

## **INLAND RAIL PROJECT AND REGIONAL NSW**

**Organisation:** Roads Australia  
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Committee Secretary  
Legislative Assembly Committee on Investment, Industry and Regional Development  
Submitted electronically

## Submission to: Inquiry into the Inland Rail project and regional NSW

### Introducing Roads Australia

[Roads Australia](#) (RA) is the peak body for roads within an integrated transport system, representing an industry that contributes \$207 billion annually to the economy and supports 1.3 million jobs. RA has over 150 members and brings industry, government, and communities together to lead the evolution of Australia's roads, integrated transport and mobility.

### Submission

RA welcomes the opportunity to make a submission to the NSW Legislative Assembly inquiry into the *Inland Rail project and regional NSW*. Our submission responds to the Terms of Reference, where relevant, below.

### Economic development opportunities arising from the project

The Inland Rail project represents a once in-a-generation opportunity that will make a powerful contribution to Australia's future prosperity. RA strongly supports the Inland Rail project from Melbourne to Brisbane via Inland NSW, which has been identified as a priority project on Infrastructure Australia's *Infrastructure Priority List 2020*<sup>1</sup>. RA believes Inland Rail makes good economic sense - at a time when government, business and the community are calling for investment in productive infrastructure. The project is estimated to provide a \$18 billion boost to Australia's GDP during construction and the first 50 years of operation and create over 21,500 jobs at the peak of construction<sup>2</sup>. More than 90% will be based in regional areas<sup>3</sup>.

Further analysis undertaken by EY Australia into *Inland Rail Regional Opportunities*<sup>4</sup> (2020) investigated the broader strategic benefits mentioned in the Inland Rail business case but not previously quantified. The report found that in addition to any employment benefits associated with construction, Inland Rail has the potential to support 2,500-3,000 sustained FTE jobs in its 50th year of operation through the food manufacturing, logistics and warehousing sectors. The potential productivity dividend delivered by Inland Rail is expected to boost Gross Regional Product in the Inland Rail study regions by \$11.5-13.3 billion and the potential to increase national output by \$15.1-17.6 billion, both over the first 50 years of operation.

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<sup>1</sup> Infrastructure Priority List <https://www.infrastructureaustralia.gov.au/sites/default/files/2020-02/2020%20Infrastructure%20Priority%20List%20HI%20resolution.pdf>

<sup>2</sup> Moving ahead with Inland Rail <https://1worpv3xudfc4dl40l1hi7fz-wpengine.netdna-ssl.com/wp-content/uploads/2020/12/moving-ahead-with-inland-rail-v2.pdf>

<sup>3</sup> Inland Rail website <https://inlandrail.artc.com.au/xmlrpc.php>

<sup>4</sup> Inland Rail Regional Opportunities [https://www.inlandrail.gov.au/sites/default/files/documents/inland\\_rail\\_study\\_full\\_report\\_final\\_1.pdf](https://www.inlandrail.gov.au/sites/default/files/documents/inland_rail_study_full_report_final_1.pdf)

EY Australia identifies potential opportunities for both the Northern NSW and Southern NSW regions as shown in Figure 1 and 2 below. The economic benefits in terms of employment, gross regional product and output are contained within the EY Australia report.

