

Not Relevant

117 MTR05/062CS

**Overland Passenger Rail Service
APPROVED AS AMENDED (DELETE 4.3 -
FUNDING TO BE MET FROM WITHIN EXISTING
FUNDING)**

117

CABINET COVER SHEET

1. **TITLE:** **OVERLAND PASSENGER RAIL SERVICE**
2. **MINISTER:** **HON PATRICK CONLON MP
MINISTER FOR TRANSPORT**
3. **PURPOSE:** To seek Cabinet approval to:
- 1.1.1. Agree, in principle, to the Great Southern Railway Limited proposal for State Government funding support for the continuation, and reconfiguration of the Overland Passenger Rail Service.
 - 1.1.2. Negotiate and, subject to the inclusion of appropriate safeguards, enter into an agreement with Great Southern Railway Limited for continuation of the Overland Passenger Rail Service until December 2010.
 - 1.1.3. Provide additional expenditure authority and appropriation to the Department for Transport, Energy and Infrastructure of \$1.390 million in 2005-06, \$0.320 million in 2006-07, \$0.210 million in 2007-08, \$0.130 million in 2008-09, \$0.085 million in 2009-10.
4. **IDENTIFY THE RELEVANT GOVERNMENT POLICY AND/OR STATE STRATEGIC PLAN TARGET:** The upgraded and reconfigured Overland Passenger Rail Service is projected to increase the number and length of tourist visits to regions surrounding Adelaide, thus supporting the South Australian Strategic Plan target to increase visitor expenditure in South Australia's tourism industry (T1.13).
5. **RESOURCES REQUIRED FOR IMPLEMENTATION:** The proposal will impact on the 2005-06 State budget and the forward estimates as shown in the table below:

Financial Year	Forward Estimate (\$m)
2005/06	\$1.390
2006/07	\$0.320
2007/08	\$0.210
2008/09	\$0.130
2009/10	\$0.085
2010/11	\$0.035
TOTAL	\$2.170m

Treasury and Finance agrees with the basis of the assessment of costs contained in this submission.

6. **COMMUNITY AND ENVIRONMENTAL IMPACT:**
- The project will have a net positive effect on the community and environment by:
- Continuation of a low cost land transport public transport option between Adelaide and Melbourne.
 - Provision of a land transport passenger service that results in significantly less greenhouse gas emissions per passenger km than road transport or aviation.
7. **RISKS:**
- There is a risk that, at the end of the 5 year period, Great Southern Railway Limited will cease the Overland Passenger Rail Service if it cannot continue to be operated without loss. There is a risk that Great Southern Railway Limited defaults on the agreement. The consequence and remedy for default will be subject to conditions to be negotiated with Great Southern Railway Limited as part of the agreement.
8. **CONSULTATION:**
- Officers from the SA Tourism Commission and the Department for Transport, Energy and Infrastructure, along with officers from the Victorian Department of Infrastructure, have been consulted by Great Southern Railway Limited in the development of the business case. Treasury and Finance have been consulted on the most appropriate structure for financing the Overland Passenger Rail Service. The Crown Solicitor will be consulted on risks to be addressed in the negotiation.
10. **COMMUNICATION STRATEGY:**
- N/A
11. **URGENCY:**
- Normal
12. **RECOMMENDATIONS:**
- It is recommended that Cabinet:
- 4.1. Approve, in principle, the Great Southern Railway Limited proposal for State Government funding support for the continuation, and reconfiguration of the Overland Passenger Rail Service.
 - 4.2. Approve the Minister for Transport negotiating and, subject to the inclusion of appropriate safeguards, entering into an agreement with Great Southern Railway Limited for continuation of the Overland Passenger Rail Service until December 2010.

- 4.3. Approve additional expenditure authority and appropriation to the Department for Transport, Energy and Infrastructure of \$1.390 million in 2005-06, \$0.320 million in 2006-07, \$0.210 million in 2007-08, \$0.130 million in 2008-09, \$0.085 million in 2009-10. This will have a negative impact of \$2.135m on both the net lending and net operating balance.

I declare that I have no actual or potential conflict of interest in relation to the proposals contained in this submission.



