

# **Independent Review of the delivery of the Inland Rail Program.**

**Submitter:**

**Mrs R. A Keenan**

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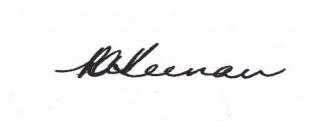
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As a foundation and current member of the Calvert to Kagaru Community Consultative Committee, I welcome the action by the Hon Catherine King, in ordering the Independent Review of the Inland Rail Program.

I am grateful for the opportunity given by Dr Kerry Schott AO, to share my knowledge, views and experience gained through my participation as a C2K CCC member and as a long-time resident of the Kagaru area.

As requested, comment on each Theme is less than 2 pages. However, I have compiled them in one document for ease of transmission.

**Submission and my name can be made public but not my address, phone or email address.**



# **Independent Review of the delivery of the Inland Rail Program.**

**SUBMISSION**

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**Mrs R. A. Keenan**

## **Introduction.**

The Inland Rail project is a major infrastructure project being managed by the Australian Rail Track Corporation (ARTC) for the Australian Commonwealth Government.

There is an ongoing lack of transparency with the whole project by both the previous Federal Gov and ARTC. There were early warnings about the project, apparently ignored or overlooked by the previous Government.

*“...there are serious doubts about the Australia Rail Track Corporation freight rail project, even citing the marginally favourable assessment by Infrastructure Australia. At the very least, such projects should be fully and independently assessed by (say) the Productivity Commission before any serious money is committed or spent.”*

*Austaxpolicy – Research & Analysis of tax and transfer policy for public benefit.,10 August 2017, [John Hewson](#)*

In light of

- the serious and significant shortcomings of the 2015 Business case,
- the enormous escalation in the projected cost of building the rail line,
- the rise in the cost of borrowing,
- continuing inflationary pressures on the Economy,
- the severity of the irreversible and unjustified Environmental destruction and subsequent impact,
- the significant impact on not only high value agricultural land in SEQ but high density residential areas, and
- the lack of relevant information to impacted landholders,

it is imperative that there should be a thorough examination of the matters raised in the Terms of Reference, particularly in relation to the PPP corridors in South East Queensland.

The Precautionary Principle has become an underlying rationale for a large and increasing number of international treaties and declarations in the fields of sustainable development, environmental protection, health, and trade.

In the case of Inland Rail, it is the lack of appropriate explanation of unfathomable decisions, a lack of information available to impacted residents and unwarranted, irreversible environmental damage, particularly in habitat areas of endangered species, that should not be accepted.

We urge the Commonwealth Government to exercise the Precautionary Principle and err on the side of caution in relation to the construction of Inland Rail in SEQ. Thorough and proper investigation of the most appropriate route and destination in Queensland is essential before any further action is taken by ARTC to resume land or construct the rail corridor.

It is imperative that the Commonwealth Government calls a cessation of the project in Queensland until these investigations are carried out and there is proper and thorough consultation and advice to affected communities.

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

**Terms of Reference:** d) Having regard to current market constraints and regulatory environment, assess program scope, schedule, and cost, including (ii) review Program costs, contingencies and escalation

**Business Case**

The basis of the project is a **flawed and out date Business Case**. The 2015 Business Case was developed with what appears to be, the predetermined outcome of making the project viable. It has a significant number of flaws which were exposed during the Senate Enquiry in to the Management of the Inland Rail project by ARTC and the Commonwealth Government, Department of Finance, November 2019. These mis-calculations and omissions cast doubt on the Economic Benefits demanded of a project of National significance with consequential budgetary implications, in a time when there are such demands on Federal expenditure.