Figure 1: Potential Opportunities for the Northern NSW Region

Short-term (0-10 years from commencement of operations)	Medium-term (10-30 years from commencement of operations)	Long-term (30-50 years from commencement of operations)
<p><b>Abattoir expansion</b></p> <p>The existing abattoirs process large volumes per day. The expected global shortage in protein may place increased demand on Australia to process meat for the domestic and global markets. Inland Rail is expected to create more efficient land transport to Brisbane which is the largest export port for Australian meat.</p> <p><b>Intermodal freight hub</b></p> <p>Dubbo/Narramine lies at the intersection of the Newell Highway and Mitchell/Castlereagh Highway. The townships act as a key assembly point for road trains travelling to the Northern Territory, Outback Queensland and the Gulf region. With Dubbo expanding as a community, and the associated increase in freight task, there is a need to establish a freight hub to group freight activities and separate any impacts from the local communities. There may be several intermodal freight hubs in the Northern NSW region.</p>	<p><b>Grain Mill (stage 1)</b></p> <p>There is a potential opportunity to integrate related processed products within a larger food processing hub. Australian per capita consumption is currently around 120kg of grains per annum with an increasing proportion of the NSW grain yield needing to be processed locally for domestic consumption, including potential to integrate with food processing of related products (pasta, breads, etc).</p> <p><b>Mining support hub</b></p> <p>The Inland Rail corridor provides alternative access to Brisbane, including the port, for the movement of inbound supply logistics (fuel, nitrate, steel and other imported materials) and coal exports to the Port of Brisbane. The coal mining sector in the Gunnedah Basin has approximately doubled in output since 2007 (to 2018). With large coal reserves, coal production is expected to grow further. Regional consultations highlighted potential for regional distribution of fuel to consumers and industrial/farming machinery to the agricultural sector, expanding on the proposed support hub.</p> <p><b>Food processing hub</b></p> <p>Recognising the region's significant grain production, an opportunity emerges for related value-adding through grain-based food production including bread and biscuits, baking products, pasta and pet food products.</p>	<p><b>Expanded logistics hub</b></p> <p>The Northern NSW region currently produces large volumes of cotton lint and similar volumes in cotton seed. Inland Rail may facilitate a modal shift to rail especially for freight destined for South East Queensland. The modal shift will require an efficient interface (hub) between road and rail transport sectors.</p> <p>An expanded logistics hub may also facilitate the handling of inbound goods, including agricultural inputs, such as equipment and machinery.</p> <p><b>Grain mill expansion (stage 2)</b></p> <p>There is a potential opportunity for a second stage expansion of the plant developed in the medium-term given ongoing demand for processed grains and foods to meet domestic and export demand.</p> <p><b>Consumer goods warehousing</b></p> <p>Long run growth in population may warrant development of consumer goods distribution for Moree/Narrabri. Retailers may establish regional distribution centres to handle fast moving goods near population centres.</p>

Figure 2: Potential Opportunities for the Southern NSW Region

Short-term (0-10 years from commencement of operations)		
<p><b>Cotton processing</b></p> <p>Cotton cropping is expanding in the Riverina, extending from Yenda to Hay. Cotton ginning mills are currently being established to process the output. There is a potential opportunity for short line rail operations from Hillston and Griffith to interface with Inland Rail at Wagga Wagga.</p> <p><b>Food processing hub</b></p> <p>The Murray and Riverina regions currently produce more than one million tonnes of fruit and vegetables annually, with a large volume of grapes for wine production. With growing domestic and export demand, this may present a potential opportunity for Australia to expand its fresh fruit production, especially in high value export commodities.</p> <p><b>Inland Rail logistics hub</b></p> <p>Inland Rail may create a genuine rail to rail hub at Parkes, especially for rail freight between Brisbane, Adelaide and Perth. An integrated hub could merge rail traffic, co-located warehousing and road transport operators, servicing central west regions.</p>	<p><b>Rail hub</b></p> <p>This potential opportunity sees the establishment of rail-to-rail interlining services between Inland Rail and short line services in the Riverina. A rail hub operates in concert with road-rail intermodal services at Wagga Wagga on the alignment. Current examples include the Ettamogah rail hub and proposed development in Bomen.</p> <p><b>Regional airport expansion (stage 1)</b></p> <p>There is a potential opportunity to establish an airport in the region to handle international aircraft and freight distributed by Inland Rail. This opportunity focuses on supplying high quality horticulture and meat products to Asia and the Middle-East.</p> <p><b>Flour mill expansion</b></p> <p>Rail operations move grain from upcountry silos to mills then move the processed products in bulk and containers to customers. The operation serves as an efficient model for developing efficient grain handling and processing facilities on major rail corridors. The potential opportunity focuses on expanding the capacity of the mills to meet future demand.</p>	<p><b>Manufacturing expansion</b></p> <p>The region is a manufacturing centre for timber products given the close proximity to softwood forests in the Alpine regions. Proximity of manufacturing near Inland Rail will improve connectivity to domestic and export markets. This potential opportunity focuses on supplying to farming and forestry sectors over the long-term.</p> <p><b>Consumer goods warehousing</b></p> <p>This potential opportunity is based on accelerated population growth for key NSW regional townships. Accelerated growth in population will warrant development of consumer goods distribution for Riverina. Retailers may establish regional distribution centres to handle fast moving goods near population centres.</p> <p><b>Almond processing</b></p> <p>There are a significant number of almond trees being planted in the Riverina region. Almond trees have an expected yield of 5-12 years from planting. There is a potential opportunity to consolidate almond processing operations in the Riverina region in connection with Inland Rail for distribution and access to markets. This opportunity was identified and included as a result of the regional consultations.</p>

