

Our Reference: ID 2022879 DLA:dla
Your Reference: Inland Rail Review
Contact Name: Donna Ausling

Assistant Director - Inland Rail Review Secretariat
Department of Infrastructure, Transport, Regional Development, Communications and
the Arts
GPO Box 594
CANBERRA ACT 2601

Via email: IR.Review@infrastructure.gov.au

Friday, 11 November 2022

**Re: Independent Review of the delivery of the Inland Rail Program – Narrabri Shire
Council Submission**

Dear Dr Schott,

Thank you for the opportunity to provide an organisational submission on the independent review of the delivery of the Inland Rail program.

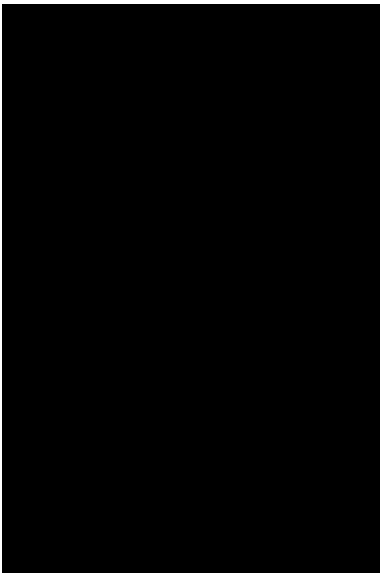
Narrabri Shire Council is dissected by two (2) segments of the Inland Rail, being the Narrabri to North Star (N2NS) and the Narramine to Narrabri (N2N) components. The N2NS section located to the north of the township of Narrabri is nearing completion, and the N2N section is pending final project approval and is yet to commence physical works.

This submission will focus on Council's experiences in respect of both project components and key emerging issues. It should be noted that Narrabri Shire Council has made multiple submissions on both projects which should be read in the context of this correspondence. Copies are available from Council or can be downloaded from the NSW Department of Planning and Environment (NSW DPE) Major Projects website: <https://www.planningportal.nsw.gov.au/major-projects>.

Item (a) assess Australian Rail Track Corporation's governance and program delivery approaches, including:

- (i) The effectiveness of current governance arrangements for Inland Rail, including monitoring and reporting;**
- (ii) Project management arrangements;**
- (iii) Risk management practices; and**
- (iv) Implementation of strategy.**

In the early phases of project development and delivery, Council experienced significant challenges with communication and engagement with ARTC Inland Rail. This fostered an environment of distrust and suspicion which deleteriously affected the necessary relationship and capacity building, and also permeated within the community. This was further compounded by the excessive use of temporary appointments and consultants and a commensurate high turnover of core staff, leading to Council staff repeatedly providing the same information to different ARTC Inland Rail personnel. Accordingly, it is apparent that ARTC Inland Rail were not appropriately capturing information provided or the internal project management/governance systems did not provide ease of retrieval.



Over the past 12-18 months a noticeable improvement in this relationship has occurred with the embedding of community engagement specialists, assigning of project staff within local communities and the opening of Regional Project Offices. This approach has not only provided a physical presence but has also positively contributed to some sense that the project and the organisation is part of the community.

The failure to develop sufficiently robust and adaptive community and stakeholder engagement frameworks in the early phases of project development and delivery has created a weak and at times tenuous foundation for ultimate project delivery. A key learning in respect of projects of this type is that such stakeholder engagement strategies (SES) should be formulated, tested and scrutinised at the very early project delivery phases.

In relation to project management practices and frameworks, once again these were not strategically embedded from the project outset. Council faced significant procedural challenges negotiating the Master Inland Rail Development Agreement (MIRDA), which ultimately took several years for the N2NS MIRDA document to be executed. Some matters remain unresolved in this space due to unsatisfactory and latent risk to Council.

Council has received ongoing community feedback in relation to the impact of the project on local infrastructure assets. There are a number of local instances and examples of the project operating contrary to overarching environmental approvals. A notable example includes the dewatering of the project site onto local roads increasing road dilapidation. This has created considerable community angst as such activities have now recently coupled with a natural disaster declaration from major flooding. Given that this issue is now reoccurring, it demonstrates a shortfall in project management systems and substantial gaps and deficiencies in contractor management.

The failure to both adequately and meaningfully engage with communities and key stakeholders, including local government early in the process of project planning and delivery, has undoubtedly created a series of project-related risks, namely reputational risk. There is widespread sentiment that the ARTC has failed to adequately consider community concern. A notable example is the current N2N alignment selection which has polarised the Narrabri community and other communities along the preferred route. A review of organisational culture should also be undertaken concurrently.