HON PATRICK CONLON MP
MINISTER FOR TRANSPORT

/ December 2005

TO: THE PREMIER FOR CABINET

RE: OVERLAND PASSENGER RAIL SERVICE

1. PROPOSAL

1.1. To seek Cabinet approval to:

- 1.1.1. Agree, in principle, to the Great Southern Railway Limited proposal for State Government funding support for the continuation, and reconfiguration of the Overland Passenger Rail Service.
- 1.1.2. Negotiate and, subject to the inclusion of appropriate safeguards, enter into an agreement with Great Southern Railway Limited for continuation of the Overland Passenger Rail Service until December 2010.
- 1.1.3. Provide additional expenditure authority and appropriation to the Department for Transport, Energy and Infrastructure of \$1.390 million in 2005-06, \$0.320 million in 2006-07, \$0.210 million in 2007-08, \$0.130 million in 2008-09, \$0.085 million in 2009-10, subject to an agreement being finalised with Great Southern Railway Limited. This will have a negative impact of \$2.135m on both the net lending and net operating balance.

2. BACKGROUND

- 2.1. The Overland Passenger Rail Service is Australia's longest operating inter-capital city rail service, having run between Adelaide and Melbourne since 1887. Great Southern Railway Limited now operates the Overland Passenger Rail Service following its purchase of the business, including train carriages and terminal facilities at Keswick, from the Commonwealth Government in 1997.

Clause 7(1)(c) Business Affairs

- 2.3. In 2000 Great Southern Railway Limited advised the South Australian and Victorian Governments that it could not continue to operate the Overland Passenger Rail Service without financial assistance. A three party agreement was established that saw the Overland Passenger Rail Service reconfigured from overnight in each direction to daylight from Adelaide and overnight return from Melbourne. In addition Great Southern Railway Limited received an operating subsidy of \$750,000 per annum from each State, with a small rebate dependent on passenger numbers. The initial agreement expired on 30 June 2004 but was extended to 31 December 2005 on the condition that a longer-term strategy was developed to address the future of the Overland Passenger Rail Service.
- 2.4. The attached submission from Great Southern Railway Limited represents the longer-term strategy developed following market research and consultation with representatives of both the Victorian and South Australian Governments.

3. DISCUSSION

3.1. Great Southern Railway Limited Proposal for the Overland Passenger Rail Service

- 3.1.1. The submission from Great Southern Railway Limited notes that, even under the existing subsidy arrangements, the Overland Passenger Rail Service in its current format operates at a loss. The objective of the proposal is to transform the Overland Passenger Rail Service so it better meets the needs of the communities it serves, becomes more commercially viable through growing patronage and reducing costs, and thus is less reliant on subsidies.
- 3.1.2. The proposal to alter the format of the Overland Passenger Rail Service is based upon market research and measures that will reduce operating costs while addressing market demand. Key aspects of the proposal are:
- To convert the Overland Passenger Rail Service to a daylight service in each direction 3 days a week in place of the current daylight service to Melbourne with night return on 4 days a week. An additional day-night service would be provided at times of peak demand (eg School holidays, AFL finals, major special events and festivals).
 - To refurbish interior carriages with new seats for two styles of sit up service (premium and economy) in place of the current sit up and sleeper carriages. This results in a shorter, lighter train with reduced maintenance, access and operating cost. The refurbishment would be planned for completion by October 2006.
 - To increase patronage on the Overland Passenger Rail Service by 35% over 5 years.
- 3.1.3. Great Southern Railway Limited's market research indicates that, by packaging rail holidays from Melbourne and regional Victoria, there is potential to increase overnight visits to regions close to Adelaide such as the Barossa, Adelaide Hills, Fleurieu Peninsula and Kangaroo Island. Great Southern Railway Limited has indicated that marketing of the service in Victoria will focus on that potential.
- 3.1.4. In its submission, Great Southern Railway Limited proposes two options for Government funding support. In both cases the funding sought reduces over the three-year period and, in South Australia's case, is less than the current \$750,000 per annum subsidy. In both options, the Victorian Government is being requested to provide approximately double the support of that requested from the South Australian Government.
- 3.1.5. Option one is based upon the three parties equally sharing the cost of the capital upgrade of the Overland Passenger Rail Service rolling stock. Option two involves the two State Governments providing the funding for the rolling stock upgrade via a capital grant. Compared to option one, option two has smaller operating subsidies proposed in later years.
- 3.1.6. The covering letter from Great Southern Railway Limited notes that the funding support requested from South Australia over five years is approximately equal to the sum that Great Southern Railway Limited will be required to pay the State under the ground lease for the land at Keswick. A third option is suggested in the letter where it is suggested an agreement could be considered where the revenue payable by Great

Southern Railway Limited is offset against the funding support being sought from the State.