- A. **Initial underestimation of cost and subsequent significant escalation in costs.**  
The initial cost at commencement of construction in 2018-19 was \$9.3 billion. The massive 'blow-out' in the budget in the ensuing 3 years - \$14.3 billion in 2020 with the prospect of > \$20 billion before completion, casts doubt over the economic viability of the project. The Senate Enquiry by the Standing Committee on Rural and Regional Affairs and Transport, chaired by the Hon Sen Glen Sterle, reported on ongoing concerns about the cost of the project. The final Committee report stated this increase in cost from \$4.7 to \$14.3 billion, with predictions that it will exceed \$20 billion, "potentially undermines Inland Rail's Business case and casts doubt over the ARTC and Australian Government's capacity to manage the project."<sup>1</sup>
- B. The financial analysis of the Inland Rail found the project 'would not generate enough revenue to provide a return on its full construction cost' but would be 'cash flow positive once operational.'<sup>2,3</sup> Based on current planning, it will take a least 10 years to build the railway. Interest on the ARTC loans will multiply rapidly over those years, and it will take another 10 years of freight traffic to generate enough revenue to start repaying the loans. The venture may bankrupt ARTC. Inland Rail can only ever attain viability without debt.<sup>4</sup> The Business case states that the project will take 35 years to break even. However, this is against the cost estimate of \$9.7 billion, not the current projected cost of >\$20 billion.
- C. The 2015 Business Case found that, on a stand-alone basis, Inland Rail would generate a cost-benefit ratio of 2.62 at 4% discount rate and 1.02 using a 7 % discount rate and P50 capital costs. (Based on projected costs as calculated in 2016).<sup>5</sup> Even with 2015-16 figures, at the most frequently used 7% discount rate, it barely breaks even. With the ongoing price increases plus the inclusion of interest on the mounting debt, the project is unlikely to break even in 35 years, if ever.

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<sup>1</sup> Final Report, Senate Enquiry in to the Management of the Inland Rail project by ARTC and the Commonwealth Government, Department of Finance, November 2019

<sup>2</sup> Final Report, Senate Enquiry in to the Management of the Inland Rail project by ARTC and the Commonwealth Government, Department of Finance, November 2019; Inland Rail Implementation Group Report to the Australian Government, August 2015

<sup>3</sup> Inland Rail Implementation Group Report to the Australian Government, August 2015

<sup>4</sup> MHD Supply Chain News; Opinion – Inland Rail – politics of disaster, 29 March 2019.

<sup>5</sup> Infrastructure Australia, Project Business Case Evaluation, May 2016

- D. The PPP component from Gowrie to Acacia Ridge, estimated to be at least 35% of the final costings, was not included in this cost estimate.**

However, these costs, including construction costs of \$3.3 billion for construction, and \$792,004,324 for indirect costs - a total of \$4 billion, were identified in the draft EIS for the Helidon to Calvert section of the Queensland corridor. Additional to these, are the anticipated costs of building tunnels and track from Acacia Ridge to the Port of Brisbane – anticipated cost \$2.8 billion.<sup>6</sup>

ARTC will also secure some private borrowings and intends to establish, design, build, finance and maintain the Public, Private Partnership (PPP) for the Gowrie to Kagaru section of the project.<sup>7</sup> These borrowings are not accounted for in the Business case.

- E. An important component of the Business Case is the service offering, with emphasis on the 24-hour transit time from Melbourne to Brisbane to meet industry customers' demand. Simple calculations using section times quoted by ARTC do not equate to the claims made by ARTC when attempting to justify the advantage of rail over road transit in SEQ.**

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<sup>6</sup> **Dissenting Report on the Senate Enquiry into the Management of Inland Rail by ARTC and the Commonwealth Government, Sen Pauline Hanson.**

<sup>7</sup> **Submission to the Senate Enquiry in to the Management of the Inland Rail project by ARTC and the Commonwealth Government, Department of Finance, November 2019**

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

**Terms of Reference:** b) consult with stakeholders .....to test the Inland Rail service offering....., having regard to: (i) urban congestion (iii) potential end points for Inland Rail service offering in Brisbane including Ebenezer, Kagaru, Bromelton and/or Acacia Ridge; (iv) efficient linkages with freight infrastructure such as ... ports, intermodal hubs © review the processes for selecting the Inland Rail route to confirm it is fit for purpose and has considered both potential impacts and broader economic benefits to regional economies and communities.  
d) vii) potential intermodal terminals in Brisbane and Melbourne.

