

**Submission  
No 44**

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

**Organisation:** Australasian Railway Association

**Date Received:** 18 February 2021



# ARA Submission

## Inquiry into the Inland Rail project and regional New South Wales

NSW Legislative Assembly – Committee on Investment, Industry and  
Regional Development

18 February 2020

ABN 64 217 302 489

# The Industry

---

The Australasian Railway Association (ARA) is a not-for-profit member-based association that represents rail throughout Australia and New Zealand. Our members include rail operators, track owners and managers, manufacturers, construction companies and other firms contributing to the rail sector. We contribute to the development of industry and government policies in an effort to ensure Australia's passenger and freight transport systems are well represented and will continue to provide improved services for Australia's growing population.

The ARA and its members thank the NSW Legislative Assembly Committee on Investment, Industry and Regional Development for the opportunity to provide a submission.

This submission has been developed in consultation with ARA member organisations, including the Australian Rail Track Corporation (ARTC) as the entity tasked by the Australian Government to build inland Rail.

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

## General Comments

---

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.

NSW needs a reliable and efficient rail network to meet its increasing freight needs and take the load off already congested roads. The investment in the Inland Rail project will result in a shift of more freight onto rail, which is sensible for a country as vast as Australia and a state as large and decentralised as NSW.

Primarily transporting domestic freight, Inland Rail builds the strategic backbone of the national freight rail network creating a direct standard gauge rail connection between Queensland, Victoria, rural NSW, South Australia, and Western Australia. In Queensland Inland Rail will be dual gauge.

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."<sup>1</sup>

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

Inland Rail will provide significant national economic and social benefits, including getting over 200,000 trucks off the road each year, the benefits of which are summarised in **Error! Reference source not found.** Inland Rail will achieve this by providing a step change in the capacity, capability, and interoperability of the national freight rail system and by delivering a freight rail offering that meets market requirements.

## Inland Rail: NSW

The Inland Rail project in NSW will stretch 1,016.5km from Albury to the border near Goondiwindi, via Wagga Wagga, Illabo, Stockinbingal, Parkes, Narromine, Narrabri and Moree. The NSW sections account for 60 per cent of the total Inland Rail route.

Information provided by the Australian Rail Track Corporation (ARTC) indicates that Inland Rail in NSW comprises seven projects, two of which (Illabo to Stockinbingal and Narromine to Narrabri) are greenfield sections that require entirely new track to be constructed, while the remainder are either upgrades of existing track or a combination of upgrades and greenfield.

The status of the seven Inland Rail sections in NSW is as follows:

- Albury to Illabo – reference design and approvals planning
- Illabo to Stockinbingal – reference design and approvals planning
- Stockinbingal to Parkes – reference design and approvals planning
- Parkes to Narromine – construction completed and now operational
- Narromine to Narrabri – project EIS is currently on public exhibition
- Narrabri to North Star – construction contract awarded and large-scale construction to commence in March 2021, and
- North Star to Border – project EIS has been publicly exhibited, ARTC currently reviewing comments.

Five sections within NSW are critical for the whole Inland Rail project, as follows:

- **Illabo to Stockinbingal:** this 37km greenfield section enables double-stacked trains up to 1800m to travel between Melbourne and Brisbane, as it avoids the constraining Bethungra Spiral on the existing Junee line.
- **Parkes to Narromine:** the 'North West Link' of this 103.7km section facilitates the integration of the north-south Inland Rail with the existing east-west line from Sydney to Perth, shortening by 500km the distance for trains to travel from Brisbane to Adelaide and Perth.
- **Narromine to Narrabri:** this 306km greenfield section is what makes a Melbourne – Brisbane transit time of 24 hours achievable, without which key components of the Inland Rail Service Offering could not be met.
- **Narrabri to North Star:** this 184.5km section will enhance the rail freight supply chain for grain producers and other producers in northern NSW, enabling them to realise volume, time and/or cost benefits in accessing existing or new domestic or export destinations, initially in NSW and, ultimately, potentially also in Queensland.
- **North-Star to the Border:** this 30km section will for the first time ever provide a direct rail link to the Port of Brisbane for grain and other agricultural producers in northern NSW, opening up new markets and potentially significant cost savings – it is the 'bridge' to and from Queensland.

