

Big players stitch up rail contracts

■ Amy French

THE awarding last week of rail transport contracts for a \$3.5 billion fertiliser project at Collie has put the two winners in good position to bid for the much larger contracts that will be needed to support the planned expansion of Collie coal exports.

Perdaman Chemicals and Fertilisers has partnered with Westnet Rail, which will manage the rail infrastructure, while the haulage contract has been awarded to QR National via its bulk freight subsidiary Australia Railroad Group.

Under the deal, up to two million tonnes of urea will be transported each year from Perdaman's plant to the port of Bunbury.

A much larger opportunity will be up for grabs if the likely new owner of the Griffin coal mining business proceeds with its growth plans.

Indian company Lanco Infratech intends to increase coal production from 4mt a year to 15mpta, which would require a major upgrade of the rail link to Collie.

The Perdaman and Lanco plans are also subject to finalising negotiations with Bunbury Port Authority.

Perdaman chairman Vikas Rambal said the rail agreement marked a significant milestone for the Collie urea project.

"Securing access to the rail network and rail franchising services is vital to the project's success," he said.

Westnet Rail chief executive officer Paul Larsen said the new partnership would provide significant growth opportunities for his company and supported continued investment and development in the South West.

Westnet Rail is currently engaged in negotiations with Lanco Infratech,

RAIL DEALS

Perdaman Chemicals and Fertilisers-Westnet Rail partnership on rail transport contracts for \$3.5 billion Collie fertiliser project.

Project's haulage contract awarded to QR National.

while QR declined to reveal its intentions.

About 1mpta of coal is transported from Griffin Coal by Westnet Rail for export through Kwinana Bulk Terminal; and Westnet Rail has already identified the need for future capital expenditure to upgrade the Collie rail line, duplicate rail sections and a new berth and rail unloader at Bunbury.

QR National executive vice-president Ken Lewsey said its 20-year rail haulage agreement with Perdaman confirmed the group's strong capability in WA's resources sector.

It followed the loss in December of its long-term rail haulage contract with CBH Group, which involved carrying about 10mt of grain a year.

The contract was awarded to US company WATCO, after being put out to tender for the first time. The existing interim agreement with QR is due to run until April 2012.

QR has achieved more success in the Yilgarn and Mid West regions of WA, where it is investing \$65 million in wagons and locomotives for its iron ore business.

QR already operates services for Mt Gibson Iron, which is expanding its operations in WA.

It has also signed an agreement with Gindalbie Metals for the provision of long-term bulk rail haulage services for its Karara iron ore project.