**Economic Benefit**

A rail-based supply chain must be at least a highly competitive, if not optimal solution for the cargo owner in order to attract freight traffic to an intermodal terminal. At a high level, the key drivers of choice of freight solution for cargo owners include:

- cost effectiveness;
- time effectiveness;
- reliability

**Inland Rail cannot provide cost or time effectiveness for the transport of goods.**

It provides **no Economic Benefit** to SE Queensland

- goods from SEQ areas can be transported more quickly and effectively by other means
- requires double handling of freight onto trucks for local delivery, at source and destination
- Local truck traffic is increased significantly thereby **increasing urban congestion**

**Service Offering**

As stated in the 2015 Business case: *“The service offering is central to Inland Rail and reflects the priorities of freight companies for a road competitive service that offers.....a transit time of less than 24 hours....”*<sup>8</sup>

The decision to build Inland Rail was based on this requirement by Industry and the assurances by ARTC, that freight could be delivered from Melbourne to Brisbane in 24 hours.

At commencement, according to the charts in the C2K Draft EIS, there are only 2 Inland Rail Express trains per 24-hours i.e. 4 train movements. There is no increase till at least 2040. There are 4 Super Freighters = 8 train movements per 24-hours, increasing to 11 train movements (5.5 trains) by 2040. Information provided by ARTC indicates the Super Freighters would only get the 24-hour timeframe if they **pay extra** for the faster time.

No figures have been provided by ARTC to demonstrate that this 24-hour transit time requirement can be met by any train. Figures quoted by ARTC for Gowrie (T'wba) to Acacia Ridge state the transit time is Northbound – 2hrs5mins and Southbound, 2hrs20mins. At Acacia Ridge, goods must be unloaded and reloaded onto local road transport vehicles for delivery increasing time to destination. Road Transport Company, Linfox, quotes transit time for the same journey as 1hr35mins with trucks able, if necessary to deliver to destination without the need to ‘double handle’.

**ARTC has not demonstrated they can meet the service offering. What they propose is not cost or time effective for Industry.**

**Siting of and Access to Intermodal terminals**

It appears that the Inland Route was chosen without due consideration of the intermodal sites in

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<sup>8</sup> The Case for Inland Rail. A Summary of the 2015 Business Case; Australian Government/ARTC, Sept 2015

Melbourne or Brisbane. In Brisbane, the proposed terminal/intermodal destination, was one of convenience rather than the result of effective planning. The destination/s, Acacia Ridge and/or Bromelton are completely inappropriate for the reasons listed below.

#### **Acacia Ridge**

- In the centre of a highly urbanised, commercial, and industrial area with heavily congested road infrastructure servicing the terminal
- Some distance to major road corridors in SEQ – Pacific, Warrego, Cunningham, and Bruce Hwys
- 38km to Port of Brisbane via already congested roads
- Rail access via the Standard Gauge Rail (SGR) linking Sydney and Brisbane. This traverses the extensively developed and heavily populated southern areas of Brisbane and south-west Logan City including the PDA of Flagstone with anticipated population of 140000 living within 1 km of the SGR and therefore, the proposed Inland Rail line.

#### **Bromelton and Kagaru**

##### Bromelton

- 4km west of the rural township of Beaudesert and 41km south of Acacia Ridge. It is 81km by road from the Port of Brisbane.
- Serviced by primarily rural roads leading to the Mt Lindesay Hwy, a National Road in extremely poor state of repair and only 2 lanes in many sections.
- The eastern boundary of the Bromelton SDA follows the Logan River and its flood plain, making it unsuitable for building.

##### Kagaru

- 21km north west of Beaudesert, 18km north of Bromelton, and 9 km from the Mt Lindesay Hwy.
- On the flood plain of both the Logan River and Teviot Brook and area regularly floods.
- Teviot Brook will frequently carry high volumes of water regularly released from the upstream Wyaralong Dam as well as natural drainage from the flood plain, to service the urban water treatment plant at Cedar Grove Weir on the Logan River, just downstream from the junction of the Teviot and the Logan River. This system will be part of the SEQ Water Grid supplying potable water to Brisbane, Logan, and surrounding areas.
- It would be most undesirable to locate railway facilities on an area providing water for human consumption.
- The primary road servicing area is a rural road passing through the Flagstone PDA, the northern boundary of Kagaru, proposed to contain 51000 dwellings housing 140000 people.

