



# SCT LOGISTICS

## ILR SUBMISSION

18 November 2022

## BACKGROUND

**SCT welcomes the Inland Rail Review (ILR)** – Specific to ILR, we are one of 2 Interstate Rail Companies operating on the North South corridor since Aurizon departed in 2018. SCT is the preeminent developer of Rail Intermodal terminals in Australia. Specific to ILR we have developed and operate 3 Rail Intermodal Terminals that will integrate into Inland Rail on completion of this project.

- Parkes NSW- 2008
- Wodonga, Vic – 2016
- Bromelton, Qld - 2017

Current project timelines and completion dates remain the same today as they were some years ago which is concerning. We look forward to the finalisation of outcomes from this review including some finality around the route and project timing so that rail operators such as SCT have certainty around this project and our previous, current and future investments.

We hope that the review ensures that rail funding is spent wisely not only on the ILR project, however across the integrated rail network nationally.

The key parameters arising from ILR in regard to the use of double-stacking, longer trains and reduced transit times will make a significant contribution to the competitiveness of rail freight on the north-south route including capacity which is a significant restriction today.

Consequently, significant savings will be seen in a multitude of areas including road and Highway maintenance, Road Trauma and congestion as well as supporting the Government and the nation in achieving its carbon emission targets.

## Overall Position

Inland Rail is not an independent piece of infrastructure. It is an important part of an integrated national rail supply chain network. SCT believes that any substantial changes to the configuration and planning for ILR need to be determined in close consultation with industry as part of the recommended improvements to the overall consultation process.

Much greater scrutiny and accountability around the implementation of the Project from financial oversight and corporate governance perspectives are required.

Rail operators and track owners in Australia have become largely uninsurable due to a systematic lack of investment in our rail network over many years. The ILR route and associated terminal funding cannot continue to divert expenditure and attention away from the critical east-west corridor and other aspects of the national rail freight network.

It is difficult to comprehend where the significant cost blowouts have occurred, and again despite being a key stakeholder, industry is informed of these matters through the media, as opposed to being included in a consultation process that could see some of these issues resolved.

These issues are part of the longer-term underlying problem of chronic underinvestment in the national rail freight network. This is being manifested in a range of ways, including:

- Almost one day a week being lost to network disruptions over the last three years
- Market failure in the access to insurance to seek some compensation for these disruptions

- The network itself becoming a significant OH&S and risk exposure for the Federal Government and ARTC.

These outcomes are occurring in an environment where the ARTC has continued to pay significant dividends to the Federal Government, as opposed to this funding being reinvested into a failing rail network.

## IMPACT ON DECARBONISATION

- It is acknowledged that Rail Freight transport is up to 16 times more carbon efficient than road transport.
- The industry is currently engaged with the Clean Energy Regulator on the review of the Transport Method under the Emissions Reduction Fund.
- The extent of the transport sector's contribution to the 43% reduction in emissions is closely linked to ILR - the additional capacity on offer through the Project will optimise this decarbonisation outcome.

## GOVERNANCE AND PROGRAM DELIVERY

- Lack of effective and regular consultation including industry participants in any initial feasibilities around ILR and the existing coastal route
- Lack of clarity and accountability around build timelines and how certain elements of the route are being prioritised
- Read about extensive cost overruns and delays, but little formal advice as to why
- Federal-State collaboration on the issue has been poor. We have been involved in two separate consultation processes relating to terminal location around 18 months apart:
  - Different consultants involved
  - Inconsistency of involvement and cooperation, particularly between State and Federal Governments
- Seem no closer to a final location at either end

## PRIVATE SECTOR EXPENDITURE REQUIRED

- The private sector investment required for the ILR's economic benefits to be realised has not been well articulated, with a focus on the public sector spend.
- Investment will include additional locomotives, Rolling Stock including change to Double Stack equipment and High Cube rail vans, Containers, Terminal Enhancement programmes.
- Certainty around Government support for this activity would assist (e.g., funding through the Interface Improvement Program).
- Certainty around the final ILR route and timing will provide investment certainty for the private sector.

## TERMINALS

The Federal Government still has an opportunity to avoid the same cost overruns and mistakes in design, development and build of terminals supporting ILR.

The design and operation of Interstate terminals are vastly different from the many intermodal terminals that exist throughout Australia. We would implore the review committee to engage with rail operators if not the ARTC who have far more insight into the regulatory and operational requirements that rail operators are governed by and required to adhere to.

The Multi User terminal model similar to that of Moorebank is unsuitable for long haul interstate and multi functional operations with competing interests. Interstate Terminals including those now being contemplated in Victoria and Queensland will need to have versatility of design to accommodate far much more than just Inland Rail Trains.

- Interstate trains are of a large scale,
- They operate over vast distances (3,500 Kilometre journeys),
- They often do not run to schedule due to the nature of the trip,
- Whilst Port trains move 20 and 40 foot containers, Interstate trains are made up of hundreds of different combinations of equipment and materials requiring multitudes of differing loading equipment
- Regulatory requirements around train preparation and pre trip checks are extensive.

As is the case with major intermodal terminals they will need to accommodate a multitude of functions similar to the current SCT services. In SCT's case today, our terminals need to service Port Rail services, East West Rail which is the most rail dependant corridor in Australia and regional intra/interstate rail operations.