# Responses to the Terms of Reference

The following information is provided by the ARA to address the Inquiry's Terms of Reference.

## **a) economic development opportunities arising from the project**

With almost 1,100km of the total 1,700km Inland Rail line to be built in NSW, the state is well positioned for a significant jobs and economic boost.

Inland Rail is currently benefiting businesses throughout NSW. The ARA understands that as of 31 December 2020, there were 531 contracts committed at a value of approximately \$400 million. Examples of such contracts include \$20 million for 200,000 concrete sleepers from Rocla in Mittagong and \$13 million for 26,000 tonnes of culverts from Holcim in Tamworth.

### **Short term impact of construction on local economies**

Inland Rail has the potential to have a transformational impact on regional economies delivered at a time when it is most needed in the COVID economy. During construction, Inland Rail will be bustling with jobs and economic activity, as evidenced by the figures from the now complete Parkes to Narromine section of Inland Rail, which resulted in:

- work for more than 1,800 people, including 762 local residents, 197 of whom identify as Indigenous; and
- 99 local businesses benefiting from almost \$110 million spent locally on supplies and services.

The Parkes Shire Mayor, Ken Keith AO, was quoted in the Parkes Champion Post in September 2020 as saying that during the short term construction phase, Parkes Shire's unemployment rate fell from 7.6 per cent in 2018 to 4.4 per cent in late 2020, well below the national average.

In order to help spread the economic benefits that will arise from construction of Inland Rail, the ARA understands that the ARTC initiated a new approach to construction and procurement in 2020, with a focus on enhancing the ability of regional and local companies to participate in a broader range of construction related activities. This means more opportunities for more contractors to participate, while de-risking Inland Rail's procurement processes. This delivery strategy will accelerate Inland Rail's ability to generate jobs, stimulate business investment and reskill and upskill job seekers to aid economic recovery from COVID-19.

### **Towards longer term regional opportunities**

Looking forward, an effective and efficient Inland Rail will drive better connectivity for regional networks and encourage investment into complementary infrastructure and enterprises, such as regional intermodal terminals and associated private sector investment.

The ARA notes that in December 2020, the ARTC announced the completion of new economic modelling by PwC to the Inland Rail Programme Business Case. This updated modelling shows that in total Inland Rail will support more than 21,500 jobs at the peak of construction and deliver a boost of more than \$18 billion to gross domestic product during construction and the first 50 years of operation.

Following further discussion with ARTC, the ARA can confirm that the respective figures for NSW are 7,500 jobs at the peak of construction and a boost to gross state product of \$3.37 billion, comprising \$2.13 billion during construction and \$1.24 billion during the first 50 years of operation.

Further, a 2020 Ernst and Young (EY) study<sup>1</sup> undertaken for the Australian Government revealed how Inland Rail will act as a catalyst for new business investment in sectors including logistics, warehousing, manufacturing and food, and fibre processing, generating employment and growth in regional communities, and enhancing long-term benefits for local producers and industry. The study shows prior investments (such as some \$185 million to fund enabling infrastructure for the Parkes precinct) are estimated to attract up to \$1 billion in private investment over the next 10 years, and generate 3,000 new jobs by 2030. These precincts are mutually beneficial to both regional economies and the ARTC.

In addition to the direct benefits arising during the construction phase of Inland Rail, the EY study identified that Inland Rail can further boost gross regional product (GRP) by up to \$5.5 billion in the first 50 years of operation. The report also identified that Inland Rail could support up to 980 full time jobs in NSW and boost gross regional product by up to \$570 million in its 10<sup>th</sup> year of operation by enhancing the supply chain.

