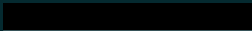




# ARA SUBMISSION

Independent review of Inland  
Rail

11 November 2022



## Contents

The ARA.....	3
General Comments .....	3
Responses to the Key Themes.....	5
1.    ARTC governance and management arrangements for the delivery of the Inland Rail Program. ....	5
2.    The role of Inland Rail in meeting Australia’s growing freight task and providing a Service Offering to meet freight sector needs. ....	6
3.    The processes for the selection and refinement of the Inland Rail route and whether these processes are fit-for-purpose, including consideration of benefits and impacts.....	9
4.    The effectiveness of ARTC’s community and stakeholder engagement processes, and opportunities for improvement, including ARTC’s approach to addressing community concerns. ...	9

# The ARA

---

The Australasian Railway Association (ARA) is the peak body for the rail sector in Australia and New Zealand, and advocates for more than 200 member organisations across the industry.

Our membership covers every aspect of the rail industry, including:

- The passenger and freight operators that keep essential rail services moving;
- The track owners, managers and contractors that deliver a safe and efficient rail infrastructure network; and
- The suppliers, manufacturers and consultants that drive innovation, productivity and efficiency in the rail industry.

Our members are driven to support vibrant, sustainable and connected communities through greater use of rail across Australia and New Zealand. We bring together industry and government to help achieve this ambition.

Our advocacy is informed by an extensive research program to ensure we offer solutions that are grounded in evidence and focused on delivering tangible value in our daily lives.

We believe the rail industry has a crucial role to play in the region's sustainable development and growth, and know that the industry offers meaningful and rewarding careers for tens of thousands of people in the regions.

Our significant program of work is focused on supporting a strong advocacy agenda, and creating opportunities for the rail industry to network, collaborate and share information, and maximise the benefits we have to offer the wider community.

The ARA thanks the Australian Government and Dr Kerry Schott AO for the opportunity to provide this submission.

Any questions regarding this submission should be directed to Simon Bourke, General Manager – Policy and Government Relations via [REDACTED]

## General Comments

---

The ARA believes that Inland Rail is an essential nation-building project that needs to be completed in timely and efficient manner, given the important role it will play in transforming the rail freight sector in Australia. With only approximately two per cent of freight travelling by rail on Australia's busiest freight corridor (Melbourne -Sydney), it is unlikely this will shift meaningfully without a major step change in infrastructure, which is what the Inland Rail project will deliver.

Moving more freight by rail will be crucial in meeting Australia's net zero emissions target by 2050, given rail freight produces 16 times less carbon pollution than road freight per tonne kilometre travelled, and is inherently easier to decarbonise than other modes of transportation.

Therefore, achieving the Australian's community's environmental aspirations and Government's net zero commitments depend on securing a growing proportion of the rapidly growing national freight task by rail, including a shift to rail from alternative modes for existing freight. It is difficult to see a future which successfully navigates the climate challenges without rail as a significant part of the solution. The efficiency and productivity benefits of Inland Rail for industry are core to realising this shift and delivering a national network which can meet the needs and changing expectations of freight customers responding to consumer preferences.

Of the various public projects drawing resources from the construction sector and rail supply chain, the ARA believes Inland Rail should remain a national priority, given the potential contribution to supply chain efficiency and resilience and enabling capability for the economy. Given recent global events highlighting the importance of international national supply chains, Inland Rail should be considered infrastructure of critical significance to the country and a direct contributor to national sovereignty. This is underscored by the transition already occurring within Australia's defence forces to include a greater reliance on rail for overland strategic logistics and in support of defence planning and joint activities with allies occurring in northern Australia.

The Inland Rail project itself was recommended by Infrastructure Australia as a national priority project in May 2016, which noted that, "the project shows evidence of a long-term stream of benefits to potential users of the project, users of alternative infrastructure, and the broader economy."

The importance of Inland Rail as a nationally significant transport initiative was reflected in the National Freight and Supply Chain Strategy and National Rail Action Plan that was approved by the Transport Infrastructure Council (TIC) in August 2019 and published in September 2019.

The Inland Rail project will provide an essential increase in capacity of the national freight network and become the backbone of the national freight supply chain. It will increase national productivity, increase employment, boost the national and regional economies along its corridor, enhancing freight markets for the next century and beyond.

The ARA welcomes the focused and targeted review of the Inland Rail project as an opportunity to ensure the project is expedited to maximum public and industry advantage. We note the recent Senate Rural and Regional Affairs and Transport Reference Committee inquiry into the management of the Inland Rail project by the ARTC and the Commonwealth Government and understand that Dr Schott will draw from the evidence and information available to conduct a more concise and focused review process.