Medium-term (10-30 years from commencement of operations)	Long-term (30-50 years from commencement of operations)
<p><b>Grain mill (stage 1)</b> The Riverina region is an abundant grain growing region. There is the potential to integrate food processing of related products (bakeries, pasta, breads, etc). Expansion of grain milling processes in the region may also supply growing demand in South East Queensland.</p> <p><b>Beef abattoir expansion</b> The Murray/Riverina processes large amounts of meat with high volumes of cattle. Inland Rail will provide more efficient rail movements to Melbourne and Brisbane ports. Ongoing expansion includes vertical integration into further value adding to meat products, and co-location with process inputs such as packaging.</p> <p><b>Canola oil crushing plant</b> The Central West and Riverina produce large volumes of canola and pulses annually, with oil processing operations already underway. This opportunity focuses on establishing a large scale processing plant nearer to the supply of oilseeds (by rail) and downstream finished goods distribution by rail and road to markets, including exports.</p>	<p><b>Expanded logistics hub for cotton sector</b> This opportunity focuses on the expansion of warehousing and logistics services in the region linked to increased cotton output.</p> <p><b>Food processing hub expansion</b> The co-location of boutique/bespoke food processing in a food processing hub near Parkes would provide scale and connectivity for producers to access alternative markets in Melbourne and Brisbane while remaining relatively close to Sydney. Inland Rail also opens up options for export ports.</p> <p><b>Recycling plant</b> This opportunity was identified during the regional consultations to take in waste from regional and major city centres for re-purposing. It is anticipated in the medium-term as increases in population will facilitate increased waste volumes, enabling economic and commercial viability.</p> <p><b>Regional airport expansion (stage 2)</b> This potential opportunity is the second stage expansion of the opportunity identified in the medium-term. It is linked to continued population growth and ongoing/increasing demand for Australian produce in Asia and the Middle-East.</p> <p><b>Grain mill expansion (stage 2)</b> This opportunity is a second stage expansion of the opportunity identified in medium-term as scale and technology yields higher outputs.</p> <p><b>Consumer goods warehousing</b> Long run growth in population will warrant development of consumer goods distribution for Parkes. There is potential for retailers to establish regional distribution centres to handle fast moving goods near population centres.</p>

According to the report, private investors have already begun planning and development to ensure they are ready for the commencement of Inland Rail operations. Examples within NSW include a Newell Highway service centre north of Forbes and the Linfox, SCT and Pacific National logistics terminals in Parkes.

RA members, in particular those involved in engineering design, project management and construction, are strongly supportive of the benefits this long-term project entails. Projects of this scale have inter-generational benefits and increase transport and infrastructure industry participant's individual and collective sustainability. Importantly, the project will increase our industry's confidence to make the plant and equipment investment and employment commitments which are critical to economic growth, in particular in regional Australia.

Industry and governments have particularly noted the potential for regional communities to benefit from the establishment of intermodal terminals at strategic locations along the Inland Rail alignment, as well as the upgrade of adjacent freight infrastructure to promote more efficient freight connections. A recent example has been the Federal Government's investment of \$44.7 million to upgrade the 35 kilometres of the Narrabri to Turravan Line between the Hunter Valley Coal Network and Inland Rail<sup>5</sup>.

To ensure the productivity and regional development benefits of Inland Rail are fully realised, it is important to ensure intermodal terminals are located at sites of maximum strategic impact, with a particular focus on integration with existing road, rail and port infrastructure. The NSW Government should ensure its approach to planning future intermodal terminals appropriately prioritises this objective.

