Sydney Central Clock

The Times

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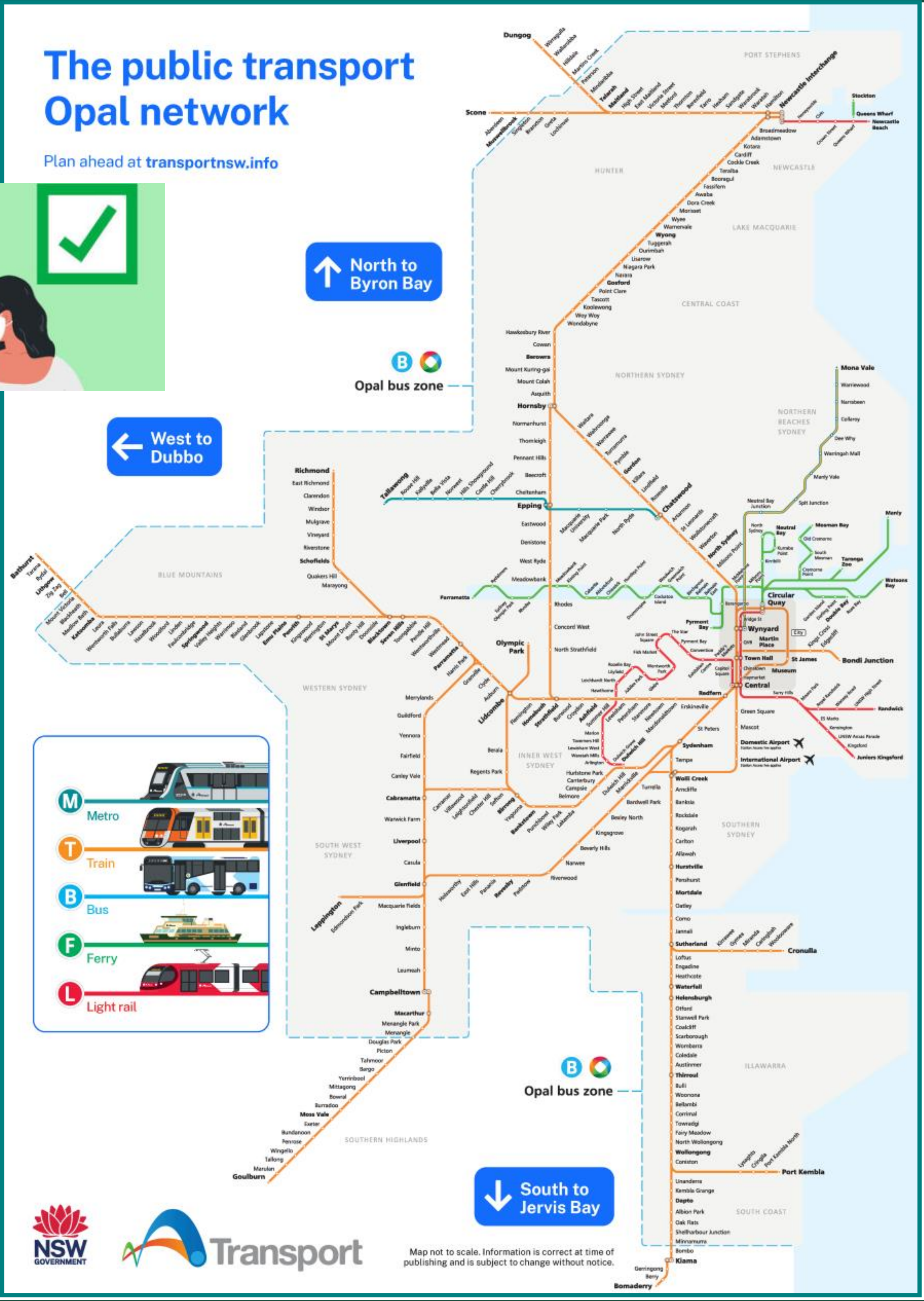

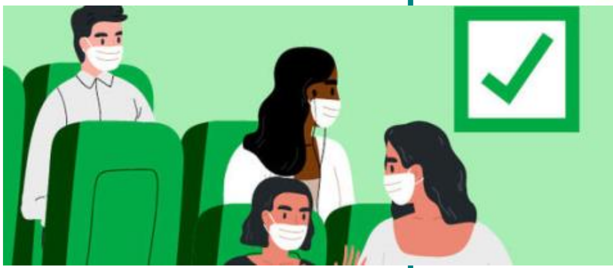

Inside: Sydney's Public Transport and COVID

An end to PSR?

Albury is back!

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Dear Geoff,

Thanks for a most entertaining and informative article regarding Moonee Ponds from the November 2022 issue. Some brief observations that might be of interest to our readers.