Item (a) recommendations:

1. *Implement appropriate stakeholder engagement frameworks which are agile and respond to community needs at the various project delivery phases.*
2. *Review the current risk management framework to more effectively address Contractor non-conformances.*
3. *Review the Master Inland Rail Development Agreement (MIRDA) process to more effectively respond to local government stakeholder needs and expectations.*
4. *Consider undertaking a review of organisational culture.*

Item (b) consult with stakeholders across the freight sector to test the Inland Rail service offering and the importance of this to achieving the benefits of Inland Rail, including how it provides new capacity and resilience to support Australia's national supply chain network, having regard to:

- (i) Urban congestion and future freight demand;**
- (ii) Potential end points for the Inland Rail Service Offering in Brisbane, including Ebenezer, Kagaru, Bromelton and/or Acacia Ridge; and**
- (iii) Efficient linkages with freight infrastructure such as other freight rail networks, ports and intermodal hubs.**

Narrabri Shire Council is recognised for its cotton, wheat, beef cattle, sheep and pulse crops and is a highly productive region in New South Wales. In the interests of the agricultural and broader industries, Narrabri Shire Council is committed to improving the capacity, the resilience and dependability of supply chain logistics to benefit both industry and the wider community.

The agriculture industry is a major contributor to both the New South Wales and Australian economy, creating jobs and delivering a range of significant broader benefits for the nation. Narrabri Shire Council recently made a submission to the Productivity Commission's Draft Report into the Performance of Australia's Maritime Logistics System.

Council's submission to the Productivity Commission acknowledges that Port privatisation processes have entrenched power in Sydney by combining the ownership of Port Botany and Port Kembla and penalising any development of container capacity at the Port of Newcastle. This effectively limits the possibility of the most likely competitor (Newcastle) entering the container market in New South Wales. As a result, the port commitment deeds are proving to contain limitations on container movements for our region, which has impaired productivity growth and competition for both industry and the wider community. The container port limitations are contributing to additional costs, inefficiency and uncertainty for industries in our region and it is the broader community that is bearing these costs.

Economic analysis has identified that freight from our region is travelling a further 191km from the Port of Newcastle, increasing our freight costs by \$567 per container. It is acknowledged that draft Finding 5.1 states it is far from clear that it is economically efficient to have a single container port in some Australian cities and Council concurs with this finding. Regional NSW communities are being disadvantaged economically by having a single container port in Sydney, due to it placing significant limitations on options for container movements and industry growth.

The economic disadvantages that have been placed on regional NSW by government, will be removed upon the lifting of the port commitment deeds. It is understood that this removal will ultimately result in the delivery of the Newcastle Deepwater Container Terminal, a timely development and an enabler to the businesses and communities within Narrabri Shire and allowing them to be more competitive in the national and global markets. The streamlined supply chain opportunities and efficiencies it will create will promote regional economic and population growth.

Draft finding 7.2 states that most container ports are planning substantial investments in rail infrastructure. Container port operators in Brisbane, Sydney, Melbourne, and Fremantle plan to increase the share of freight travelling to and from those ports by rail over the coming decades. Any further government investment in rail to service container ports will need to be accompanied by a clear cost-benefit analysis, including analysis of

the relevant externalities and including alternative scenarios for the development of truck technology, over the full economic life of the project.

Successive state and federal governments have committed significant funds to infrastructure aimed at increasing rail share of freight volumes into Port Botany. Narrabri Shire Council understands that this investment so far has not resulted in forecast increases in rail freight and in fact the percentage of total volumes carried by rail has fallen over the last five years. Narrabri Shire Council therefore supports the Commissions finding and would further recommend that any benefit cost analysis include wider externalities on the drivers for rail freight, in particular regional freight movements.

In response to the opportunities created by the Inland Rail project, Council has made a considerable investment in an Inland Port project, known as the Northern NSW Inland Port N2IP. The N2IP site is located within the Narrabri Special Activation Precinct (SAP). Further information and background on N2IP is available from: <http://www.n2ip.com.au/> and <https://www.planning.nsw.gov.au/Plans-for-your-area/Special-Activation-Precincts/Narrabri-Special-Activation-Precinct> respectively.

Item (b) recommendations:

1. *Consideration be given to the key findings and recommendations made by the Productivity Commission on the Draft Report into the Performance of the Maritime Logistics System.*
2. *Consider introduction of suitable mechanisms to streamline freight connectivity to Inland Rail and support regional economic development initiatives such as the N2IP project.*

Item (c) review the processes for selecting the Inland Rail route to confirm it is fit for purpose and has considered both impacts and potential broader economic benefits to regional economies and communities

As detailed in the preceding sections, the route selection process has created considerable tensions, and in some instances divided the community. At its September 2022 Ordinary Council meeting, Council made the following resolutions:

7.1 RESPONSE TO EXHIBITION OF PREFERRED INFRASTRUCTURE AND AMENDMENT REPORT FOR INLAND RAIL - NARROMINE TO NARRABRI (N2N)

MINUTE 286/2022

Moved: Cr John Clements Seconded: Cr Darrell Tiemens

1. That Council endorse the draft submission to the NSW Department of Planning and Environment in response to the exhibition of the Preferred Infrastructure and Amendment Report for Inland Rail Narromine to Narrabri (N2N) section, Application Number SSI-9487 as shown as Attachment 8 to this report.