**Apart from the lack of suitable flood free building sites, the most significant drawback to Bromelton and Kagaru as intermodal terminals, is the lack of an appropriate transport corridor required to take the unloaded goods to other transport hubs, the Port of Brisbane or to local markets in SEQ.**

The only access is the Mt Lindesay which runs to Beaudesert, not to Bromelton or Kagaru

**The Mt Lindesay Hwy is at capacity, highly congested, and only dual carriageway as far south as the Logan River at Macleans Bridge, 27 km to the north of Beaudesert.**

The highway passes through burgeoning residential areas of Logan City and southern suburbs of Brisbane City.

#### **Efficient Linkages with Freight Infrastructure.**

Neither Bromelton nor Kagaru can provide the freight linkages required by a National Freight Network. As noted earlier, neither has adequate major road infrastructure linking to other freight terminals and being situated in the southern area of SEQ are a considerable distance from other freight distribution centres and commercial areas such as the Port of Brisbane (81 km), Acacia Ridge (41km) Yatala (46km), Redbank Plains (55km). The industrial and commercial areas to the North of the Brisbane River are even further.

### Other Potential Intermodal sites

Gowrie is a convenient distribution and collection point for goods from all parts of the vast and productive Darling Downs Region. Most importantly, it is located close to the Warrego Highway to Brisbane and has direct connection to the Logan Motorway then Gateway Motorway allowing cargo to be delivered direct to the Port of Brisbane without the need to pass through the more heavily congested areas of the Brisbane area.

Ebenezeer has direct access to the Cunningham Hwy and it is only a relatively short distance to the Warrego Hwy. The Warrego Hwy services Toowoomba and the northern areas while the Cunningham Hwy gives access to Warwick and the Southern Darling Downs. The Cunningham Highway, as well as the Warrego Hwy provides the direct access to the Port of Brisbane as described above.

The current planned corridors for Inland Rail from Toowoomba to Brisbane (Gowrie to Kagaru), require 3 tunnels to be built – The Toowoomba Range tunnel, through the Liverpool Range in H2C and through the Teviot Range in C2K.

Collectively, these tunnels account for significant percentage of the enormous cost of the SEQ section of Inland Rail. As noted earlier, the Business Case quotes the cost to be 35% of the total budget for the project.

Termination of the rail in Toowoomba would negate the need for this expenditure. Temporary termination at North Star would also eliminate the flooding issues of the Condamine flood plain until a more appropriate route could be determined.

**THEME 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.*

**Terms of Reference:** © review the processes for selecting the Inland Rail route to confirm it is fit for purpose and has considered both potential impacts and broader economic benefits to regional economies and communities.

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

(v) the PPP for Gowrie to Kagaru projects

### **Selection of Inland Rail Route in S E Queensland.**

There are 5 proposed corridors making up the Inland Rail route in SEQ – Border to Gowrie (B2G), Gowrie to Helidon (G2H), Helidon to Calvert (H2C), Calvert to Kagaru (C2K), Kagaru to Acacia Ridge and Bromelton (K2ARB).

I wish to specifically address the C2K corridor, however many of the issues raised are shared by all corridors.

During the progression of the Inland Rail project since the 2015 Business Case, ARTC purchased a parcel of land in the Bromelton State Development Area, with some frontage to the Standard Gauge Line from Brisbane to Sydney. This purchase occurred around 2016. They are promoting this as a “site for an intermodal terminal”. ARTC was formed by the Federal Government to oversee the operation of the rail freight lines in Australia. They are not a freight transport company or an investment organisation, which leads to questions of integrity in the route selection process.

### **Impacts**

Calvert to Kagaru is a 53 km proposed ‘greenfield corridor’. There has never been a rail corridor through this section which encompasses the Bremer River flood plain, the Teviot Range and the Teviot/Logan River flood plain to the east, with known and well documented Environmental corridors throughout the region.

It is well documented that the unavoidable outcome of a railway corridor, is noise, vibration, and dust.

Of these, **vibration** is of concern in relation to damage to buildings in the vicinity of the corridor. However, it is the **noise impact** that has the potential to cause the greatest disturbance and impact not only to the resident population, particularly in a quiet rural region, but to the environmentally significant areas to be traversed by the C2K corridor.