- 3.1.7. Following discussions with officers from the Department of Treasury and Finance, it is proposed that the Government agree in principle to option two as outlined in the submission. The Department of Treasury and Finance view on the possibility of foregoing revenue from the ground lease was that this is a commercial arrangement that should be preserved and should not be netted off against separate funding arrangements. In respect of the two funding proposals presented by Great Southern Railway Limited, Department of Treasury and Finance advised that there is not a significant difference between the options from a budget impact perspective. On a NPV basis, option 2 has the least impact over 10 years, but it is only a marginal difference.
 - 3.1.8. Both options extend over 5 calendar years and would require funding over 6 financial years. Great Southern Railway Limited propose to develop a longer range plan, towards the end of the 5 year period, which would consider a new train based on self powered rolling stock similar to that used on some regional rail services operating in other States and proposed for regional Victoria (the Velocity trains).
 - 3.1.9. The Manager, Regional Train and Bus Services, Victorian Department of Infrastructure has indicated that the Victorian Government is likely to support the proposal and will have a strong preference for option 2. From the Victorian point of view, a major benefit is the provision of better access to and from Adelaide and Melbourne for those living in Victorian regional centres.
 - 3.1.10. The Chief Executive of Great Southern Railway Limited, Mr Tony Braxton Smith, has indicated that Great Southern Railway Limited would keep the Overland Passenger Rail Service operating past 31 December 2005 provided the Government is able to give a clear indication of its intention to continue to support the Overland Passenger Rail Service. Great Southern Railway Limited would set a target date of 31 March 2006 to have a new 5 year agreement finalised.
- 3.2. Risks
- 3.2.1. Although Great Southern Railway Limited indicates that the proposal has been developed in conformance with Great Southern Railway Limited's internal governance arrangements, the proposal is yet to be ratified by the Boards of Great Southern Railway Limited and its parent entity, the SERCO group. There is a risk that the Boards may not ratify the proposal, even if the State has indicated its agreement in principle. There is also a risk that, following an agreement in principle, the parties cannot agree on the terms of a formal agreement by Great Southern Railway Limited target date of 31 March 2006 (or as it may be extended). In either circumstance, Great Southern Railway Limited may elect to discontinue the Overland Passenger Rail Service.
 - 3.2.2. There is a risk of adverse public reaction to the Government providing further support for a private company to maintain the Overland service. Interstate bus operators may also object to the subsidisation of the Overland Passenger Rail Service. This risk can be countered by highlighting the tourism and marketing benefits from the continuation of the Overland Passenger Rail Service. The proposal also represents a

considerable saving over the level of operating subsidy provided under the current agreement and compared to the support being sought from Victoria.

3.2.3. The Department for Treasury and Finance has advised that it considers the patronage estimates of a 35% increase over 5 years are overly optimistic. If so, the passenger revenue will not match that assumed in the business case. The proposed commercial terms are that Great Southern Railway Limited carries that risk and the Governments shall not be obliged to contribute further amounts in the event of a shortfall on projections. The Victorian Department of Infrastructure believes that the patronage targets are very achievable, based upon the current growth in rail patronage being experienced in regional Victoria.

3.2.4. Risks associated with default by Great Southern Railway Limited in various aspects of the proposed agreement will be addressed in the legal documentation. The Crown Solicitor will be engaged to assist the drafting and to vet any conditions proposed by Great Southern Railway Limited.

3.3.

