



# First intermodal train finally leaves Seaway's terminal at CQ Inland Port, Yamala

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**A**lthough it was originally planned for September 2022, the first intermodal train departure from CQ Inland Port's (CQIP) Yamala terminal (25 kilometres east of Emerald in Queensland's Central Highlands) on Sunday, 19 March was nevertheless a significant event for rail in Queensland given the miniscule market share rail commands in non-mineral export container business in the state. Seaway, the company leasing terminal space from CQIP to build their intermodal facility, experienced COVID-related shortages of labour and building materials to construct their facility.

Aurizon was selected as Seaway's rail operator but further delays were encountered when contract negotiations took longer than expected and, like all rail freight operators, Aurizon has experienced chronic driver shortages. In early January this year the delays had become so serious that some of Seaway's customers commenced using road transport in the form of B-doubles to transport export containers from Yamala to the Port of Brisbane, a distance of around 900 kilometres. Seaway Regional Manager Jamie Kennedy told *Railway Digest* this arrangement was much more expensive than rail but the delays in getting the rail operations started had prompted this interim solution.

Prior to the first revenue train a "trial run" was operated from Yamala to the Port of Brisbane and return using two 2800 class Goninan/GE locomotives hauling the 37 PJCY and PCZY container wagons to be used on the service. Wulguru Engineering in Townsville played a role in reconditioning some of the wagons for the new service.

Following the trial run the wagons were stored at Nogoia, on the eastern side of the Nogoia River at Emerald. Nogoia marks the transition point from Aurizon Network metals to Queensland Rail trackage. The latter leads to Emerald and on to Longreach and Winton. On Saturday, 18 March 2818 and 2848 ran light engine from Rockhampton to Nogoia in preparation for the first revenue service. The following morning (Sunday, 19 March) a crew at Emerald signed on at 7.00 am, prepared

the train which ran to Yamala where it reversed into the dead-end siding serving Seaway's terminal and GrainCorp's adjacent storage and rail loading facility. A total of 34 of the 37 wagons on the initial train were loaded with 68 twenty-foot containers (two per wagon). The loading comprised wheat, sorghum and chickpeas. Most of the loading was destined for Pakistan. Total train weight was 2,473.2 tonnes. Aurizon says two 2800 class units will be the normal motive power. Seaway has indicated that around 90 per cent of the containers employed will be of the 20-foot type, as these are more suitable for grain haulage than 40 foot boxes. The company has obtained some back loading in the form of agricultural chemicals and hopes to carry other "reverse" loading such as salt.

Loading was completed at around 4.00 pm and the trailblazing train departed at 5.15 pm and made the journey to nearby Yamala crossing loop where it exchanged its Emerald crew with a Rockhampton crew that had conveniently arrived on rebuilt Clyde/EMD/Progress Rail unit 2702 powering the bi-weekly Linfox government-subsidised freight service from Rockhampton to Longreach and Winton. Both trains then departed in opposite directions just on sunset. The Seaway train undertook a locomotive change at Rocklands (junction for the North Coast and Central Lines near Rockhampton) with 2829 and 2850 taking over for the overnight journey as train No. Y888 to the Port of Brisbane. The total rail distance from Yamala to the Port of Brisbane is around 905 kilometres.

Seaway says that initially the train will operate on an ad hoc basis but the company aims to build it up to two return services a week and hopes to move around 2,000 twenty foot equivalent (TEU) containers in the first year of operation. Seaway is looking at other commodities for its service such as cotton (there are two cotton gins in the area – Louis Dreyfus Commodities which is in the CQ Inland Port precinct and Queensland Cotton at Emerald) as well as commodities like citrus fruit and oilseed.



## Aurizon Network track access fee increase threatens CQIP viability

Aside from the delays in commencing the Yamala intermodal train a potential threat to the viability of the service and the entire CQIP emerged in July 2022 when Aurizon Network notified stakeholders of a proposed increase in track access fees between Emerald and Burngrove, 13 kilometres west of Blackwater and the junction for the “cross-country” line to Coppabella on the Goonyella coal network. The only coal mine west of Burngrove was Japanese company Sojitz’s Minerva mine, near Springsure. This closed in late 2021 resulting in Aurizon Network receiving no coal train access fees for the section between Minerva, Emerald (Nogoa) and Burngrove. The Yamala terminal is located between Nogoa and Burngrove. Faced with a significant drop in access fee revenue Aurizon Network applied to the Queensland Competition Authority (QCA) to raise access fees for the remaining users between Nogoa and Burngrove to meet its requirement to recover the cost of maintaining the line.

