

12 OCT 2009



Port Otago Ltd
PO Box 8
Beach St
Port Chalmers

Attention: Lincoln Coe

8th October 2009

Dear Lincoln

Re: Dunedin –Port Chalmers Rail Infrastructure and Future Volume Increase

Thank you for the opportunity to meet and discuss the current rail infrastructure at Port Chalmers and through to Dunedin as well as the infrastructure and operational requirements associated with handling greater volumes of rail in the future.

As you requested at that meeting I have outlined my opinions in relation to the ability of the line between Port Chalmers and Dunedin to handle significantly increased volume of rail, as well as commenting on the facilities at Port Chalmers itself which are owned by Port Otago.

Dunedin to Port Chalmers (OnTrack ownership of infrastructure)

This is the length of rail managed by OnTrack from the Dunedin Freight Terminal through to and including the Beach Street level crossing adjacent to the Tunnel Hotel, Port Chalmers. This portion of line currently has significant underutilised capacity when considering all of the following activities:

- Main Line trains heading north past the Port Chalmers Branch Line.
- Shunt services from Dunedin for Port Otago.
- Direct through rail from south of Dunedin.
- Taieri Gorge Railway services for cruise vessels and those heading north on charters.

Key aspects in relation to increasing the utilisation, if necessary, will be to:

- Retain the siding capacities (ie number of roads) at the Mussel Bay support yard and Sawyers Bay storage sidings.
- Retain the double track (Industrial Siding) from the Dunedin railway station through to Ravensbourne.

- Strengthen the existing bridges on the Harbour causeway to remove / improve current speed restrictions.
- Improve signaling at both Wickliffe Terrace and Beach Street level crossings.
- Invest in appropriate rolling stock to match volume demand.
- Invest in sufficient people resource to match volume demand.
- Work trains and people necessary hours to match volume demand.

Port Chalmers (Port Otago ownership of infrastructure)

Being all track owned by Port Otago Ltd north of the Beach Street level crossing adjacent to the Tunnel Hotel, Port Chalmers. The activities that these lines service at present include:

- Container shunts to the main rail pad.
- Timber / Dairy shunts to B/C shed.
- Dairy shunts to Back Beach – D Shed.
- Taieri Gorge cruise services to the Container Wharf or the Back Beach corner.

The key aspects necessary to increase the capacity of rail throughput at the Port Chalmers Container terminal will be:

- Increase the "turnover" of the rail pad. Dedicating greater intensity of Port Otago resource in terms of people and machinery as well as potentially extending the hours that rail is worked could do this. Currently 3rd shift would have opportunities as demand grew.
- Extend the width or the length of the pad to create more wagon spaces from the existing 29.
- Relocating the inefficient B/C shed siding.
- Undertake an upgrade to the existing rail pad and keep up the maintenance program to minimise delays through maintenance or imposed "speed restrictions" after all the pad is 30+ years old.
- Continue improving communication and co-ordination of our respective activities on rail.
- Continue working on safety and operator training as incidents can cause delays and grief for everybody.

Summary

There are a number of key areas in which a successful and efficient rail operation is built:

- Clear communication and cooperation between Port Otago and Kiwirail.
- A safe operating environment.
- Well-maintained and adequately sized infrastructure.
- Smart and efficient operating procedures.
- Investment in personnel, technologies and equipment resources.

Looking at all of the above factors and specifically in relation to considering the long term future and planning for up to a 3 fold increase in the volume of containers handled on rail, I do not see that the infrastructure places any constraints or limitations on the ability to handle that volume of containers in the future.

We will have to work together, more intensely and smarter and strive for the same growth goals but we have a history of doing that and I look forward to continue doing so in the future.

If you have any additional queries then please do not hesitate to contact me.

Yours sincerely,



Trevor Buckley-Beman
KiwiRail Manager
Dunedin