Some noise impact may be mitigated by conventional means – noise barriers etc, however ARTC has advised there is **no intention** to employ these mitigation methods in C2K. Other means suggested by ARTC to residents – double glazing, air conditioning etc – are yet another impact, this time financial, on the impacted communities as the cost is to be borne by the property owner.

One aspect of noise impact that cannot be mitigated against, is the effect of low velocity noise which can “travel considerable distance and can pass through concrete walls” – as advised by an ARTC Noise expert.

Most of the predicted noise levels are extremely close to the maximum allowable noise levels for rail in Queensland, leaving little room for unforeseen circumstances such as poorly maintained rolling stock and maintenance issues with the line. ARTC have little control over the type and condition of the rolling stock using the line – that is the responsibility of the owner/hirer of the train. Exceedances of noise standards will be difficult for residents to identify and prove and for authorities to prosecute. Abrogation of responsibility for compliance will be easy for both ARTC and the Transport Companies with little recourse for residents.

The actual maintenance of the line and the corridor is however, the responsibility of ARTC.

The experience of residents living in proximity to the existing SGR (K2ARB for Inland Rail) is that ARTC has a very poor maintenance record - the fences are not repaired, the corridor is overgrown with shoulder high weeds, private crossings are not maintained with the resultant poor visibility of oncoming trains a safety hazard and commonplace.

Regenerate Rail, the preferred PPP proponent, will have responsibility for the maintenance of C2K for the next 25 years. However, residents have no confidence that the current situation is likely to improve.

### **Environmental Impact**

In a greenfield location, such as C2K, there will always be grave environmental concerns. This is particularly relevant with C2K as it passes through 2 well documented Environmental Corridors – the Flinders/Peak Crossing Koala movement corridor and the Karawatha/Flinders Biodiversity corridor.

**The Karawatha Flinders corridor is the largest remaining continuous stretch of open eucalypt bushland south of the Brisbane River in South East Queensland.** This 60km corridor extends from Karawatha Forest in Brisbane's outer suburbs to south of Ipswich at Flinders Peak and on to the Wyaralong Dam near Beaudesert and the Border Ranges National Parks.

The Flinders Karawatha Corridor is recognised for its significant conservation, recreation, cultural heritage, and social values. It is identified as a 'Landscape corridor' in the section Desired Regional Outcome 3.2 of the South East Queensland Regional Plan (SEQRP 2009-2031).

It is recognised as habitat for not only endangered populations of koalas, but for other endangered species such as the Regent Honey Eater and Swift Parrot, the Brushtail Rock Wallaby, and well as listed vegetation species such as Lloyd's Olive.



**The proposed C2K corridor will completely bisect both the Karawatha/Flinders corridor and the Flinders/Peak Crossing Koala corridor.**

The proposed C2K rail line will create an 'Extinction Vortex' for these endangered animals and birds as their movement to the west, south and east will be restricted by the C2K and K2ARB corridors and to the north by the Logan Motorway and the residential populations of Logan and Springfield. There has been so much research into and identification of the environmental importance of this area, it is hard to understand how construction of a high-speed rail freight corridor bisecting it could even be contemplated.

**This significant, irreversible and unjustified impact of the Inland Rail Project on this environment as well as the burgeoning residential developments in Flagstone is unconscionable and unwarranted.**

**Wanton destruction in the name of 'progress', is NOT PROGRESS.**

### **THE PPP CORRIDOR FROM GOWRIE TO KAGARU.**

It is difficult to assess the Program scope, schedule and cost for the PPP section as very little information is publicly available. Questions to ARTC regarding particulars of corridor design, functionality, management of issues etc for the Gowrie to Kagaru corridors are met with the 'stock' answer – "That will be decided at the design phase." The Community are being asked, to comment NOW on available information for the revised EIS's to be released in 2023. There is always the possibility that there will be significant changes as a result of the design phase and the input of the preferred PPP proponent who will ultimately design and build the corridor from Gowrie to Kagaru. There is no advice as to whether there will be an opportunity for public comment at the Design Phase or any further stages of the Project.