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*RA encourages the NSW Government to ensure that site selection, planning and construction of future intermodal terminals associated with Inland Rail places particular emphasis on integration with existing road, rail and port infrastructure.*

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<sup>5</sup> Acting Prime Minister inspects site of \$44 million upgrade for the Narrabri to Turravan line - <https://minister.infrastructure.gov.au/mccormack/media-release/acting-prime-minister-inspects-site-44-million-upgrade-narrabri-turravan-line>

## Engagement with regional communities to identify opportunities

RA supports and encourages engagement with regional communities to facilitate their input to the development of opportunities arising from the Inland Rail project, ensuring opportunities are aligned with regional wants and needs. We welcome the considerable and continuing engagement with regional communities being undertaken by ARTC Inland Rail.

We similarly support work already undertaken such as the EY Australia analysis - which included consultation with not only state governments, but also local governments and regional communities - to identify potential investment opportunities along the Inland Rail corridor. We note that as part of this, regional consultation forums were held in Toowoomba, Narrabri, Wagga Wagga and Wodonga in August 2019.

Further, the Regional Australia Institute has developed a strategic planning tool to assist regional communities better understand their economic strengths and potential areas of growth based on new opportunities generated by Inland Rail. The 'Are You Ready for Inland Rail?' tool highlights issues to assist regional communities to prepare for and maximise the long-term benefits of Inland Rail. This tool formed part of the Interface Improvement Program information sessions held at ten locations along the Inland Rail corridor in September and October 2019. It is our understanding that the tool is being further refined via a trial application and will be rolled out to communities along the Inland Rail line in a staged approach.

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*RA encourages the NSW Government to work in collaboration with ARTC to ensure development opportunities offered to local communities by the Inland Rail project are appropriately harnessed and are consistent with the needs and wants of regional communities.*

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## Alignment of the project with the NSW Freight and Ports Plan 2018-2023 and State Infrastructure Strategy 2018-2038

RA believes the Inland Rail project is essential if we are to keep Australian freight moving, meeting escalating freight demand among our growing population and remaining internationally competitive. Australian producers have been crying out for a fast, efficient freight route of less than 24 hours between Melbourne and Brisbane, a task that is challenged by increasing metropolitan and major corridor road network congestion. Inland Rail will provide this essential connection with the added benefit of a potential significant improvement in network resilience, road safety and environmental performance. It is estimated that the Inland Rail project will decrease truck volumes in more than 20 regional towns and reduce rail freight costs<sup>6</sup>.

When delivered, Inland Rail will rebalance eastern Australian freight corridors – shifting volume from increasingly congested road freight networks and assisting to future proof our freight delivery systems for our growing population.

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<sup>6</sup> Moving ahead with Inland Rail <https://1worpv3xudfc4dl40l1hi7fz-wpengine.netdna-ssl.com/wp-content/uploads/2020/12/moving-ahead-with-inland-rail-v2.pdf>

RA considers that the Inland Rail project aligns with the NSW Freight and Ports Plan 2018-2023 which focuses on initiatives that achieve five key objectives. We suggest that the Inland Rail project has merit under all five objectives as follows:

- Objective 1: Economic growth - creating more than \$18 billion gross domestic product (GDP) over the next 50 years.
- Objective 2: Efficiency, connectivity and access – reducing congestion and truck volumes on major highways, reducing the distance freight is required to travel and ensuring resilience by providing a second link between QLD and the southern states.
- Objective 3: Capacity – increasing capacity of the rail freight network, which is a key action identified within the Plan.
- Objective 4: Safety – eliminating up to 15 deaths and serious injuries on the road network each year.
- Objective 5: Sustainability – reducing carbon emissions by 750,000 tonnes per year from 2050.