1. First, given the number of curves, not to mention significant 'reserved track' running, the 82 tram could be classed as a Melbourne equivalent of a route that may have operated in places like Ballarat. I am thinking of the Sebastopol to Lydiard Street North route which included the inevitable frequent curves but also sections (particularly at the Sebastopol end of the route where the tram had its own track off to the side of the road). I therefore pose the question: "*what other tram routes in Melbourne today could be compared to routes that operated in Victoria's three largest regional centres?"* The only route that might come close would be the route 12 Victoria Gardens to St Kilda Park Street, via South Melbourne. This route ticks the boxes including considerable reserved trackage and numerous curves (particularly in the South Melbourne area) and quiet 'back streets' rather than main thoroughfares.
2. Second, I draw your attention to route 483 Sunbury - Moonee Ponds operated by Donric (Sunbury Bus Service) and the comment as to whether anyone would use the service end-to-end. In my other role as a Bus Coordinator managing replacement services for level crossing removal and other projects, there have been a few times when I have been stationed at Sunbury and directed passengers to the 483 either (a) as an alternative to head into town if our replacement buses are running late and (b) if they work in the inner north and Moonee Ponds. If I lived in Sunbury and worked in Moonee Ponds or Essendon, I would definitely be a regular user of the service.

Finally I agree with your comments that this route merits a more detailed analysis.

Cheers, Steven Haby

How COVID affected Sydney's Public Transport

CHRIS PANDILOVSKI *garners Opal data to assess the impact of COVID*

WHAT'S IN A CARD? Quite a lot actually. This article has been written to glean information from changes in basic patronage/fare recovery profiles of travellers across the various public transport modes in Greater Sydney by conducting a mode-by-mode comparison of the proportion of trips made up by the four fare recovery groups (explained below). Sydney has five modes - Trains, Metro, Buses, Ferries and Light Rail.

This information has been pulled from Opal network data provided by Transport for NSW, where the Opal card is used for travel. The front cover provides an overview of this area. On the map, buses are shown by way of route and school services within the blue highlighted area, whereas the other modes have their routes displayed.

The decade of the 2010s saw significant patronage growth on public transport services resulting from ongoing population growth, a renewed focus on person-to-person customer service, and the adoption of technological advancements including Opal/contactless ticketing, real-time mobile trip planning and fleet renewal. This growth supported ongoing state government investment in growth projects, culminating in increased rail service levels, and targeted increases in bus services.

The events of 2020 and 2021 oversaw significant changes in demand for public transport services because of the COVID-19 pandemic. This period included several social lockdowns which necessitated people and businesses to adapt quickly to changing rules. The immediate need for adaptation in an ever-changing environment was aided by technological innovations and progress, which continues at an ever-faster pace today. From the days of the simple personal computer of the 1990s to today's 24/7 connectivity via the Internet and the availability of live video conferencing and streaming capabilities.

These two years saw patronage drop by up to 90 per cent at the height of lockdowns which were necessary at the time to minimise the transmission of the virus across the community, whilst progress was made on vaccination. Not only in Sydney, but right across the globe, the direct impacts on city mobility were unavoidable, wreaking havoc on all transport systems at one time or another. Post-pandemic, I anticipate that remaining lingering effects will become pretty much permanent due to many workplaces and other institutions commencing post-COVID normal operations, while accommodating increased work flexibility with the various benefits offered for both employee and employer.

This article has split passengers into four "fare recovery groups" based on the type of ticket they use (ergo the type of fare paid):

Full fare passengers refers to passengers who pay the regular maximum fares for their journey, whether through the Opal card or contactless banking card. Full fares can be paid through Adult Opal card, contactless banking cards, single trip tickets, Day Pass (basically used by non-profit organisations and schools), Single Bus Tickets sections 1-3 (yes, there continues to be minimal sales of these tickets - weekly sales are no more than double-digits), and "On Demand" services.

Half-fare passengers refers to child and concession passengers who generally only pay half of the full fare for their journey. Half-fares can be paid with a Concession Opal card, Child/youth Opal card, Child/youth single trip ticket, Child/youth single bus tickets 1-3, and Child/youth Day Pass (used as per the adult version above), however School cards have not been included here because most travel would be fare-free under the School Student Transport Scheme. This scheme provides free travel between home and school for eligible students, valid during particular time periods on school days. Therefore, Student cards have been allocated to the Freegroup, while any other travel by these passengers should be covered by the Child/youth Opal card, which is included in the Half-fare category.

Minimal fare passengers refers to senior/pensioner fare passengers. Their travel is capped at $2.50 each day regardless of the length or number of trips. They are available to part-time or retired people aged over 60, as well as selected Centrelink welfare recipients.

Fare free passengers refers to passengers who validly do not pay a fare for their trip. Free fares includes Free Travel Opal cards, Employee Opal cards, and School Opal cards (as previously explained).

AVERAGE MONTHLY PATRONAGE

Table 1 (top, next page) provides the average monthly trips made per mode, rounded to the nearest thousand, for the period January to September (Metro: June-September) inclusive. All modes are materially down like-for-like on pre-pandemic numbers. Important information regarding the increase recorded for Light Rail are provided in the Sydney Light Rail section below.

MODE PROFILES

The "Mode Tables" below provide the proportion of trips made by each patronage group, and show profile changes post-pandemic versus pre-pandemic for the months January to September (Sydney Metro data is only for months June to September). The percentages may not add up to exactly 100 per cent, due to rounding.