The reaction to this proposed fee increase from stakeholders was, as expected, highly critical. GrainCorp, who use Watco to rail bulk sorghum, chickpeas, wheat and barley from Yamala to Gladstone, said fees would rise by around 500 per cent or by around \$27 a tonne.

**Left:** Aurizon’s Goninan/GE units 2818 and 2848 and 37 PCZY and PJZY wagons comprise the first revenue container train to serve Seaway’s Yamala intermodal terminal at the CQ Inland Port near Emerald in Queensland’s Central Highlands on Sunday, 19 March. In the background Seaway’s grain silos are on the left, their reach stacker is loading 20-foot containers in the centre background while GrainCorp’s silos and rail loader are on the right. The loaded train, weighing in at 2,473 tonnes, departed late that day for the overnight journey to the Port of Brisbane.

**Below:** Seaway’s Konecranes reach stacker is hard at work loading containers from the stack on the left on to Aurizon PCZY and PJZY wagons comprising the first revenue train at Seaway’s intermodal terminal at the CQ Inland Port, Yamala on Sunday, 19 March. By the end of the day 68 twenty-foot containers will have been loaded on to 34 of the 37-wagon train. GrainCorp’s office building and equipment sheds can be seen in the right background.





A feature of Seaway's Yamala intermodal terminal is a grain container packing facility seen here in action on Saturday, 18 March. Grain is moved from the company's storage facility to the Aust-Mech "Tubeveyor" seen in this view which drops grain on to a conveyor which transports it in to the horizontal container behind a bulkhead seen here at the end of the container, adjacent to the open right-hand door. Some grain container packing facilities load with containers in the vertical position. A 20-foot container can accommodate 24 to 26 tonnes of grain.

GrainCorp corporate affairs manager Jessica Simons told ABC News the price rise would make rail transport uneconomic and could force freight from rail to road. Agforce Grains president Brendan Taylor said using road transport would be "unfeasible". Mr Taylor said that with road freight fuel costs steadily increasing there would be effectively a doubling of freight rates using road instead of rail and the trucking industry was dealing with driver shortages. Central Highlands Development Corporation CEO Peter Dowling said the proposed price hike would have flow on effects through the whole supply chain and even impact outside of the region if there was no rail access. He said the whole investment in the inland port would now come into question.

In a submission to the QCA Seaway said any significant increase in access charges from an already proportionately high level when compared with the remaining 94 per cent of the rail corridor to be used by the rail service would render rail services from Yamala uncompetitive against road options. Seaway's Jamie Kennedy said the rail service would utilise only a 55-kilometre section of Aurizon Network's Nogoa to Blackwater railway but while this section represented just six per cent of the rail journey to the Port of Brisbane, the existing access charge (before any proposed increase) represented 46 per cent of the total access charge for the service to Brisbane. Mr Kennedy said use of rail is widely supported by government and other stakeholders, demonstrated in government co-investment into the Yamala facility. He also said more use of regional rail was required to bring environmental benefits and reach future emission targets.

Watco Australia told the QCA the charges which Aurizon Network were proposing involved very substantial increases to the access charges for non-coal services, to the point that Watco believed that continuing railing would be uneconomic and therefore likely to result in a significant loss of non-coal freight volumes to road haulage. In its submission to the QCA, Aurizon Network said they had advocated that Queensland's Department of Transport and Main Roads (TMR) examine subsidising non-coal rail customers for expensive access fees. However, a TMR spokesperson told the ABC it was a commercial matter between Aurizon Network

and its customers to achieve an agreeable outcome. An Aurizon Network spokesperson said while the proposed tariff was initially scheduled to start from January 1, 2023 it had been deferred until March 2023.

In a 16 February 2023 announcement the QCA decided to approve Aurizon Network's draft amending access undertaking relating to the closure of the Minerva mine and its seeking to revise the Blackwater coal system reference tariffs and propose amendments to the undertaking as a consequence of the Minerva mine cessation. The QCA said that it had taken into account the information Aurizon Network provided, stakeholders' comments and the relevant provisions in the QCA Act. In responding to this decision Seaway told *Railway Digest* the outcome was relatively satisfactory at the present time but if any further access charge increases occurred (of say around 50 per cent) it could spell the end of rail services to CQ Inland Port.