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*RA supports the rigorous business case development process for the Inland Rail project and commends the NSW Government for including the project as a key action in the NSW Freight and Ports Plan 2018-2023.*

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There is also alignment with Infrastructure NSW's (iNSW) Infrastructure Strategy Building Momentum State Infrastructure Strategy 2018-2038. The strategy recognises that regional NSW needs to be supported by good transport links to key markets by leveraging Inland Rail and upgrading east-west links, and that Inland Rail contributes to strengthening growing regions with new jobs through this. iNSW considers that the project "provides an opportunity to reshape the regional freight rail network".

At a national level, there is also alignment with the Department of Infrastructure, Transport, Cities and Regional Development *Delivering on Freight (2019)*<sup>7</sup> report, which reiterates that Australia's freight system is the lifeblood of our economy and way of life. Pointing out that each year, our infrastructure operators, transport companies and logistics experts deliver about four billion tonnes of goods across Australia – equating to 163 tonnes of freight for every Australian.

The report indicates that freight volumes are continuing to grow, while the flow of goods is changing, and the nature of the freight task is evolving. Much of the forecast growth is expected to occur in major cities – with urban freight forecast to grow by about 80 per cent over 20 years to 2036 – in conjunction with growing population density pressures.

In addition, the *National Freight and Supply Chain Strategy*<sup>8</sup> (2019), reviewed by an independent expert panel, provides the template for the *Infrastructure and Transport Ministers Meeting* (previously the *Transport and Infrastructure Council*) to address these challenges in a national collaborative manner. Regional freight links are an important part of the strategy, with Inland Rail seen as a missing link in our national supply chain.

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<sup>7</sup> Delivering on Freight <https://www.infrastructure.gov.au/transport/freight/files/Delivering-on-Freight.pdf>

<sup>8</sup> National Freight and Supply Chain Strategy <https://www.freightaustralia.gov.au/sites/default/files/documents/national-freight-and-supply-chain-strategy.pdf>



The Australian Government will invest up to \$14.5 billion in equity, enabling the Australian Rail Track Corporation (ARTC), to deliver a stronger Inland Rail by 2027. This will be further supplemented by investing \$44 million to maximise the benefits of Inland Rail by better connecting the national freight rail network with regional Australia<sup>9</sup>.

### Any other related matters

Projects of this scale and complexity come with inherent risks and challenges that will need to be managed to ensure the project benefits are delivered. The following discussion covers key issues that RA sees as critical to the project delivery and our impression of the approach the ARTC is taking to address them.

### Procurement and Contracting

Collaborative efforts between industry and government have highlighted the need for significant change to enable road and related transport infrastructure projects to be delivered more effectively and with enhanced value for our community.

In 2020, RA released the *Procurement Reform Report: Recommendations & Strategies*<sup>10</sup>, which identified solutions to the significant procurement issues being encountered by government and industry. The Report contains 21 recommendations to address the major procurement challenges being experienced across Australia, and clearly sets out key areas where governments and industry need to work together and take action.

It brings together perspectives from a wide spectrum of national and regional industry participants including engineering and design consulting firms, project managers, legal and commercial advisors, government agencies, and construction and related services companies.

The Planning and Design section of the Report encourages Governments to “*Commit to improved collaboration and early engagement with industry*” through Early Contractor Involvement (ECI) to improve innovation and design outcomes. While the Legal and Risk section of the Report, encourages Governments to “*Commit to early engagement of contractors to collaboratively assess risks and identify appropriate delivery models*” and adopt procurement models that allow for this. It is noted that similar elements exist in the *NSW Government’s Action Plan - A 10-point commitment to the construction sector*<sup>11</sup>.

Following the release of the Report, RA held a webinar on Progressing Procurement Reform<sup>12</sup> which brought together a range of recognised industry experts to highlight the significance of the Report’s recommendations and discuss what needs to occur next to progress its reform proposals.