Table 2 shows that, across the greater

TABLE 1 - AVERAGE MONTHLY PATRONAGE			
	2019 *	2022 *	change
TRAINS	33,750,000	16,823,000	Down 50%
METRO	1,935,000	1,491,000	Down 23%
BUS	25,731,000	13,682,000	Down 47%
FERRY	1,276,000	823,000	Down 36%
LIGHT RAIL	901,000	2,037,000	Up 126%
* Year – Jan to Sept excluding Metro June-Sept.			

Sydney public transport network, the Full group accounts for just over 70 per cent of all patronage (although raw patronage numbers are down by 45 per cent); followed by Minimal with nearly 14 per cent (down 37 per cent); Half with just under 10 per cent (down 51 per cent) and; Free with a tad over 6 per cent (down 47 per cent). The biggest change between pre- and post-pandemic has been a decrease in the Half group, with the Minimal group the only one to grow its portion of the pie.

The fall in the Half group, the majority of whom are Concession travellers on most modes [Ferries are the exception, where Child/youth trips continue to outnumber Concessions handsomely – by around five-to-one], can mainly be attributed to the drop in Bus patronage for this category. I provide one theory for this in the Greater Sydney Buses section, later on.

Total patronage in 2022 is down 50 per cent compared to the same period in 2019. Full fares account for 76 per cent of patronage, which is down nearly 2 percentage points, while the Senior/pensioner group has jumped (up from 8.7 to 10.1 per cent) to second place, because its patronage decline has been less compared to the Full and Half-fare groups. Full and Half-fare groups are down over 50 per cent on raw patronage numbers, while Minimal and Free have declined, relatively, by just 42 and 37 per cent respectively.

The Half group has moved down into third place, with its 54 per cent trip decline due to similar declines in Concession and Child/youth travel.

Within the Free group, the smallest decrease was seen in school students. Unlike (say) many workers who have adjusted with more time working from home/remotely, school students, made up of primary and secondary school pupils, still need to attend their classes in person post-pandemic.

TABLE 2		
ALL MODES COMBINED		
	2019 *	2022 *
Full	70.8%	70.5%
Half	10.8%	9.6%
Minimal	12.0%	13.8%
Free	6.4%	6.2%

Compared to all of the other modes, the greater Sydney rail system continues to have a larger proportion of full-fare paying passengers.

Sydney Metro only has one line, between Tallawong and Chatswood ... with an eastern extension through to Sydney CBD then south-west onto Bankstown due around 2024/5.

Sydney Metro has had a 23 per cent decline in total patronage to 1.5 million monthly trips (compared to the same four-month period pre-pandemic). Interestingly, only two groups have had a material change in their piece of the pie. Effectively, the Full group has dropped by 2.8 percentage points while the Free group increased by relatively large 3.3 percentage points, also eclipsing the Minimal group into third place.

Sydney Metro continues to have the largest proportion of Half group trips ... most of that would be attributable to the line's proximity to Macquarie University, increased confidence of parents in allowing their children to use the city's first driverless train line for travel to & from primary & secondary schools, and potentially some bus route changes, which may have encouraged increased use of the line. Supporting these theories, School Opal trips are up 39 per cent, while both Concession and Child/youth patronage is 'only' down by between 20 and 25 per cent, with most other ticket categories down

TABLE 3		
SYDNEY TRAINS/ NSW TRAINLINK INTERCITY		
	2019 *	2022 *
Full	77.7%	75.9%
Half	9.6%	9.0%
Minimal	8.7%	10.1%
Free	4.0%	5.1%

by 50 to 60 per cent. This uplift in School travel was particularly apparent from February 2021 onwards (although temporarily decimated between July and October 2021 by another COVID lockdown).

The line extension, which is now expected to become operational over two stages, could lead to a readjustment of the existing fare recovery profile of Metro users. For example, the proportion of Full passengers might increase once the line commences operating directly into Sydney CBD, with stations at Barangaroo, Pitt Street (near Martin Place) and Central. Additionally, the inclusion of Waterloo station, near Green Square, for which the area has had explosive residential growth across the 2010s and a similar explosion in rail patronage between Mascot & Green Square stations and the Sydney CBD, which should be relieved by this line as well as the upcoming increase in T8 Airport line service levels which will occur with the removal of T3 City-Bankstown line services from the network for the new Sydney Metro Southwest extension.

The total patronage of Greater Sydney Buses (made up of Metropolitan and Outer Metropolitan operators) is down 47 per cent compared to the same period pre-pandemic. It has the lowest proportion of Full-fare users of the five modes (although this group has actually grown its piece of the pie since the same pre-pandemic period and now averages 8.7 million monthly trips) and the largest senior/pensioner profile of them all, making up nearly one-in-five bus trips. As with Trains, the Minimal group has declined by a smaller rate (38 per cent) compared to the other three (each down by between 45 and 60 per cent). The only trip growth category was with On Demand services, which have seen a climb of 37 per cent (but I note that On Demand runs off a relatively low base as a newer category). The On Demand category has been included as part of the Full fare recovery group, but is only contributing around 19,000 monthly trips to the 8.7 million, so is negligible in the scheme of things — outside perhaps reducing the cost base in lower patronage/hard to access areas.