## **b) infrastructure required to ensure regional communities' benefit from the project**

Inland Rail can be a catalyst and an enabler for regional communities to benefit from significant upgrading of regional rail and road networks (e.g. Fixing Country Rail program). Enhanced supply chains will deliver economic benefits to regions through attracting businesses, as well as delivering savings in freight costs.

### **NSW regional rail network**

There are approximately 9,400km of nominal route standard gauge rail across NSW, of which around 6,700km is operational. Rail freight services run on several networks in NSW:

- Country Regional Network (CRN) – owned by Transport for NSW and managed by ARTC's contracted infrastructure manager, John Holland Rail.
- NSW Interstate, Hunter Valley and Metropolitan Freight Networks – owned by Transport for NSW and leased to and managed by the ARTC.
- Metropolitan Passenger Network – owned by NSW state owned corporation Transport Asset Holding Entity (TAHE) and managed by Sydney Trains.

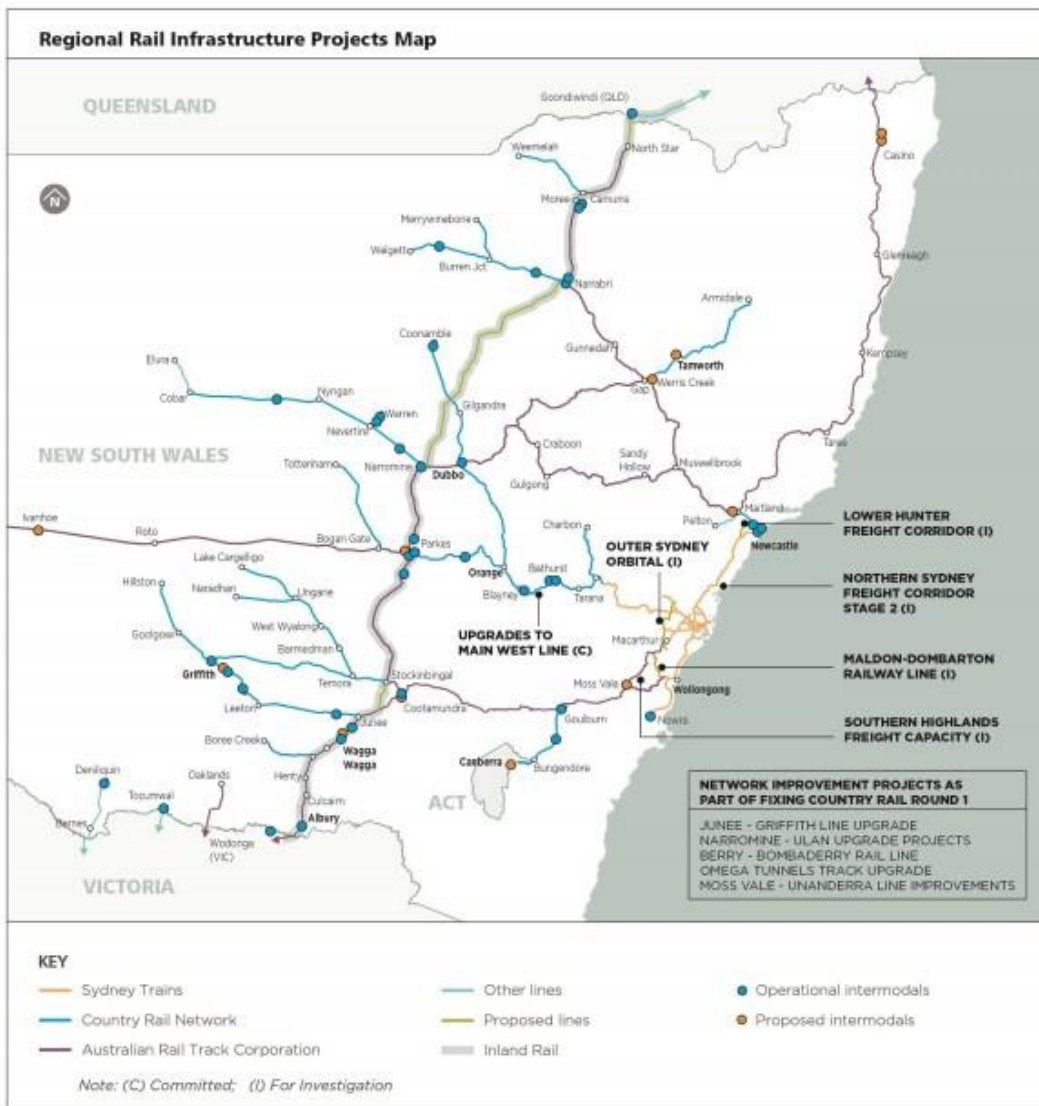
---

<sup>1</sup> Inland Rail Regional Opportunities, Ernst and Young, March 2020

Private sector operators provide rail freight services and apply to the three network managers for access. To meet the demand and ease congestion on NSWs roads, rail must play a bigger role in the freight task and the NSW Government is working to achieve this in future through activities such as:

- preserve corridors with freight-only rail lines to meet long-term capacity needs;
- support the development of sustainable intermodal terminals in regional and metropolitan areas;
- improve connectivity between networks and key freight precincts;
- lift network productivity and efficiency through network enhancements and upgrades; and
- increase rail performance through the Cargo Movement Coordination Centre.

The NSW regional rail network is shown below.



Source: Transport for NSW

### **Catalyst for interface improvement**

The 2015 Inland Rail Programme Business Case identified that approximately 30 per cent of freight flows over Inland Rail are regional freight flows (agricultural, coal, and minerals) that predominantly originate from, or are destined for, locations on the regional rail networks. To accommodate these freight flows, improvements are required to rail interfaces to improve connectivity and ensure ongoing benefits are provided to regional communities.

Inland Rail is acting as the catalyst for proposed upgrades of regional rail lines with interfaces to the Inland Rail project, as well as road connections and the potential development of new intermodal hubs and connections.