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<sup>9</sup> ARTC: Moving ahead with Inland Rail <https://inlandrail.artc.com.au/moving-ahead-with-inland-rail/>

<sup>10</sup> RA, Procurement Reform Report, September 2020  
[https://www.roads.org.au/LinkClick.aspx?fileticket=1iZ4QL\\_itcc%3d&portalid=3&timestamp=1600849620248](https://www.roads.org.au/LinkClick.aspx?fileticket=1iZ4QL_itcc%3d&portalid=3&timestamp=1600849620248)

<sup>11</sup> NSW Government, 10 point commitment to the construction sector, June 2018  
<https://www.infrastructure.nsw.gov.au/media/1649/10-point-commitment-to-the-construction-industry-final-002.pdf>

<sup>12</sup> RA Progressing Procurement Reform webinar, October 2020 [https://roads.org.au/Policy/Capacity/Presentations-and-reports?EntryId=255&Command=Core\\_Download&method=attachment](https://roads.org.au/Policy/Capacity/Presentations-and-reports?EntryId=255&Command=Core_Download&method=attachment)

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*The NSW Government should pursue its commitment to improved collaboration and early engagement with all parties involved in the delivery of Inland Rail to improve innovation and design outcomes, collaboratively assess risks and identify appropriate delivery models.*

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RA is therefore pleased to see the approach to procurement by the ARTC as outlined in their recent industry briefings<sup>13</sup>. The proposed approach allows elements of the project to be procured and delivered by a variety of means including Construct only, D&C, ECI, and Collaborative arrangements, as shown in the table provided by ARTC in Figure 3 below.

Figure 3: Inland Rail Procurement and Delivery Strategy

PROCUREMENT AND DELIVERY STRATEGY		INLAND RAIL 
PROJECT	STRATEGY	
A2I	Smaller Packages: ► Design & Construct (D&C) and/or Construct only: (Wagga station precinct, Albury Station Precinct, Junee Station Precinct) ► Proposed Third Party to Manage (TBC)	
I2S	Single Works Package delivered as a Design & Construct (D&C)	
S2P	Smaller Packages delivered as a Design & Construct (D&C) and/or Construct only: ► Darroobalgie Loop ► Lachlan River Bridge ► Wyndham Avenue Bridge ► Track slews at five loops/sidings (Wirrinya, Forbes, Bribbaree, Caragabal, Red Bend)	
N2N	Single Design & Construct (D&C) package or Collaborative arrangement	
N2NS	Two Packages, one Works package delivered as a Construct Only, and one Structures package delivered as a Design & Construct (D&C)	
NS2B	Single Design & Construct (D&C) package	
B2G	Single Package delivered via a Design & Construct (D&C) with possible ECI	
K2ARB	Single Works Package delivered as a Design & Construct (D&C)	

Given the enormous scale of this project, RA also commends ARTC for separating the project into small, medium and large-scale delivery components, as outlined in the table provided by ARTC, in Figure 4 on the following page.

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<sup>13</sup> ARTC, Industry Briefings, October 2019, [https://s3-ap-southeast-2.amazonaws.com/ehq-production-australia/126e70cfd5ab6f42ff90586e7dd6a0eda1c9ffd/documents/attachments/000/118/386/original/Industry\\_Briefing\\_Presentation- Oct 2019 Melbourne Sydney.pdf?1571362683](https://s3-ap-southeast-2.amazonaws.com/ehq-production-australia/126e70cfd5ab6f42ff90586e7dd6a0eda1c9ffd/documents/attachments/000/118/386/original/Industry_Briefing_Presentation- Oct 2019 Melbourne Sydney.pdf?1571362683)



Figure 4: Inland Rail Project and Package Information

PROJECT AND PACKAGE INFORMATION					INLAND RAIL
PROJECT	PACKAGE	CONTRACT TYPE	ESTIMATED VALUE	ESTIMATED TIMING	
				Commence Procurement	Construction Completion
T2A	Delivered by Interstate				
A2I	Multiple Works Packages	D&C / Construct only	<\$250 million	Q4 2020	Q4 2025
I2S	Single Works Package	D&C	<\$250 million	Q3 2020	Q3 2023
S2P	Multiple Works Packages	D&C / Construct only	<\$250 million	Q4 2019	Q3 2023
N2N	Single Works Package	Collaborative	>\$750 million	Q4 2020	Q3 2025
N2NS	SP1 Works Package	Construct only	>\$400 million	Q4 2019	Q2 2024
	SP2 Structures Package	D&C	>\$100 million	Q1 2020	Q2 2024
NS2B	Single Works Package	D&C	\$250-\$500 million	Q3 2020	Q2 2024
B2G	Single Works Package	D&C / ECI	>\$750 million	Q4 2020	Q4 2025
K2ARB	Single Works Package	D&C	<\$250 million	Q4 2021	Q3 2024

This approach is likely to encourage participation in the project delivery by firms across the industry spectrum, from international and national players through to local and regional firms of all sizes. This will help to share the economic benefits of Inland Rail more widely and will likely spur additional opportunities for those living and working in regional communities.