One possible reason for the drop in the Half group (down 59 per cent), has been the opening of the CBD South-East Light Rail lines in December 2019 and April 2020, with the University of New South Wales catchment certainly making good use of the light rail line into Central and the CBD. As seen in the Sydney Light Rail (SLR) section below, SLR had a corresponding 400%-plus gain in Concession travel in the same period.

TABLE 4		
SYDNEY METRO		
	2019 *	2022 *
Full	72.5%	69.7%
Half	15.4%	15.3%
Minimal	7.3%	7.0%
Free	4.8%	8.1%

Sydney Ferries total patronage is down 36 per cent on the corresponding period pre-pandemic, but compared to the other modes, the fare recovery profile has changed very little.

A 29 per cent increase in trips in the Free group came courtesy of a big bump up in School card patronage (up 158 per cent). As a result, the Free group has doubled its piece of the ferry pie, although still a lot smaller than with the other four modes. In February and March 2020, these numbers uncharacteristically jumped up by around 100 per cent on these months in 2019 and have stayed at that level since (taking away the months which were impacted by COVID-19 lockdowns and school holidays).

In February 2022, Ferries also became the first mode to pass the 50 per cent mark of full-fare trips being paid by contactless bank card, an outcome that has been achieved in all but one month since (April). An item on the progress of uptake in contactless bank cards to pay for full-fares was included in the December issue of Table Talk.

SLR patronage numbers have increased significantly (up 126 per cent) with the opening of the L2 Randwick and L3 Juniors Kingsford lines in December 2019 and April 2020 respectively. As would be expected, Half-fares have jumped, and are now a larger piece of the pie, courtesy of the inclusion of the University of New South Wales (legally now "UNSW") catchment. Concession card use has jumped 403 per cent (now averaging 171,000 trips per month), while School trips are up 228 per cent (averaging 25,000 trips per month).

With the inclusion of the new L2 and L3 lines, which were not operational pre-pandemic, Half and Free trips have tripled in numbers, although the author

TABLE 5		
GREATER SYDNEY BUSES		
	2019 *	2022 *
Full	61.3%	63.3%
Half	12.0%	9.3%
Minimal	16.4%	19.0%
Free	10.2%	8.3%

TABLE 6		
SYDNEY FERRIES		
	2019 *	2022 *
Full	73.1%	72.5%
Half	11.1%	10.7%
Minimal	15.0%	15.3%
Free	0.7%	1.5%

does not have the data to separate the system by lines, and therefore make an exact like-for-like comparison for the L1 line. Despite a 71 per cent gain in the Minimal group, the sheer growth in the other groups saw its piece of the pie drop significantly (from 17.3% to 13.1%). Full fare patronage increased by 128 per cent, Half by 204 per cent and Free by 232 per cent.

SLR 2019 data contains both L1 and Newcastle Light Rail (from opening in February 2019). Due to adverse patronage impacts from the pandemic, 2020 and 2021 data is not considered a suitable replacement.

DATA GAPS

Transport for NSW itself acknowledges that School Opal card numbers "may be underreported" due to inconsistent validation behaviour. but, to my knowledge, because the proportion of this has not been quantified, the material impact this may have on the above information cannot be determined. It is my opinion that the under-representation would be material, based on personal experience with at least the rail and bus modes. The impact of this on the above tables would be that Free patronage is actually larger than what has been shown in the data above, and in fact total legitimate patronage is higher than the average monthly numbers reported earlier in the article.

Free patronage is also under-represented because some passengers who use Free Opal cards are not required to tap on and off — or even to have an Opal card at all.

I also believe that single trip ticket numbers (both Adult and Child/youth) are under-represented as it is not believed that all purchasers necessarily tap these at Opal readers, which is required for it to be considered "valid" for travel. The majority of railway stations do not have ticket gates, although these are generally smaller locations with lower daily patronage, while the setup of ticket gates at railway stations in 2022 has also been materially impacted by industrial action. The data provided is based on tap on and off, rather than sales, so it is unclear what difference there is between single trip ticket sales and taps on & off in practice. With the old magnetic ticketing system, there was some fare underpayment, with some passengers minimizing what they paid by purchasing child tickets instead of adult tickets. However while it is unclear if this continues with single trip tickets, it is believed the impact would not be material as single trip tickets are priced at a higher fare to reloadable Opal cards. Although I know nothing as to any illegitimate use of Child Opal cards for travel, as opposed to Adult Opal cards, both of which are freely available from Opal retailers without eligibility criteria needing to be met.

Total patronage numbers are also underrepresented due to the existence of integrated ticketing arrangements with some special events, which means that people travelling for certain events do not need to tap on or off provided they have their event ticket in their possession. This means that this patronage cannot be included

TABLE 7		
SYDNEY LIGHT RAIL		
	2019 *	2022 *
Full	72.4%	73.0%
Half	9.1%	12.2%
Minimal	17.3%	13.1%
Free	1.1%	1.7%

in the patronage data because there is no electronic validation of travel.

Total data for 2022 has been impacted by industrial action, particularly with the two free-fare periods, as explained previously, where no Opal taps have been required.