The rail and wider transport and logistics players in Queensland as well as those who were opposed to the privatisation of Queensland's coal-dominated rail infrastructure under the rail freight privatisation framework implemented by the Bligh government in 2009 will be watching this development with great interest. One rail insider told *Railway Digest* this situation could eventually arise again as further central Queensland coal mines close in the decades ahead, especially with respect to the North Coast Line between Gladstone and Rockhampton which carries general freight and passenger services but is Aurizon Network trackage.

### **CQIP background – from cattle paddocks to freight terminal**

CQIP is a 240-hectare industrial estate developed on a cattle property owned by Alan Stent-Smith. He said that as a local landowner he felt that an inland port development would reduce transport costs through improved efficiencies in the supply chain and provide opportunities for agribusiness and industry to develop a purpose-built industrial estate that would benefit both importers and exporters in Queensland's Central Highlands region. Mr Stent-Smith is now CQIP managing director.

CQIP construction commenced in 2019 initially to provide a 1.47-kilometre \$9.5 million dead-end rail siding and earthworks for its foundation customer, GrainCorp, who constructed an \$18.5 million grain storage and handling facility on the site. The Queensland Government provided \$4.4 million and the Emerald-based Central Highlands Regional Council \$600,000 towards the construction of rail and road facilities associated with CQIP.

In September 2020 a load of chickpeas was the first commodity to be stored at the GrainCorp site. At that time GrainCorp Queensland regional operations manager Brad Foster told ABC News growers would get better money for their grain at the site due to decreased supply chain costs with a reduction of between \$5 to \$10 a tonne and around an \$8 a tonne reduction on average. Mr Foster said that from the Yamala site it was possible to obtain a 24-hour cycle for trains to Gladstone, enabling a train a day to load if required. This compared with a 36-hour turnround from GrainCorp's Emerald site which resulted in three and a half trains a week compared with a possible seven from Yamala.

As reported in *Railway Digest* (August 2021 issue) the first train departed the terminal on 24 June 2021 when Watco hauled a load of just under 2,000 tonnes of bulk sorghum to Gladstone for export using WRA class locomotives 007 and 004 hauling 42 DGWY wagons. GrainCorp's facility comprises bunker storage feeding two 1,000 tonne and two 100 tonne overline bins capable of loading just over 500 tonnes an hour. GrainCorp's Yamala facility received more than 140,000 tonnes of winter crop during the 2022 harvest, the biggest crop local grain growers had produced in over 10 years.

CQIP's plans always included a container terminal as well as GrainCorp's facility and with Seaway selected to operate the terminal, construction commenced in 2022. It includes eight silos, manufactured by Dennys at Allora in southern Queensland and accommodating 2,500 tonnes of grain, a grain bunker storage area, a container grain packing shed, an unsealed hard stand area adjacent to the rail siding and an office/equipment storage building. Seaway's Jamie Kennedy said chickpeas were



A "model" container and wagon outside Seaway's Yamala office, seen on Saturday, 18 March.

previously taken by road from the Central Highlands to sites in southern Queensland for packing but the Yamala facility will allow chickpeas to be packed much closer to their origin and railed direct to the Port of Brisbane. A key piece of equipment at the terminal is a Konecranes reach stacker used for rail loading/unloading. A Caterpillar forklift is also on the site. Initially four staff are being employed by the company at Yamala but this number is expected to grow as the terminal develops.

The grain container packing plant, provided by Aust-Mech of the Darling Downs town of Dalby, can handle two 20-foot containers simultaneously, using a horizontal loading arrangement. A 20-foot container can accommodate 24 to 26 tonnes of grain. The container packer was completed by August 2022 with chickpeas the initial commodity stored in readiness for railing to Brisbane.



Seaway staff and the Aurizon train crew pose for a photo with the reach stacker and a container at Yamala beside 2818 and 2848 to commemorate the loading of the first revenue container train from the CQ Inland Port on Sunday, 19 March.

CQIP has indicated that there is a firm proposal to convert the current dead-end siding into a balloon loop if rail business levels warrant its construction. This would eliminate the necessity for locomotives to run around their train at Yamala crossing loop and then propel the wagons into the siding.