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*RA encourages the NSW Government to take advantage of the range of ARTC work packages associated with the Inland Rail project and use them to build the long-term capacity and sustainability of the smaller scale participants engaged in the delivery of the project.*

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## Skills and Employee Development

### RA Initiatives

In RA Capacity Stream forums, construction and related industry players have openly acknowledged that they have underestimated the levels of employee attraction, investment and development efforts required to meet the needs of the current infrastructure boom. Similarly, governments, universities, and TAFE sectors have been struggling to grow the pool of skilled workers, which is also being tapped by a resurgent mining sector.

The transport and infrastructure sector now faces skills shortages across the board. RA members understand there is no short-term fix to this problem, which will only be solved by the industry, government and education sectors working together on sustainable measures to meet demand.

Further to this, RA's *Procurement Reform* report, identified several areas under Capacity and Capability, encouraging Governments to “*Ensure training and education programs provide appropriately skilled and qualified people to meet industry needs*” and “*Remove barriers to international and interstate skills migration*”.

To address these issues, RA, in collaboration with other relevant infrastructure industry associations, intends to engage with TAFE and other training and education providers to identify areas where their offerings can be changed or enhanced to better match industry requirements.

RA will also, in collaboration with other relevant infrastructure industry associations, work with the Federal Government to ensure that criteria for its skilled migration program are regularly updated to reflect industry needs. We have called on the National Cabinet to: (i) consider proposing the removal of requirements for local content experience from tender processes; and (ii) accelerate work on the harmonisation of state and territory trade qualification recognition.

### **Other Initiatives**

The ARTC *Inland Rail Skills Academy*<sup>14</sup> is a commendable initiative in recognition of the critical risk that scarcity of appropriate skills presents to the project. The Academy was launched in August 2019 to help create opportunities for education, training, skills development and employment for communities along the project alignment.

The Academy aims to increase the number of skilled local people eligible for employment on Inland Rail and associated regional industries; to increase school student awareness and capability by connecting students with industry best practice; to create opportunities for local businesses to participate in new supply chains; and to equip Inland Rail employees with world-class skills.

RA strongly supports the Academy initiative, as the Inland Rail project can make a significant contribution to the building of skills and prosperity in local communities, regions and nationally. Conversely, without a concerted effort, the skills shortages already identified in the sector will be a significant risk to successful delivery of this nationally significant project.

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*RA encourages the NSW Government to engage with ARTC to ensure the Inland Rail Skills Academy initiative builds on the already established partnerships and programs that will enhance industry capacity.*

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### **Utility Risk Management**

Relocation of utilities is a long-standing issue for clients, contractors and utility owners. The potential for delays and disputes on major public infrastructure projects can adversely affect tender prices and result in cost blow-outs - the bill for which is ultimately met by taxpayers.

During RA industry forums in 2018, participants continually pointed to risk identification and allocation as a key capacity constraint in the sector, with particular concerns raised around utilities risk. The influx of more complex and larger-scale projects increases the likelihood of facing unknown risks at the contract stage.

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<sup>14</sup> Inland Rail Skills Academy <https://inlandrail.artc.com.au/education-and-scholarships/> and <https://1worpv3xudfc4dl40l1hi7fz-wpengine.netdna-ssl.com/wp-content/uploads/2020/11/Inland-Rail-Skills-Academy-information-sheet-nov-2020.pdf>

In response, Government clients are already considering changes to the procurement, risk allocation and collaborative risk identification processes, most recently through the Construction Industry Leadership Forum (CILF)<sup>15</sup> program being utilised by the Victorian and NSW governments.