Readers may have additional insights into the numbers provided in this article, however it is clear there have been some significant shifts in public transport demand ... not just as a whole, but within particular travel groups due to the pandemic, with post-pandemic travel on a somewhat altered course.

IMPORTANT INFORMATION

This article compares 2019 data (the last full-year prior to the pandemic impacts) to 2022. At the time of writing (November 2022) we are getting towards the end of the year, with no social lockdowns, while restrictions and recommendations have eased greatly into what I anticipate will become regarded as the first proper post-pandemic year, where we can finally see how the pandemic has not just temporarily altered but in many ways permanently reset mobility across the city. The data from this year will therefore also resume being relevant to governments in supporting targeted investment, resourcing, service provision and future projects moving forward.

In an effort to equalise the comparison, taking into consideration seasonal variations, data used for both years are for the period January to end of September only. Further, because Sydney Metro commenced operating in late May 2019, its comparison has been cut down to a four-month period (June-Sept) for both years under the same equalisation principle.

It should also be mentioned that demand in 2022 has been impacted by the ongoing industrial action as part of the tussle for a new enterprise agreement, although the exact impact is unknown. The examples with highest impact would have been the one day in February where the rail network did not operate, the eight-day period in April, where trips were not counted due to a fare-free period between the Easter and ANZAC Day public holidays (interestingly, there was only one mode with a noticeable drop off in total patronage — bus — and half of that decline was attributed to a drop in school students [i.e. school holidays]), and a number of days spread out across the year with rail and bus services operating to minimal timetables, therefore reducing capacity and demand. I presume that the level of fare evasion has increased on the network as a result of some protected industrial actions, including the one-month period (around August) when all train station ticket gates were left open. Despite the above, I believe, for the purposes of this article, that this year's data as a whole remains relevant and informative.

Whilst one may think that modes with a higher proportion of full-fare paying passengers on their services should have better cost recovery, this may not be the case if their cost base is higher.

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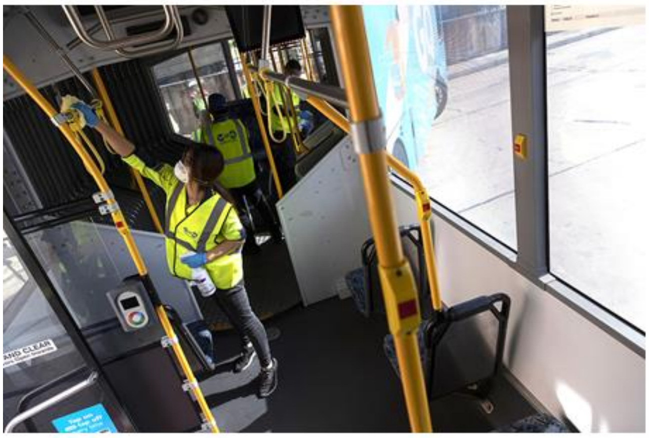

Railroad barons are reconsidering Precision Scheduled Railroading — the playbook that made them rich

RACHEL PREMACKAME says *railroaders are now seeing that they've gone too far*

USUALLY WHEN I SIT DOWN to read prestigious publications targeted at insidery urbanites, I do not get the opportunity to learn about railroad management. But the last few months have given us lengthy features about just that in publications like New York Magazine, The New York Times and Slate.

The operational model in question in these pieces is precision scheduled railroading, or PSR. The journalists who wrote about PSR were not complimentary of them.

Federal regulators aren't happy about PSR either. While PSR has allowed railroads to boost profits and manage costs amid declining demand for rail services, critics say it has left railroads with fewer staff and equipment needed to properly operate.

It seems that the railroaders are starting to also see the issues around endless streamlining. Class I freight railroads are reconsidering some factors around PSR, which has left them with furious customers, employees on the verge of striking and probes from the Surface Transportation Board on unusually bad service. In one quarter of 2021, a year of unusually high U.S. imports, rail's intermodal sector, which moves containerized goods, claimed just 11% of all freight movement — its lowest in almost 12 years.

"I truly believe they've learned their lessons," said Bloomberg Intelligence's Lee Klaskow, who leads logistics and transportation research. "I think they will operate not as lean as they once did because they missed a huge opportunity. Because there's so many different commodities that collapsed during the pandemic, they could have been winning a lot of intermodal share — especially given the tight trucking market that we saw a year ago. But they couldn't, because they didn't have the service."

It is time, as Fadi Chamoun of BMO Capital Markets put it, for "PSR 2.0."

That means reconsidering — or even undoing — previous moves around efficiency. More railroads say they want to increase volume and improve service. Omaha, Nebraska-based Union Pacific and Atlanta-based Norfolk Southern are reopening yards they used to sort railcars, as The Wall Street Journal reported in September. Jacksonville, Florida-based CSX is reintroducing locomotives it had previously stored away, the Journal reported in its September piece.

And all are hiring staff — after shedding 28% of the headcount in the past decade, according to federal data. The train and engine workforce across rail increased 8% from January to October, according to John Gray, senior vice president of policy and economics at the Association of American Railroads.

"Railroads are working hard to make sure they have the assets they need in place in 2023 to meet their customers' needs safely, reliably, and cost effectively," Gray wrote in an emailed statement to FreightWaves.