The ARA would welcome the opportunity to facilitate an industry roundtable consultation on the project and key review themes if helpful.

# Responses to the Key Themes

The following section outlines the ARA's position on the key themes for the independent review of Inland Rail.

## 1. ARTC governance and management arrangements for the delivery of the Inland Rail Program.

*How could ARTC improve its management arrangements and structures to better facilitate the delivery of the Inland Rail Program?*

The ARA supports the ARTC's administration of the Inland Rail project. The professionalism, expertise and acumen of ARTC in its management and delivery of rail infrastructure makes it well suited to lead this nation building project. Its role as the operator of the interstate railway network and future operator of Inland Rail makes it the primary stakeholder of the project delivery and we consider their management to date to have overall successfully navigated the complexities of the task, notwithstanding there is always opportunity for all major projects to strive for continuous improvement. We would be concerned that any major shifts in the governance structure for project delivery is likely to cause significant delays to the construction of current phases and design and planning of others. These delays would unnecessarily undermine market certainty and confidence, limiting the ability for the Australian community and rail freight industry to reap the benefits of the project in its operational state.

Network vulnerabilities arising from threats such as climate change, weather events (specifically rain and flood events) are a major threat to the ARTC providing a resilient network. Given severe weather-related events are increasing in frequency, it will be essential to improve the national freight rail network through a greater understanding of network vulnerabilities and planning for resilience improvements across the country. The ARTC would benefit from ensuring that Inland Rail does not distract from focusing on prevention and mitigation against network shocks and stresses, and improvements to the ARTC's ability to respond to those unplanned events. The ARA has worked with Rail Infrastructure Managers (RIMs) nationally to develop a proposal for investment in national freight rail resilience, which we will provide an advanced copy of for the consideration of the review.

It should also be noted that the Automatic Train Management System (ATMS) for digital signalling and train control was identified by the original Inland Rail business case as critical to be delivered in alongside Inland Rail to ease interoperability, efficiency and connectivity challenges. The ARA continues to support progress towards operationalisation of ATMS in close collaboration with authorities responsible for delivery of ETCS and CBTC on adjoining networks, or networks where freight trains commonly traverse on single journeys to deliver interoperable hardware, software and performance management for operators. We are aware ARTC have advanced negotiations supported by an MoU in train with the Government of NSW and look forward to seeing this work advance apace. Achieving the projected operational, customer and economic benefits from the Inland Rail project requires coordinated delivery of ATMS at the time of commencement.

## ARA Position:

The ARTC should continue to be appropriately resourced to meet the increasingly challenging role of managing a resilient interstate rail network, as well as managing delivery of the Inland Rail project.

## 2. The role of Inland Rail in meeting Australia's growing freight task and providing a Service Offering to meet freight sector needs.

*How could Inland Rail and access to intermodal terminals create new opportunities and benefits for your region/industry/community?*

### Meeting Australia's growing freight task

The Australian population is predicted to reach 45 million by 2060, with increasing demand for food, agricultural products and everyday goods putting pressure on consumer supply chains. The final destinations for freight are often far removed from the source, the overwhelming volume of which needs to move by road or rail rather than air or sea.

According to the National Freight and Supply Chain Strategy Australia's freight task is growing and changing. The volume of freight carried is expected to grow by over 35 per cent between 2018 and 2040, an increase of 270 billion tonnes (bringing the total volume moved to just over 1,000 billion tonnes). Further, according to the National Transport Commission, the domestic freight task increased 50 per cent in the 10 years to 2016 and is forecast to grow another 26 per cent by 2026. Container movements through Australia's ports are projected to grow by 165 per cent by 2031. Rail freight provides a cost-effective, safe and environmentally sound solution for the movement of freight whilst reducing congestion from heavy vehicles on urban, regional and interstate roads.

Rail freight, as part of a supply chain, will need to play a greater role in the future to meet Australia's freight task and to maintain our international competitiveness. Inland Rail is an essential part of that solution. It will improve the speed, efficiency and reliability of rail freight, with a transit time of under 24 hours. This essential service offering was developed in consultation with industry and is a critical element for our members to compete and achieve rail freight mode share.

Currently, the only rail freight line connecting Melbourne to Brisbane travels through Sydney. This route has a number of obstacles that impede efficient operations: it is longer than the road alternative, track curvature lowers average train speed, tunnels prevent double stacking and the line is shared with urban passenger services and metropolitan passenger service in some places. Freight train services are also impeded by growing passenger train demands on the shared rail network through the north of Sydney, particularly during morning and evening peak periods. Consequently, 74 per cent of all inter-capital freight between Brisbane and Melbourne is carried by road, and almost all of the volume moving between Melbourne and Sydney as already cited.