3.3.1. Economic, financial and budgetary implications

The following operating appropriations and expenditure authority are being sought:

	2005-06 \$ million	2006-07 \$ million	2007-08 \$ million	2008-09 \$ million	2009-10 \$ million	Total \$ million
<i>Additional funding requirements for Overland Passenger Rail Service</i>	- 1.390	- 0.320	- 0.210	- 0.130	- 0.085	- 2.135
<i>Impact on Net Operating - +/(-)</i>	- 1.390	- 0.320	- 0.210	- 0.130	- 0.085	- 2.135
<i>Total Impact on Net Lending - +/(-)</i>	- 1.390	- 0.320	- 0.210	- 0.130	- 0.085	- 2.135

In addition, \$35,000 will need to be factored into the forward estimates for 2010/11 to provide the subsidy to December 2010.

3.3.2. Required resources

Administration of the agreement will be undertaken using in-house resources within the Department for Transport, Energy and Infrastructure. Funding of \$2.170 million over 5 years will be required to maintain the Overland Passenger Rail Service.

3.3.3. South Australia's Strategic Plan

The upgraded and reconfigured Overland Passenger Rail Service is projected to increase the number and length of tourist visits to regions surrounding Adelaide thus supporting the South Australian Strategic Plan Target to increase visitor expenditure in South Australia's tourism industry (T1.13).

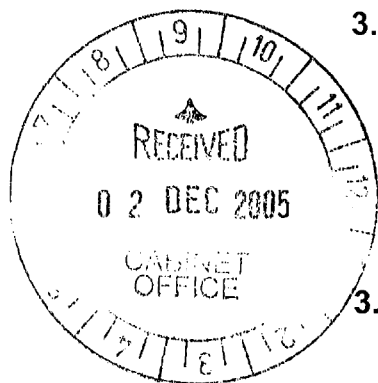
3.3.4. Staffing implications

Existing Department for Transport, Energy and Infrastructure and TransAdelaide staff will be utilised for this project with specialist staff being engaged on a fee for service basis, as required.

3.3.5. Impact on the community and the environment

3.3.5.1 Regulatory Impacts

The project will not have any regulatory impacts.

**3.3.5.2 Family and Social Impacts**

The proposal would result in the continuation of a low cost land transport public transport option between Adelaide and Melbourne with connections to regional Victoria for at least five years. This will particularly benefit females, people aged over 65 and those people on low incomes who predominately use the Overland service.

3.3.5.3 Small Business Impacts

Small tourism operators may benefit from the marketing campaign proposed by Great Southern Railway Limited. There may be opportunity for small tourism businesses to participate in packaging of tours with Great Southern Railway Limited.

3.3.5.4 Regional Impact

The proposal is expected to have a positive impact on tourism opportunities in the regions close to Adelaide. The Overland Passenger Rail Service stops for passengers at both Murray Bridge and Bordertown. In the past five years, the Overland Passenger Rail Service has averaged patronage of 560 passengers per year to and from Bordertown and 1160 passengers per year to and from Murray Bridge.

3.3.5.5 Environmental Impacts

The proposal provides a land transport passenger service that results in significantly less greenhouse gas emissions per passenger km than road transport or aviation.

3.3.6. Executive Council

Executive Council approval is not required.

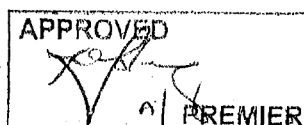
4. RECOMMENDATIONS

It is recommended that Cabinet:

- 4.1. Approve, in principle, the Great Southern Railway Limited proposal for State Government funding support for the continuation, and reconfiguration of the Overland Passenger Rail Service.
- 4.2. Approve the Minister for Transport negotiating and, subject to the inclusion of appropriate safeguards, entering into an agreement with Great Southern Railway Limited for continuation of the Overland Passenger Rail Service until December 2010.
- 4.3. Approve additional expenditure authority and appropriation to the Department for Transport, Energy and Infrastructure of \$1.390 million in 2005-06, \$0.320 million in 2006-07, \$0.210 million in 2007-08, \$0.130 million in 2008-09, and \$0.085 million in 2009-10. This will have a negative impact of \$2.135m on both the net lending and net operating balance.