In Favour: Crs Rohan Boehm, Robert Browning, John Clements, Brett Dickinson, Greg Lamont, Lisa Richardson and Darrell Tiemens

Against: Nil

CARRIED 7/0

7.2 AMENDMENT TO INLAND RAIL SUBMISSION

MINUTE 289/2022

Moved: Cr John Clements Seconded: Cr Rohan Boehm

1. That the following inclusion to the executive summary to the response to Exhibition of Preferred Infrastructure and Amendment Report for Inland Rail be deemed a Matter of Great Urgency;

- a. That Narrabri Shire Council asks the Minister to take note of the concern that Inland Rail/ARTC, as requested, has not assessed the Narrabri Alternative Route (as proposed by the Narrabri Inland Rail Concerned Residents Group). The alternate route proposal has been submitted by engineers, hydrologists, surveyors, and the broader Narrabri community members since March 2018.
- b. The Narrabri Alternative Route appears to save hundreds of millions of dollars and minimises flood impacts. This is supported by the WRM study commissioned by the Narrabri Inland Rail Concerned Residents Group. Narrabri Shire Council, with the current route selection, is unfunded for significant connectivity costs for the proposed Inland Port and the Special Activation Precinct (SAP).

2. That Council write to the relevant Minister pointing out its concerns as above be deemed a Matter of Great Urgency.

The Chair ruled the business to be of Great Urgency

In Favour: Crs Rohan Boehm, Robert Browning, John Clements, Brett Dickinson, Greg Lamont, Lisa Richardson and Darrell Tiemens

Against: Nil

CARRIED 7/0

Ongoing concern exists within the community regarding the transparency, robustness and integrity of the multi criteria analysis (MCA) system and associated methodologies. It is understood that the independent review process will have appropriate regard to the effectiveness, or otherwise, of MCA processes.

Item (c) recommendations:

1. Consider opportunities to further test and analyse alignment suitability and mechanisms to further engage with affected communities.

Item (d) having regard to current market constraints and regulatory environment, assess Program scope, schedule and cost, including;

- (i) **a broader review of the infrastructure market;**
- (ii) **review Program costs, contingencies and escalation;**
- (iii) **review schedule assumptions, including timing for planning and environmental approvals, land acquisitions and contingencies;**
- (iv) **options to optimise Program delivery to realise benefits earlier;**
- (v) **the PPP for the Gowrie to Kagaru projects;**
- (vi) **any related port connections;**
- (vii) **potential intermodal terminals in Brisbane and Melbourne;**

In relation to the N2NS segment, there was a demonstrated failure to obtain ancillary project approvals such as section 138 approvals under *the Roads Act 1993* and section 68 approvals under the *Local Government Act 1993* in a timely manner. This ultimately created pressure on Council's limited staff resources.

Effective project scoping to identify key issues requiring management and concern, has also been limited on some occasions. Furthermore, there has been a failure to capitalise on strategic infrastructure opportunities. Council has raised multiple times over a number of years that preliminary strategic work should be undertaken on parallel road network improvement opportunities which would alleviate current heavy vehicle congestion. The base case scope was so narrow it did not allow for these types of future potential works which would provide considerable community benefit and freight productivity efficiencies.

Item (d) recommendations:

1. ARTC should consider undertaking a review of the current project management framework.
2. Earlier engagement be undertaken with key stakeholders including local government and Transport for NSW (TfNSW).

Item (e) assess opportunities for enhancing community benefits along the route

Issues surrounding 'project legacy' has been subject to some debate. There are excellent opportunities for project legacies to be developed in consultation with communities and for alignment to be achieved to each respective Council's Community Strategic Plans. No clear and consistent framework currently exists for the management and implementation of legacy items. Development of Community Enhancement Funds (or equivalent) for impacted local government areas is also supported as part of project approval processes.

Due to current system reporting limitations, statistics on a local government area (LGA) basis are not currently available. Where the project segment traverses multiple LGAs, reporting is both misleading and unmeaningful. This significantly inhibits Council's

strategic and community planning opportunities and places local government in a largely reactive space. In Narrabri, this is currently further compounded by an agricultural and resources boom with construction work for Inland Rail occurring concurrently and a corresponding strain on local infrastructure and services.

Item (e) recommendations:

1. That ARTC review and update performance monitoring frameworks to enable interrogation on an LGA-specific basis and report available metrics to affected Councils on at least a monthly basis.
2. Develop a framework for the management of legacy items in consultation with key stakeholders.

Item (f) review ARTCs consultation and engagement approach, including options to improve engagement with communities and other stakeholders along the route; and develop a pathway to consider community concerns with the alignment

Refer preceding commentary and recommendations. Further consideration should be given to reviewing the effectiveness of Community Consultative Committee (CCC) arrangements given the size and scale of the project.

Item (f) recommendations:

1. That the effectiveness of the current Community Consultative Committee (CCC) arrangements be considered in the context of the review process.

Thank you for the opportunity to provide comment in relation to this important matter. Should you require any additional information or clarification in relation to this submission you are invited to contact Council's Director of Planning and Sustainability Ms Donna Ausling on [REDACTED]

Yours faithfully,



Rob Williams
General Manager