Headquartered in Melbourne and commencing as a shipping agent in 1999, Seaway has expanded into the wider logistics area including air freight, intermodal and warehousing facilities throughout Australia and New Zealand. Seaway owns and operates the intermodal terminal at Merbein (Mildura) in Victoria where Pacific National trains to the Port of Melbourne are loaded. It will operate the InterLink SQ facility that is under construction at Charlton, west of Toowoomba, which will be adjacent to Queensland Rail's Western Line and the future Inland Railway.

### Yamala service a welcome arrival at Port of Brisbane

The Yamala to Port of Brisbane service will be significant in that it will join just one other rail container service to the port, Aurizon's service from Rockhampton, often referred to as the "meat train" given the number of refrigerated containers it moves. There had been containerised cotton trains from the Darling Downs but these were all lost to road transport following the cessation of the last such service, from Namoi Cotton at Goondiwindi to Brisbane. One reason given for that service ceasing was the inability of the Little Liverpool and Toowoomba Range tunnels to accommodate nine feet six-inch-high containers favoured by exporters. The tunnel floors have since being lowered but there has been no resumption of container services from the Darling Downs.

The Port of Brisbane (POB) has expressed its concern at this situation and says that the underutilisation of freight rail remains a significant challenge to the Port and its customers as well as the broader South East Queensland community in terms of its liveability and environmental impacts. In FY22, just 1.1 per cent of containers moved through the Port on rail (the Rockhampton train) – a further decline on the previous year (approximately 1.7 per cent in FY21 and approximately two per cent in FY20) and well below global standards of around 20-30 per cent.



**Above right:** The route of the Yamala to Port of Brisbane intermodal service (marked in red).

**Below:** The stack of loaded containers is gradually diminishing as Seaway's reach stacker moves the boxes across to the first revenue container train from the CQ Inland Port. Containers are loaded on to each wagon with the doors facing inwards.





The POB 2021/22 sustainability report says it aims to increase rail modal share to 12 per cent. POB says around 40 per cent of export containers are packed within 40 km of the port, highlighting the need for rail-served terminals in the Brisbane region. However, the POB suggests that developments such as Seaways' new Charlton terminal and eventual completion of Brisbane – Moree section of the Inland Rail are also expected to assist increasing rail's share.

By comparison the Port of Sydney's (Botany Bay) long term goal is to move three million TEUs per year by rail, about 40 per cent of future forecast container volumes. Currently Port Botany handles 2.8 million TEUs annually and has the highest volume of containers transported by rail of all Australian ports, at 440,000 TEUs per year. Latest available figures reveal that in January 2023 rail moved 27,562 TEUs or 13 per cent of total container business for that month to and from Port Botany. The Port of Sydney says intermodal terminals are a critical part of the freight logistics supply chain. With 80 per cent of containers moving through Port Botany travelling no further than 40 kilometres from the port,

the Port says metropolitan intermodal terminals provide the greatest opportunity to help facilitate an increase in rail growth. Port-related terminals in the Sydney region include those at Enfield, Moorebank, Minto, and St Marys.

Seaway's Yamala terminal and Aurizon's rail service to Brisbane are seen as a welcome development for rail in Queensland and for the Port of Brisbane and in the view of CQIP proponents they will also play a part in the eventual diversification of the Central Highlands economy which is currently dominated by coal mining. The service is also another step in Aurizon's plan to reduce its dependence on coal haulage. The fortunes of CQIP and its rail services will be followed with much interest by those observing rail transport and logistics against a backdrop of a changing world.

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**Above:** Seaway's Konecranes reach stacker is nearing the end of its task as it loads 68 twenty-foot containers on to the first revenue train from the company's Yamala terminal on Sunday, 19 March while Aurizon's 2818 and 2848 wait patiently in the background. Later in the afternoon the train will depart for the Port of Brisbane. Seaway's grain container packing facility and silos can be seen in the right background.

**Right:** The first revenue train to serve Seaway's Yamala terminal, comprising Aurizon's 2818 and 2848 and 37 wagons, arrives empty from Nogoia (Emerald) on Sunday, 19 March. The locomotives are passing the junction to the siding which can be seen curving to the left to the CQ Inland Port. The train will then reverse in to the siding. The 25 kV AC overhead is not used between Burngrove (junction for the cross-country coal line to Coppabella and 40 kilometres east of Yamala) and Emerald.