In Cabinet

PLC
HON PATRICK CONLON MP
MINISTER FOR TRANSPORT
1 December 2005



12 DEC 2005

Delete 4.3. Funding to be met from within existing funding

THE  GHAN


INDIAN PACIFIC

THE  OVERLAND

November 17, 2005

The Hon. Patrick Conlon, MP
12th Floor
Roma Mitchell House
136 North Terrace
ADELAIDE SA 5000

Dear Minister

Re: The Overland Service

Please find enclosed our proposal for the continuation of The Overland Rail service from 1st January 2006, which has been developed in collaboration with officers from your department. (Appendices will be forwarded next week).

This proposal is based on a Business Case which sets out a detailed plan to modernize the service to better meet the needs of the community, and reduce reliance on funding from your government.

In relation to funding, we note that over the next five years the total sum is approximately the same as the amount we will pay your department on the ground lease of Keswick (although there are timing differences). Should it be convenient, we will be pleased to consider an agreement offsetting one against the other.

We will be pleased to work with you and your nominated officers to further and finalize arrangements for this service to support its continuance. We look forward to your further advice.

Yours faithfully


Tony Braxton-Smith
Chief Executive Officer

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BUSINESS CASE

FOR

**MODERNISING INTERSTATE
PASSENGER RAIL BETWEEN
MELBOURNE AND ADELAIDE**

**THE OVERLAND SERVICE
2006-2010**

NOVEMBER 2005

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1. Executive Summary

The current funding agreement for the Overland expires on 31 December 2005. Even with that funding, the service in its current format operates at a loss. Great Southern Railway, the South Australian and Victorian Governments have collaborated to complete a review to determine the future of this service, presented here.

This Business Case sets out the plan to re-shape and modernise the Overland rail service. The objective is to transform the Overland service so it better meets the needs of the communities it serves, becomes more commercially viable through growing patronage and reducing costs, and thus is less reliant on government funding.

In preparing this plan we have made a detailed study of the train's physical condition, the patronage trends and its recent operational and financial performance. Market Research has also been conducted with both recently travelled guests and potential travellers to inform development of this plan.

An Innovative Operational Plan for a New Improved Service . . .

The Business Case details a plan for improvement for each key aspect of the Overland rail service. The proposed new service offers:

- A new timetable with daylight services in both directions, arriving early evenings in accordance with consumer preference (in place of the present day-night service).
- A core timetable of three services weekly ADL-MEL and three days weekly MEL-ADL, with a fourth day-night return service during seasonal peaks.
- Refurbished carriage interiors offering two (2) levels of a sit-up style service (economy and premium) in place of the present sit up and sleeper carriages.
- New seats, more leg room and upgraded on-board facilities.
- New service levels to match the new interior configuration.
- Improved menus on a "pay-as-you-go" basis.

The operational plan results in a more efficient service plan and a shorter train length, making it more cost efficient to operate, reducing costs of staffing, maintenance, locomotive power and track access.

Maximises Patronage Growth and Community Benefit . . .

The new timetable and service improvements lay the foundation for sustained growth in patronage levels. To maximise the patronage, Great Southern Railway will also:

- Coordinate Melbourne arrival and departure times with relevant connections from Southern Cross station to make the service more convenient to use.
- Improve connections for onward travel from stations en-route in Regional Victoria, so that it plays a greater role in regional transport.
- Integrate timetables and ticketing with V/Line, inter- and intra-state coach operators to improve the overall service offering.
- Develop tourism packages based on travel on the Overland to allow the train to play a greater role in regional tourism, for both states.
- Implement a sustained marketing and communications campaign.

These initiatives will result in the Overland playing an enhanced role in the community and in regional economic activity whilst delivering an essential service.

Executive Summary

Steadily Improves Financial Performance and Viability

Summarized below are the projected revenues and costs for this new service, benchmarked to audited 2004 actual results. (Note: Option 2, excludes capital costs)

Clause 7(1)(c) Business Affairs

The main contributors to improved financial performance are:

- (i) Patronage trending upwards as a result of introducing the new timetable, implementing the integrated connections in Regional Victoria and increasing the investment in marketing spend.
- (ii) Ticket sales revenue growing as a result of both patronage growth and introduction of a new fare structure.
- (iii) Additional revenue growth coming from an improved "pay-as-you-go" food and drinks service on-board, and from sale of new holiday packages created to stimulate greater tourism use of the train.
- (iv) Shorter train length, new service standards, timetable and frequency supporting a more cost efficient service, with savings in staffing, cleaning, maintenance, hook and pull and track access costs.