PIC Railroads began cutting employment in the late 2010s, and then sharply cut more in the early days of the coronavirus pandemic. They've tried to add headcount back since. (FreightWaves SONAR)

Some doubt that railroaders will actually embrace volume growth over profitability. Railroaders don't blame PSR for their service and staffing issues, saying the pandemic and resulting labor shortage were more to blame. CSX CEO Jim Foote said at a July conference, for example, that PSR could not be blamed for the company's service issues, but the management tactic presumes that railroaders slash headcount. And complaints from customers about service issues predate the pandemic.

Even as rail turns against some of the key operating principles of PSR, like reopening hump yards and reintroducing locomotives, executives still say PSR governs their operations. During Norfolk Southern's investor day meeting on Tuesday, for example, CEO Alan Shaw said he wanted to pursue both service and PSR — which may appear to be conflicting.

Why is everyone obsessed with PSR?

Railroad barons worship at the so-called "cult of the operating ratio." Operating ratio measures expenses as a percent of revenue. A low OR is king; in rail, that means below 60%.

Railroaders weren't able to capture an OR anywhere near 60% until a gentleman named Hunter Harrison came onto the C-suite scene in the late 1980s. At that point, ORs were more likely in the 70s or even 80s.

Through his leadership of Canadian National and Canadian Pacific, Wall Street began to see that railroads could actually be profitable. And other publicly traded rail companies would soon be pressured to adopt the operating principles that Harrison favored — sometimes by takeover of hedge funds and activist investor boards.

Now, rail is one of the most profitable industries around. It wasn't always this way. In the mid-2000s, before PSR became commonplace in the U.S., the five largest U.S. railroads reported profit margins around 15%. In 2021, these companies reported an adjusted operating margin of 41%.

According to STB Chair Martin Oberman, the biggest freight railroads spent $191 billion on dividends and stock buybacks between 2011 and 2021.

As an executive, veering too far from the "cult of the OR" can get you and your colleagues booted from the C-suite, as FreightWaves' head of intermodal solutions, Mike Baudendistel, told me.

"If you have some buffer in there, some extra pieces of equipment and a 10% cushion of employees so we can give people a better work-life balance, then you're going to have an operating ratio that's worse than your peer group," Baudendistel said, "which then means the activist shareholders will buy up the shares in your company and force out the management team and put someone else in there. If a railroad management team wants to keep their jobs, they need to have an operating ratio that is at least as good as their peer group."

Long trains reign supreme

Like much of transportation, economies of scale reign supreme in PSR. That means trains reaching 2 or 3 miles in length. My colleagues in FreightWaves' research arm explained in 2020 why that's beneficial:

Railroad volumes have declined through the past 15 years

Longer trains means fewer locomotives and fewer employees. Longer trains also imply changes to train schedules and service. Operating fewer locomotives and cars more efficiently requires railroads to consolidate freight and build longer trains more deliberately. Cars will no longer wait at customer facilities to be loaded when it is convenient for the customer but will arrive and depart on fixed schedules that customers must adhere to. PSR is all about shedding assets, closing down classification yards and cutting headcount. Rail companies also cancelled certain service offerings in the process, which frustrated customers.

Railroads went too far and infuriated their customers and employees

A fascinating contrast between railroaders' massive windfalls is that they weren't achieved by satisfying customers or expanding volumes. In fact, in the last quarter of 2021, Union Pacific saw profits up 24% despite a 4% decrease in volume.

Supply chain issues that slammed manufacturing were a drag on rail volumes last year, as were crew shortages. When you slash assets and headcounts too much, you can't provide customers the same level of service they might have expected. Nothing quite captures this like the ballad of Washington state's rotten potatoes.

Over the last 15 to 20 years, Eric Voigt of the Washington Potato Commission said the farmers in his association have stopped moving potatoes by train. They're all moved by truck now. Rail is much cheaper than truck, but it wasn't dependable, Voigt said.

Around 1 in 10 carloads of potatoes had some quality issue as a result of rail transportation, Voigt said. One example might include a carload of potatoes forgotten on rail siding, rotting for weeks.

The potato farmers of Washington state now use rail to move frozen potatoes; around 20% of frozen potatoes go on rail, according to Voigt.

They are hardly the only customers frustrated by declining rail service. In April, the STB held a two-day hearing on rail service with representatives from unions and industries like grain and coal. As my FreightWaves colleague Joanna Marsh reported from the hearing, the grain industry said transit times between the Midwest and West Coast had doubled. Late arrivals resulted in flour mills and ethanol plants curtailing production. This meant $100 million in revenue losses for the grain industry, according to the National Grain and Feed Association.

Now, railroaders seem keen on delighting farmers and industrial magnates once more. During its investor day on Tuesday, for example, Norfolk Southern leadership emphasized its interest in working closely with manufacturers like U.S. Steel, as well as e-commerce providers. Shaw emphasized "resilience" over, say, employee furloughs that could save cash in the short term but result in critical understaffing months later.

Still, PSR isn't going away. "We mention PSR frequently — but this is a different kind of PSR," Shaw said Tuesday. "Reducing operating ratio is not our singular focus. We strive for more. Our pursuit of margin improvement will be balanced with other important financial measures, such as earnings per share, return on invested capital, and revenue."

