a specific set of system KPIs should be identified in the TMG (similar to the ARTC Undertaking) which is published monthly or quarterly for all major routes in the network. This would be in addition to any KPIs agreed between WestNet and specific operators in individual access agreements.

3.12. Consultation and Review [Section 6]

It would be useful to establish an on-going period of review beyond the first two years. It may also be necessary to look at the operation after one year or sooner if access seekers find that this policy is not working. Presumably, under the Code, the Regulator can elect to change the policy at any time and WestNet can submit a new or amended policy at any time for approval by the Regulator.

3.13. Annexures [Section 7]

Most of these annexures should be deleted as they will only be repeated in an Access Agreement. Section 7.1.1 to 7.1.3 should remain but be reworded to reflect the commitments and obligations on the railway owner to provide access. A short section on the obligations of the operator may be justified but should be limited to complying with all the requirements of an accredited operator. The detail seems unnecessary here. These are guidelines for how the railway owner is to comply - not how the access seeker is to comply.

APPENDIX A

Alcoa's Rail Haulage Task in Western Australia

Alcoa World Alumina Australia (Alcoa) is the world's largest producer of alumina and a significant aluminium producer with mines and refineries in Western Australia and two aluminium smelters in Victoria. Operations in Australia are managed by Alcoa's corporate office at Booragoon in Perth. The company has 3700 employees in Western Australia.

Alcoa operates three refineries and two ship loading facilities in Western Australia. Refineries are located at Kwinana, Pinjarra and at Wagerup. Alcoa has two port berth operations which are exclusively for alumina/caustic ship loading/unloading operations – one at Kwinana and one at Bunbury. Three major commodities are hauled by rail to support the refining and shipping process. These are:

- bauxite from the Pinjarra stockpile site to the Kwinana Refinery;
- alumina from Pinjarra and Wagerup refineries to either Kwinana or Bunbury Ports; and
- caustic from either Kwinana or Bunbury ports to either Pinjarra or Wagerup refineries.

Bauxite is railed to Kwinana to be used as the main input into the refining process in the plant at Kwinana to produce alumina for export from the berth at Kwinana. Alumina is produced at both Pinjarra and Wagerup refineries and is railed to either Kwinana or Bunbury ports for export. Caustic Soda solution is imported for use in the refining process at all three refineries and is transported by rail in special containers to both Pinjarra and Wagerup refineries.

Under the State Agreement with the Government of Western Australia, Alcoa is obliged to haul these commodities by rail.

These commodities are hauled over 3 routes:

- Kwinana to Pinjarra via Mundijong Junction (referenced in the Code as part of route Route 7 and part of Route 9);
- Pinjarra and Wagerup to Bunbury Harbour (referenced in the Code as part of Route 9 – the South-West mainline track between Mundijong Junction and Picton); and

- Pinjarra to Alumina Junction (referenced in the Code as Route 11 – the track between Pinjarra and Alumina Junction and between Alumina Junction and Pinjarra South).

Alcoa's annual rail haulage tonnages are currently averaged at:

- 7.9 million tonnes for Bauxite;
- 5.1 million tonnes of Alumina; and
- 0.6 million tonnes of Caustic.

These tonnage represent approximately 80% of the traffic on the south west mainline which is shared with passenger trains (the Australind), other bulk haul users such as Western Power and Worsley Alumina and some general freight traffic.