... and Produces better value for Government

Proposed commercial terms for a five-year service contract, (detailed in Section 10) give specific undertakings for the provision of the improved service in return for:

- a) An up-front one-off contribution to the cost of carriage refurbishment and
- b) A Service Fee (paid monthly pro-rata) that reduces each year. Two options are offered for consideration, based on different rates for the one-off contribution.

Clause 7(1)(c) Business Affairs

Executive Summary

Why This Matters

- 1 Inter-capital rail services link each of the major neighbouring city pairs on Australia's eastern seaboard, supported by the respective state governments. A contemporary service is important to sustain Adelaide's capital city status, connectivity and links with Melbourne and other eastern states capitals.
- 2 As well as linking capital cities, rail will play an increasingly important role as a transport mode linking regional centres. The Overland provides important linkages for sector travel between country towns along its route on the western corridor between Adelaide and Melbourne.
- 3 Integrating the Overland timetables with other regional public transport services will add value to the network of regional road coach services, supporting greater overall use of regional public transport.
- 4 Market research shows there is also untapped regional tourism potential. The development of holiday packages based around travel on the Overland will facilitate growth in tourism markets. In Victoria, the focus is Melbourne and regional tours departing from intermediate stops. In South Australia, research shows high potential for holiday offers throughout regions surrounding Adelaide. The new service plan therefore also contributes to regional economic growth.
- 5 Whilst discount airfares are a recent phenomenon, there is no guarantee of them being a permanent feature on the transport landscape. Furthermore, when low fares are available, seating is restricted and other conditions are attached. The inter-capital rail service guarantees a freely available low-cost mode of public transport. It also sustains competitive pricing between modes.
- 6 The Overland passenger rail service reduces traffic volume on the highway network, reducing pressure on road infrastructure and contributing to a lower road toll. It also results in less environmental impact than road or air transport.
- 7 The current patrons using the service have limited options for interstate travel. Research shows they rely on the Overland as the predominant and often the only means of inter-capital transport. Of note, the current demographic profile is female (60%); aged over 65 (60%) and with an income of less than \$400 per week (80%). The Overland service therefore meets an important need for members of the community who have limited means and thus contributes to the Government's social inclusion objectives.
- 8 The Overland passenger rail service supports The South Australian Strategic Plan Objectives and conforms to Regional Transport Plan objectives in Victoria by providing capacity for public transport patronage growth and enhancing transport regional connections.

Part 2: The Business Case

2 Project Background

The Overland is Australia's longest operating capital to capital train service, running between Adelaide and Melbourne since 1887. Great Southern Railway assumed responsibility for the service in 1997 when it acquired the passenger rail assets of the formerly Commonwealth-Owned Australia National Railway. The South Australia and Victorian Governments have contributed financially to the cost of operating the service in its present format since 2000.

The current funding agreement expires at the end of 2005. Even with that funding, the service in its current format operates at a loss that is not sustainable.

Following senior level discussions between stakeholder representatives earlier in 2005, it was determined that a plan for service improvement should be jointly developed. Accordingly a joint working party includes representatives of the South Australian and Victorian Governments, together with Great Southern Railway have guided the development of this plan. The overall aim of this working party has been to prepare a plan to transform from the service so it better meet the needs of the communities it serves, more commercially viable and is less reliant on government funding.

To inform the development of this plan, a mapping study was prepared which gives a detailed assessment of the train's physical condition, patronage trends, recent operational performance and financial position. Market Research was also commissioned to build a picture of the usage, attitudes and interests of current and potential travellers. Based on this input the Business Case has been collaboratively developed between Great Southern Railway, The South Australian and Victorian Governments.