In December 2020, RA assisted iNSW with running a webinar on managing utilities in NSW. The event focussed on updates to suggested improvements in utilities management on major NSW infrastructure projects, as they continue to deliver against the NSW Government's 10 Point Commitment. Quantifying the cost and time required to manage utilities is a key issue for both Government and Industry in the delivery of infrastructure projects. Working together to achieve a fair and reasonable approach where government, industry and utility owners share in and are willing to mitigate risks collaboratively will improve the efficiency of infrastructure delivery. The approach for dealing with this significant issue has been set out in the draft utilities management practice notes (as developed through the CILF and the Construction Leadership Group) and the iNSW assurance framework<sup>16</sup>.

The benefits of this process to the overall successful delivery of Australia's massive infrastructure pipeline must not be underestimated. As noted earlier in this submission, industry has been clear in favouring the unbundling of large projects into smaller packages to reduce complexity and concentrate risk management efforts around more complex areas. This unbundling is also conducive to a staged approach to projects, which has the added benefit of allowing for progressive assessment of risk, and also identifying opportunities for innovation.

The creation of early work contracts can also act to significantly reduce headaches with utilities such as electricity and water providers, which are increasingly having to make provision for the disruption caused by major projects, despite the fact that this is not their core business.

The ARTC industry briefings have indicated that the Inland Rail project will involve integrated planning with more than 100 Utility Authorities and 32 Local Councils across the Program. As the project progresses around 4,000 utility conflicts that will require treatment, including over 1,000 powerlines in Queensland, New South Wales and Victoria, together with conflicts with 1,300 conflicts telecommunications assets to be managed.

RA commends the ARTC approach to utility risk management, where a Centralised Program team have been established, with agreements already in place with Program-wide utility authorities and utilities design teams, including embedded specialists, now incorporated in the project. This separate *Program Enabling Project* should contribute significantly to reduction of utility location and relocation D&C contractor risks. However, given the complexity of the project and the acknowledged significant number of utility interactions, continued vigilance and clear ARTC/Contractor risk allocation in all contracts will be essential to the project success.

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*RA encourages the NSW Government to continue its commitment to early planning and identification of utility locations, and work in collaboration with ARTC to pursue clear risk allocation in all contracts associated with delivery of the Inland Rail project, to ensure project success.*

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<sup>15</sup> Construction Industry Leadership Forum <https://www.constructors.com.au/wp-content/uploads/2018/06/CONSTRUCTION-INDUSTRY-LEADERSHIP-FORUM-Final-Communique.pdf>

<sup>16</sup> Practice notes on utilities management updated by the Construction Leadership Group <http://www.infrastructure.nsw.gov.au/industry/construction-industry/industry-engagement/>

## Recommendations:

1. RA encourages the NSW Government to ensure that site selection, planning and construction of future intermodal terminals associated with Inland Rail places particular emphasis on integration with existing road, rail and port infrastructure.
2. RA encourages the NSW Government to work in collaboration with ARTC to ensure development opportunities offered to local communities by the Inland Rail project are appropriately harnessed and are consistent with the needs and wants of regional communities.
3. RA supports the rigorous business case development process for the Inland Rail project and commends the NSW Government for including the project as a key action in the NSW Freight and Ports Plan 2018-2023.
4. The NSW Government should pursue its commitment to improved collaboration and early engagement with all parties involved in the delivery of Inland Rail to improve innovation and design outcomes, collaboratively assess risks and identify appropriate delivery models.
5. RA encourages the NSW Government to take advantage of the range of ARTC work packages associated with the Inland Rail project and use them to build the long-term capacity and sustainability of the smaller scale participants engaged in delivery of the project.
6. RA encourages the NSW Government to engage with ARTC to ensure the Inland Rail Skills Academy initiative builds on the already established industry partnerships and programs that will enhance industry capacity.
7. RA encourages the NSW Government to continue its commitment to early planning and identification of utility locations, and to work in collaboration with ARTC to pursue clear risk allocation in all contracts associated with delivery of the Inland Rail project, to ensure project success.

For more information about this submission, please contact me at [REDACTED]

Yours sincerely

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**Michael Kilgariff**  
Chief Executive Officer