To date, it has been announced that the preferred proponent to be responsible for the Gowrie to Kagaru corridor, is Regionerate Rail– a conglomerate of 5 companies

- **Clough**, a Perth based Engineering Company who parent company is based in South Africa.
- **G S Engineering & Construction**, the construction arm of G S Group, (formerly L G Group) and the 8th largest conglomerate in South Korea.
- **Webuild SpA** is an Italian industrial group headquartered in Milan.
- **Service Stream** based in Melbourne, servicing essential networks across Australia
- **Plenary Group**, an Australian infrastructure investment business specialising in public-private partnerships

Questions to ARTC by C2K Community Consultative Committee (CCC) members regarding the anticipated cost of the project awarded to Regionerate Rail, were dismissed as 'commercially in confidence'. However, the H2C draft EIS indicated the cost of the PPP corridor as approximately A \$4 billion, while media such as Railway Technology, quoted A\$5 billion.

**The cost of the PPP from Gowrie to Kagaru was not included in the 2015 Business Case for Inland Rail.**

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

**Terms of Reference.** f) review ARTC's engagement and consultation approach, including options to improve engagement with communities and other stakeholders along the route; and develop a pathway to consider community concerns along the route.

ARTC's community engagement processes have involved several styles –

1. quarterly meetings with members of Community Consultative Committees (CCC) set up to

be the conduit for residents to have their concerns considered by ARTC during the planning stages of the project.

2. Information sessions where displays exhibit information and residents can individually approach ARTC officers with questions
3. One on one private sessions with residents who, in most cases, will have land resumed for the rail project and usually onsite at the resident's property

The CCC meetings are held at various locations within the relevant corridor of the project. Observers are welcome but can only ask questions in a brief session at the end of the meeting. As travel distances to these meetings is often very high for some, and question time is quite restricted, observer attendance is frequently very low.

CCC members can question and discuss topics during the meeting however time constraints again restrict the length of any meaningful discussion.

Recent development of an online broadcast of the CCC meeting, gives observers the opportunity to email in questions to be answered by ARTC officials during the meeting. However, the proposed rail corridors often pass through areas with poor internet and mobile service which makes online participation difficult.

Even though the preferred proponent for the PPP was announced by ARTC in early 2022, no representatives of the Consortium has been available to be introduced to and address the Community Consultative Groups set up by ARTC to be the conduit to the residents in the areas impacted by the proposed rail corridor.

Residents have many unanswered questions regarding the location, building, operation, maintenance of the G2K corridor for which Regionerate Rail will be responsible as well as the consultation processes to be employed by the PPP proponent. Assurances are constantly given by ARTC that this information will be available but, to date, questioners (including CCC members) have been advised the information is "commercially in confidence."

A general criticism of the CCC meetings from both members and observers is that too much time is devoted to presentations by ARTC officers. While some material may be relevant to ongoing discussion through the meeting, most could easily be advised via the regular online updates, leaflet distribution to letter boxes, regular and social media articles. This would allow more time at the CCC meetings for both member and observer questions with subsequent discussion, on topics of importance to the community.

In the 5 years + that the Committees have existed, CCC members have taken many items of community concern to meetings with local knowledge being an important factor in the relevance of the information. While undertakings are made that the issue will be considered, there is no evidence to show that this has happened. C2K CCC members were recently advised of reference design changes involving the removal of 7 of the 8 level crossings. While this change is welcome, much of the community concern over safety issues could have been alleviated if ARTC had listened to the stakeholders (residents and Council) 4-5 years ago when the issues were initially raised by residents and CCC members.

Unfortunately, the style of informing affected residents of matters affecting their properties, has not improved. For example, Initial contact has often been by circular letter stating bluntly that "access is required to your property ..." and a map giving little information, included. No explanation, no personal contact, no regard for how the unknown will emotionally affect the resident and absolutely no compassion.

**“Consultation” is more than giving a presentation and listening to but not giving meaningful answers to questions. The word “consultation” is defined as “a meeting to discuss something or to get information”. With the Inland Rail project, there is a lot of “presentation,” little “discussion” and few answers or reasons to affected residents.**