With Australia's freight volumes expected to double within 20 years, enhancements to Australia's freight network are essential to allow for the movement of more goods throughout the country and to ports. Inland Rail will be an essential part of the freight supply chain. It will deliver a competitive

rail service, increase national productivity and boost the regional economies along the Inland Rail corridor serving the freight market for the next century and beyond. Not only will it deliver a freight service between Melbourne and Brisbane that is cost competitive with road, it will also lower transit times, reduce emissions and improve the reliability of freight transport. Its construction will deliver significant flow-on benefits, such as regional employment and opportunities for the construction industry.

When completed, Inland Rail will provide a strategic infrastructure corridor for eastern Australia, creating the opportunity to optimise development of local and regional road and rail links by state and local governments.

Inland Rail will not just deliver benefits to those businesses wanting to transport freight between Melbourne and Brisbane. Due to its intersection with the main East-West line at Parkes NSW, a major inter-modal hub, it will also provide access to the ports of Port Kembla, Botany, Newcastle Adelaide and Perth. Regional businesses and farmers will be able to take advantage of new opportunities for export growth and get their produce to market when and where it is required at a better price.

Supply chain costs are a significant component of the price consumers pay for goods with up to 10 per cent of the final cost coming from transportation. Australia's exposure to severe weather events such as bushfires, flooding and tropical storms also demonstrate the need to build additional resiliency into the national freight and supply chain. As a simple comparison, the national road network between Melbourne and Brisbane is serviced by multiple routes including the Hume, Newell and Pacific Highways. Inland Rail brings essential additional freight capacity and redundancy to the existing Coastal railway network in NSW.

In economic terms, Inland Rail will increase gross domestic product (GDP) by \$16 billion over the 10-year delivery period, and the first 50 years of operation. It will create 16,000 jobs at the peak of construction, and 700 ongoing jobs once it is operational.

Inland Rail has commenced its construction phase and is employing Australians, stimulating the economy, and it will deliver economic benefit over its lifetime beyond the immediate stimulatory impact of its construction phase. Much of this investment is in regional Australia locations – areas not experiencing the benefits of the current infrastructure boom.

By increasing freight options to businesses, and a more efficient freight rail service, Inland Rail will lead to reduced transport costs for producers and other shippers. The 2015 Business Case predicted that costs for inter-city capital freight between Melbourne and Brisbane would reduce by \$10 per tonne.

### **Providing a Service Offering to meet freight sector needs**

#### Intermodal Terminals

Intermodal terminals play a significant role in national supply chains, supporting rail freight through consolidation, storage, and transfer of freight between rail and road at the beginning and end of each rail journey. Modern, well designed, and well-located intermodal terminals provide connectivity to ports, regional networks and other capital cities and locations and directly contribute

to improved performance across the three key drivers of mode choice: Door-to-door price, making rail more competitive over shorter distances; reliability; and transit time. As such, intermodal terminals are critical to efficient intermodal supply chains

Rail is most competitive when transporting higher volumes of goods. Intermodal terminals help achieve this by making it more efficient to load and unload large freight trains. Intermodal terminals also enable more train cycles over a given period, reducing turnaround times and last miles costs for freight customers, as well as supporting the development of warehouses and distributions closer to rail lines, to make it faster and easier to move goods by rail.

Recent announcements by the Commonwealth and state governments recognise that well planned and funded freight rail projects play a vital role in keeping cities moving, delivering more environmentally sustainable freight solutions and reducing congestion. The ARA is supportive of governments investing strongly in rail for much-needed improved infrastructure.

Efficient public, open-access intermodal terminals in Melbourne and Brisbane are vital for realising the benefits of the Inland Rail Project and providing broader economic benefits to improve the competitiveness of Australia's freight supply chain. An integrated national approach to intermodal development in Australia is key to maximising our rail freight network capability, with the right mix of public and private investment in a new and existing terminal. This includes the development of effective transport connections and linkages to warehousing and logistic precincts.

The creation of the National Intermodal Company is an encouraging step forward to help achieve an effective national network of interconnected terminals to support the commencement of Inland Rail services. This will ensure rail freight realises its full potential and can efficiently meet forecasted growth in demand.

Uncertainty remains about the location of terminals at the start and end of the alignment in Melbourne and Brisbane, and how these will be connected with ports in both cities. The ARA notes that existing terminals in Melbourne and Brisbane cannot process the 1,800 metre, double-stacked trains to be used on Inland Rail to support our growing freight needs. Logistics companies and major freight owners need to make commitments looking forward over five to ten year horizons. Resolving the uncertainty of the locations of intermodal terminals is urgently required.