For healthy competition and security of supply we need to have operational and Industrial relations independence in Rail terminals. SCT welcomes Government investment in 'Multi Terminal Operator Model' similar to that which exists in Australian Ports where Stevedoring companies compete. The Victorian Government is promoting this model at Truganina which encourages private investment, Competing Operations, whilst encouraging competition and private sector investment.

#### Government Responsibility:

- Planning and procurement of Rail land
- Upgrades to Road Infrastructure to cater for the significant increase in heavy vehicle traffic
- Shared User Connections and Access to main line.

#### Rail Operator responsibility

- Terminal Development for Rail operations
- Receival/ Departure/ Marshalling and Train holding capacity (In SCT's case we are required to hold up to 10 Kilometres of train and Rolling Stock at any given time which will increase with expected volume increases with ILR)
- Locomotive/ Rolling Stock maintenance and train preparation on site
- SCT is not convinced that there is an immediate need for a new terminal in Queensland, depending on the final outcome with the ILR connection into Queensland. We however would encourage corridor protection to accommodate future terminals should they be required.
- SCT is of the view that Truganina is the preferred location for a new terminal in Melbourne however acknowledges challenges around infrastructure and timing in this location. We also believe that the location of Beverage will have a strategic role to play in the future or sooner depending on the decision around Truganina.

- SCT has approached the National Intermodal Company in acquiring 300 hectares from their option land at Beverage with a view to SCT developing a Rail Terminal at that location prior to the completion of the ILR project.
- SCT believes the most efficient and cost-effective outcomes around terminal construction would see public and private contributions (e.g., from our experience, interstate rail terminal construction requires a certain design, scale and operational capability impacting turnaround times, maintenance considerations, interoperability issues).
- In terminal design and construction, SCT's extensive experience has highlighted the important differences between Interstate Terminal and Port Shuttle Terminals. We believe these need to be considered in the ILR build, and include:
  - The need to cater for a variety of handling equipment, where port terminals will typically only need to manage 20 and 40 ft containers.
  - The need to accommodate freight trains for 24 hours or more due to the lack of reliability in the network.
  - The requirements to prepare long haul trains with one-way journeys of up to 3,500km are quite different from short run port shuttle trains. This covers issues such as train integrity (brake testing and general train inspection processes) and shunting requirements.
  - The requirements for holding lines, and the need for rail operators to house trains off the mainline as required (as an example, SCT operates 40km of train at any given time).
- SCT's experience with Sydney based intermodal terminals is instructive here. Despite attempts to utilise various facilities, they were unable to accommodate requirements due to a lack of holding capacity and arrival window inflexibility.
- A hybrid access model along the lines of the Victorian Government's original design for an "Integrated Multi-Terminal Model" at Truganina and consistent with current Port operations throughout Australia is preferred.
  - Utilises some shared infrastructure but allows for individual company design, private investment and innovation, and prevents the prospect of restricting access.
  - Governments can also focus on appropriate road access into the precinct and adjoining major arterial roads.
  - Encourages competition and innovation whilst creating operational efficiencies.

The benefits of such an approach include:

- The provision of shared rail infrastructure into the site with the appropriate connectivity back onto the respective mainline operations, while allowing individual operators to configure their warehouse and maintenance activities in the most efficient manner possible.
  - There are some unique aspects in the design and deployment of maintenance activities by individual operators, and the hybrid model would allow each company to use the most efficient approach for its circumstances.
  - Removing the prospect of one operator 'gaming' access to the site. This has occurred constantly in the past with shared facilities, including Acacia Ridge.
  - Improves safety in regard to both the marshalling arrivals and departures from different operators and the way inspections are carried out. Shared access arrangements present the very real risk of compromising these outcomes.

## PORT CONNECTIVITY

- SCT is engaged with the Victorian Government Port Rail Shuttle Network program and shares the State Governments vision around rail shuttles providing an effective way of connecting to the Port of Melbourne whilst also reducing traffic congestion.
- While there is a range of options for the Queensland end, again an improved process would see better consultation and agreed timeframe to make a determination.
- We are continually considering options around rail shuttles between Parkes and Port of Botany. Ultimately Inland Rail will alter the commercial case around Sydney once the majority of coastal traffic is relocated to the Inland Route.

## FREIGHT FORECASTS AND UTILISATION

With the improvements to the existing north-south network that result from the ILR project, SCT would anticipate that current volumes would increase 3-4 fold based on current train configurations operating on the East – West corridor today.

This growth will come from:

- Modal shift from road to rail, driven by customers seeking to decarbonise their supply chains, reliability of rail services, improved transit times and cost reductions.
- The rail share in the growth in the freight task.

## RECOMMENDATIONS

**Project needs to be accelerated.** Certainty around start and end points and realistic timelines will support the investment pipeline.

SCT's investments in Wodonga, Parkes and Bromelton over recent years have been informed by the expected ILR route.

These determinations would also accelerate investment on other existing intermodal sites (including Altona) once the industry has clarity around terminal location.

- Continue to address the immediate issue of poor network resilience and its impact on capacity.
- Improved consultation should be a quick win - regular industry engagement with ARTC is critical..
- Improved engagement between State and Federal Governments on the project.
- Continued focus on improving the East – West rail line to ensure national connectivity is efficient.
- Support is required for the private sector investment that is needed to access the benefits of ILR (e.g. intermodal terminals, cold store capacity, rolling stock) – the Interface Improvement Program needs to be appropriately funded to support co-contributions to private sector infrastructure along the route.