3 Project Objectives

- 3.1 Develop a sustainable long-term plan for the future of The Overland interstate rail services between Melbourne and Adelaide
- 3.2 Create a pathway for transition to a more commercially sustainable service that offers Government better value for money.
- 3.3 Establish a viable plan for service improvement and patronage growth on the route, based on consumer preference
- 3.4 Enhance the role the service plays in regional transport in Western Victoria, by the improvement and integration of the timetable and ticketing options
- 3.5 Maximise the train's contribution to both state's economies by maximising the rail service's contribution to the tourism sector
- 3.6 Support social inclusion objectives by maintaining the service to those parts of the community reliant on the train as a low-cost means of ground-transport

4 A New Timetable

- 4.1 Market research shows that 50% of people are more likely to travel on the Melbourne to Adelaide leg if the service operates in daylight hours. Of the remaining people surveyed, 10% were less likely to take a daylight service, whilst 40% say it would make no difference. Whilst the Overland has traditionally been an overnight service, this research indicates a clear market preference for daylight services in both directions.
- 4.2 Based on this market research, it is proposed to offer a mainly daylight services in both directions. The number of weekly services proposed will vary in accordance with an agreed seasonal schedule.

Timetable	ADL to MEL		MEL to ADL	
Current	4 D	0 N	0 D	4 N
Core Timetable	3 D	0 N	3 D	0 N
Peak Timetable	4 D	0 N	3 D	1 N

The Core Timetable of three services weekly will operate on set days in each direction year round. The Peak Timetable will operate during school holiday periods, and special events (e.g. AFL finals). The Business Case is costed on the basis of the Peak Timetable operating 16 weeks per annum, and the Core Timetable for the balance of the year.

- 4.3 The proposed train path and working timetable are included in Appendix A.1. Train paths and timetables are presently being finalised with ARTC.
- 4.4 The days of the week for departures have been determined in accordance with market research on customer preference, and take into account preserving the patronage from better performing services currently offered.
- 4.5 Market research also indicates a strong preference for an early morning departure, ideally between 7 am and 8 am. Daylight Departure time ex Melbourne are scheduled to enable connectivity with other early morning services that arrive at Spencer Street and at major stops en route. The connections are diagrammatically represented in Appendix A.1.
- 4.6 Market Research also shows arrival at destination in the early evening is strongly preferred, no later than 7.00 pm. The arrival time is seen by guests surveyed as the more important factor. Timetables are set accordingly.
- 4.7 The introduction of a daylight service ex-Melbourne will enable the Overland to play a greater role in providing regional transport services and connections in Western Victoria. The Department of Infrastructure Victoria is presently developing a program to amend the schedules of services that link to the Overland route to maximise connectivity for onward travel on country services and for joining passengers from other country centres.

5 Re-Furbished Rolling Stock

- 5.1 Market research indicates that along with the timetable changes, the Rolling Stock should be configured for two types of travel: an "Economy" and a "Premium" level of service.
- 5.2 Ideally, the service would operate with new self-powered rolling-stock similar in style to the Velocity trains. However, the capital and launch costs for two three-car sets is likely to be in to order of \$20M, which is considered cost-prohibitive at this stage. Consequently, it is proposed to undertake a light refurbishment of the present rolling-stock to enable a suitable level of service to be offered for the next five (5) years, at which time it is proposed to further examine a longer range plan based on new rolling-stock.
- 5.3 It is proposed to reconfigure and re-purpose the current fleet or carriages operating the Overland as follows:

Current Carriage Type	No	Reconfigured for Overland as
Gold Diner	1	N/A
Gold Sleeper	4	N/A
Gold Lounge	2	N/A
Red Seating	7	5 x Economy 2 x Premium
Red Diner	2	1 x Economy Buffet/Lounge 1 x Premium Lounge
Luggage and Power Van	2	Same as present

This configuration reduces the number of carriages in the fleet, reducing on-going operational and maintenance costs. It also reduces train weight and therefore the size of loco needed to haul it, with a consequent reduction in Hook and Pull costs and in Track Access Charges.

- 5.4 The seat capacity available in "Premium" will be comparable to that currently available in Gold, as the design calls for a new non-compartmentalised carriage interior which will improve interior space efficiency.

Whilst there will be less carriages overall, the effective seat capacity available in "Economy" will be comparable to that presently offered in "Red" as any given service at present typically operates with 3 or 4 Red carriages, other than in season peaks (e.g. AFL finals). To a limited extent, additional capacity will be switched from the Indian Pacific or Ghan for seasonal events like this.

- 5.5 Schematic Design sketches and a preliminary estimated Cost Plan are included in Appendix A.2. The estimated capital cost of the refurbishment program is \$2.4M.