Market certainty and opportunities for complimentary investment are contingent on decisions being finalised. It is also critical that terminals be completed and operational by the time the Inland Rail track is completed, which requires urgent attention, particularly given the forthcoming loss of Dynon terminal in Melbourne in 2030.

**ARA Position:**

The decision on the location of terminals at the start and end of the Inland Rail alignment in Melbourne and Brisbane should be finalised as soon as practical to enable market certainty and opportunities for complimentary investment.



### 3. The processes for the selection and refinement of the Inland Rail route and whether these processes are fit-for-purpose, including consideration of benefits and impacts.

*Do you consider ARTC's approach to engaging communities on the route is fit-for-purpose?*

Extensive studies have been undertaken to inform the Inland Rail alignment and the ARA does not believe the route should be altered. Contracts for the delivery of the Inland Rail project phases have been agreed, with construction of some underway, and others completed or in planning. It is important that project proponents have certainty regarding the clear start and end point for decision making that can impact project delivery. Any changes to the route alignment could put in jeopardy existing and future private investment for the project. Communication to ensure communities understand the informed expert decision making in this regard may be helpful.

#### **ARA Position:**

The Inland Rail route alignment should not be altered, however the Inland Rail team should continue to work closely with communities along the alignment to ensure they understand the various disciplines of engineering expertise which informed the alignment selection.

### 4. The effectiveness of ARTC's community and stakeholder engagement processes, and opportunities for improvement, including ARTC's approach to addressing community concerns.

*What has ARTC done well in engaging with communities, including addressing community concerns?*

Inland Rail has in the past partnered with the ARA in delivering the bi-annual Inland Rail Conference to showcase how the Inland Rail project is transforming the movement of freight in Australia. The set of conferences featured presentations from a range of key operators, contractors, customers, suppliers and senior government stakeholders, including addressing the significant growth opportunities for regional Australia, the integration of intermodal freight, as well as the innovation and technology that is driving the Inland Rail project.

More recently, Inland Rail contributed to the ARA's Rail Freight Conference held in October 202, the only national conference for the rail freight sector. The Conference brought together senior executives from the rail freight and intermodal sectors to discuss the major issues impacting the industry. The Conference featured an Inland Rail Workshop that covered issues of growth for multiple freight profiles, hydrological considerations in planning and design, innovations in construction, as well as keynote addresses.

Inland Rail's participation in these conference underlines their commitment to engagement and addressing perceived concerns.

*In what ways could ARTC improve its communication and engagement processes with communities and stakeholders?*

The core service offerings of the Inland Rail project are central to its success (24 hour transit time, 98 per cent reliability, capacity for 1,800m double-stacking). However, many years into construction, there remains no information about what access charges for the track will be, which constrains opportunities for planning by operators and customers. Without knowing what the access charges will be, operators are not able to develop their respective offerings to customers. This also impedes decisions on complementary infrastructure, such as intermodal terminals, distribution centres, handling facilities, sidings and rolling stock, all of which will be required prior to, or soon after, Inland Rail becomes operational.

The ARA acknowledges that uncertainty of the final cost to deliver the Inland Rail project will make it difficult for the ARTC to communicate precise access charges. However, it is important to bring operators on the journey by engaging early on the approach to access charging and to provide definitive information as early as possible.

**ARA Position:**

Rail freight operators should be considered primary stakeholders as the project progresses to offer insight and information on access charging as early as possible.

*How could ARTC improve its engagement with communities and stakeholders in responding to concerns?*

The ARA and Inland Rail established a Strategic Partnership Committee in 2020 to address workforce development initiatives with local communities and other stakeholders. The development of capability in the regions is imperative as this contributes to more sustainable and prosperous regional communities, a more efficient and cost-effective build and operation of Inland Rail and greater value and efficiency in the freight supply chains. The objectives and shared intent for the outcomes of the Partnership are to:

- (a) broaden their reach and areas of influence;
- (b) gain greater return on investment by reducing duplication of resources allocation and having a greater ability to attract additional support and resources resulting from broader area of influence; and
- (c) deliver on mutually agreeable benefits for local, regional, national and international benefit.
- (d) combine resources and expertise in order for the ARTC and ARA partnership to jointly realise common aims, particularly in terms of addressing skills gaps in the construction, maintenance and operation of freight rail and building the capacity of freight supply chains; and
- (e) contribute to the common goals of creating sustainable and thriving regions, particularly along the Inland Rail alignment. To this end, regional industries that complement the freight rail supply chain will be considered as beneficiaries of these partnership arrangements.