In an emailed statement to FreightWaves, a CSX spokesperson said continued service improvement, including hiring more than 2,000 new craft employees in 2022, will be key in facilitating volume growth.

"While there is substantial economic uncertainty today, we know that many of our customers want to give us more business," the CSX spokesperson wrote. "We know we have to earn this opportunity through strong service execution that proves our ability to move our customers' freight with reliability and consistency."

High-quality service is necessary for the railroads' perusal of intermodal volume, which has become a key growth area for the rail industry in recent decades. However, retailers that typically ship via truck need tip-top service that goes beyond what rail has recently provided.

We are still waiting for 'The Great Pivot' on the railroads.

Some have their doubts that railroaders can pick volume growth over profitability. The RailTrends 2021 conference saw leaders calling for a "pivot to growth." As Adriene Bailey, a partner at consulting firm Oliver Wyman, said in her presentation titled "The Great Pivot," "It is not going to happen unless we make fairly major changes in the way we approach things."

But following RailTrends 2022, which occurred last month, some attendees noted that "The Great Pivot" didn't happen. Quoting Oberman: "Rails said at RT21 that they were pivoting to growth and all I got was this lousy T-shirt!"

Gray of the AAR wrote that broad factors outside of rail service levels may hinder volume growth next year, including a downgraded macroeconomic outlook for 2023 and supply chain crunches that will continue to limit manufacturing and warehousing.

Turning away from short-termism is probably wise for the railroad barons.

Chamoun of BMO Capital Markets said PSR doesn't have to mean worse service, but he said furloughing too much staff ultimately meant railroads couldn't grow their businesses when the economy reopened with a roar in 2020.

"Because of that labor issue, they missed out on a lot of revenue," Chamoun said. "From a financial perspective, it was a poor decision to not incur those additional costs."

Rachel Premack: Rachel Premack is the editorial director at FreightWaves. She writes the newsletter MODES. Her reporting on the logistics industry has been featured in the New York Times, the Wall Street Journal, Bloomberg, Vox, and additional digital and print media. She's also spoken about her work on ABC News, NBC News, NPR, and other major outlets.

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Save the Spuds!

Farmers in the Washington Potato Commission have stopped shipping by rail because of the lack of dependability. (AP Photo/Roberto Pfeil)

Albury is back

A Sextet of Grumpies *enthuse and/or grump about the NESG* (bottom-posted)

SOUTHERN CROSS – ALBURY—SOUTHERN CROSS; SATURDAY 19th NOVEMBER – SATURDAY 3rd DECEMBER 2022

The below services will run on a 100km/hr speed restriction between Melbourne and Albury with expected delays of at least 30 minutes.

[Note by Editor: As of 20 December 2022, these speed limits seem to have become semi-permanent.]

DOWN:

07:07 (No. 8605) SG VL, Southern Cross to Albury will operate at 100km/h with an expected arrival time at Albury at least 30 minutes later than NSP [Network Service Plan-Ed].

12:04 (No. 8615) SG VL, Southern Cross to Albury will operate at 100km/h with an expected arrival time at Albury at least 30 minutes later than NSP.

18:02 (No. 8625) SG VL, Southern Cross to Albury will operate at 100km/h with an expected arrival time at Albury at least 30 minutes later than NSP.

UP:

06:45 (No. 8610) SG VL, Albury to Southern Cross will operate at 100km/h with an expected arrival time at Southern Cross at least 30 minutes later than NSP.

12:51 (No. 8620) SG VL, Albury to Southern Cross will operate at 100km/h with an expected arrival time at Southern Cross at least 30 minutes later than NSP.

17:27 (No. 8630) SG VL, Albury to Southern Cross will operate at 100km/h with an expected arrival time at Southern Cross at least 30 minutes later than NSP.

All concerned to note and arrange.

-forwarded by an anonymous Grumpy.

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For some fifteen years, the Spirit of Progress departed Spencer Street station at 18:30 each evening, arriving at Albury at 22:20 (i.e. 3h 50m).

The return trip to Melbourne, which departed at 07:55 the following morning arrived at Spencer Street station at 11:35 (i.e. 3h 40m).

For 307 km, average speed nearly 84 km/h.

Daylight XPT, leave SCS 8.30 depart Albury 11.49, "return" 15.10 arrive SCS 18.30 (i.e. 3h 20m).

4h 18m is slack.

-Grumpy #2

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Another very good conversation about which I shall happily tell many tales out of my 'school'. We in the DoT freight business keep asking questions about the merits of operating all those marvellously well patronised V/Locities which only have political cost recovery, but which clog up the 'works' for useful things like freight trains.

When we (me) ask the question about the benefit cost ratio of these train crew employment schemes the answer is, of course, not to ask the question. Both major sides of politics are into this bandwaggery so rail freight gets the size 12 (boot) and Qube *et al.* decide that Victoria is no longer worth bothering about.

For those who may not know, for commercial reasons Qube cancelled its sg and bg cement trains in Victoria at the end of last month [November] (The bg cancellation being largely related to Victoria's excellent way of managing track disruptions - would you like a track shutdown of a week or a month or more?), but is now using the sg path for a new Melb - Syd intermodal service between Dynon and Moorebank. Qube has taken its business from a PN train plus has other customers, so the cat still lives in that corridor. Qube has told me (and higher ups) that NSW is the best rail state to work in and Victoria the worst, as a consequence of which they are now focusing on their ARTC and NSW operations (as well as escaping 3,300km north from Victoria to work with Glencore to snitch a PN export minerals contract between Mt Isa and Townsville!).

As I have said before, if my employer wants a zero emissions Victorian regional rail freight system that objective is well on the way to being achieved which will coincide nicely with my rest home in the Bahamas!

Yours in grumpiness, ...

PS Don't get me started on the stupidity of schedules like the evening up Albury and ghost train crosses - The Overland is no better with a lot of scheduled crosses that most likely never eventuate so the passengers get to watch the scenery while the train loiters.

-Grumpy #3

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Aaah … I can still hear the Man in Grey:

“The Spirit of Progress for Benalla, Wangaratta, Albury, Culcairn, Henty, The Rock, Wagga Wagga, Junee, Cootamundra, Harden, Yass Junction, Gouburn, Moss Vale, Strathfield and Sydney is nearly due out from Platform #1. Hurry along please.”

In those days, it was 18:45, not 18:30. At least it was in all the years I caught #13 to The Marsh. Four hours to Albury at that time.

When I travelled on it, I usually got out at Goulburn to catch the S.H.E. behind a 38.

-Grumpy #4

Ever since V/Line started running SG Pax trains around 10 years ago this train has always been thus. It meets two freight trains at one passing lane, XPT at a loop and one more freight at another passing lane. Of these only the XPT and one freight are 7 days a week stuff. The remaining two freight are part time each running only three or four days a week (but not the same days). The end result is that, half the time, the up Albury Vlocity (and previous passenger train) are running round looking for a timetable that has fallen out of sight somewhere behind. Reports indicate that half the time this train is 20 or so minutes early. With a bit of tweaking of the opposing traffic (apart from the XPT which has a sort of ecclesiastical authority) the up should be able to be scheduled in to SX between 20 and 30 minutes earlier. Like I said - just plain lazy.

Of course the smarties know that if the weekday up Albury is on time into Seymour they can transfer to the Sprinter in platform 2 (due out 9 minutes behind the Albury) and get to SX 26 minutes ahead of it. It is more sociable on weekends - then you have 43 minutes in which you can go to the pub over the road for a pint or two and a bit of quick nosh before departing to MEL in a rail motor with an arrival only a couple of minutes behind the long gone Albury train.

The antics of V/Line are wondrous to behold.

-Grumpy #5

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In 2014, I raised with PTV the matter of the appalling schedule of the (then) 1720 up Albury, hoping that it might trigger a review. This resulted in several exchanges of correspondence with one ~~(redacted)~~ of PTV.

At that time the train was scheduled to take 113 (now 121) minutes from Seymour to Melbourne, some 18 (now 21) minutes longer than the slowest bg. passenger train. The knowledgeable ~~redacted~~ explained that the standard gauge line "goes through Albion, Sunshine and the Bunbury Street tunnel" and that "south of Seymour the standard gauge line is partly duplicated but much is single track" and "that the train's schedule involves crossing the Sydney-bound XPT and at least one freight train".

I then pointed out that the line now has 6.8km passing lanes with, we are told, a superior signalling system, and the former Intercapital Daylight train was timetabled just 89 minutes over the same route on the original standard gauge line with its short crossing loops and 1960s signalling, crossing two opposing passenger trains as well as "at least one freight train" en route. Admittedly this was without stops at Seymour and Broadmeadows, but the schedule had a seven minute recovery margin in the last section, i.e., its actual schedule was just 82 minutes.

At that point the correspondence exchange abruptly ceased!

-Grumpy #6

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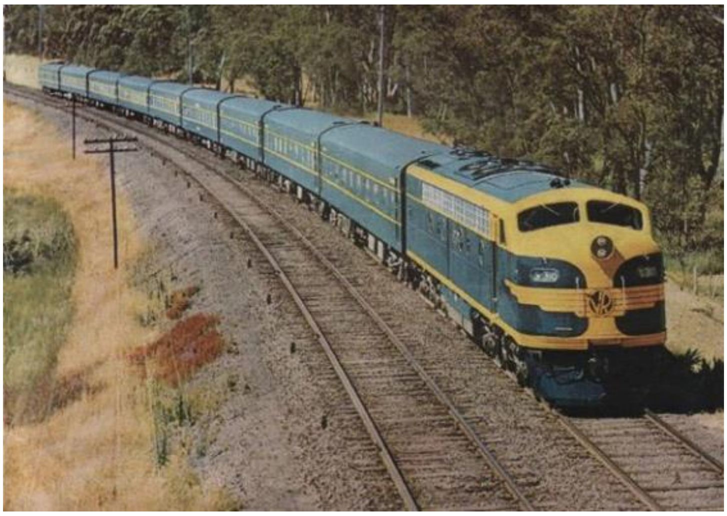

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