The Australian Government has committed a total of \$44 million to the Inland Rail Interface Improvement Program (IIP) to assist in the development of project ideas that have the potential to boost the benefits that flow from Inland Rail. The IIP supports the development of ideas for more productive rail-based supply chains and improvements to capacity on key country rail lines that intersect with Inland Rail.

Proposals submitted under the IIP proceed through a four-stage process leading to a Strategic Business Case for each proposal (subject to passing each stage). To date there have been 20 project ideas assessed as eligible from the first round of the IIP, with 12 of those being projects in NSW. Expressions of Interest for Round Two of the IIP closed in late September 2020 and it is anticipated that the Australian Government will announce successful Round Two projects in the near future.

The IIP is being progressed by the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC) in close consultation with proponents and stakeholders, including State Government transport agencies, ARTC, local/regional councils, and the private sector.

### **Narrabri to Turravan initiative**

A recent example of infrastructure improvements resulting from stakeholder engagement on the Inland Rail projects was the Australian Government announcement in December 2020, committing \$44.7 million for ARTC to upgrade the 35km Narrabri to Turravan line linking the Hunter Valley Coal Network with Inland Rail. The project will enhance the quality and capability of this integral section of track to allow heavier trains to operate between the Hunter Valley network, Inland Rail, connecting Country Regional Network (CRN) lines and Newcastle Port by replacing steel and timber sleepers with heavy-duty concrete sleepers, providing new ballast, and installing new and heavier rail along the section.

### **NSW Fixing Country Rail program**

Fixing Country Rail (FCR) is a \$400 million NSW Government program that has been underway in successive rounds since 2016, providing funding for regional rail projects and investigations across NSW. A large number of line and siding upgrades, intermodal terminal projects and line re-opening investigations have been funded.

A number of business cases proposing to upgrade lines connecting to Inland Rail have recently been funded under the FCR program, amongst others. The proposals related to Inland Rail seek to accommodate heavier trains on the Narrabri to Walgett and Narromine to Cobar lines and to provide additional connectivity between the Narromine to Cobar line and the ARTC network at Narromine.



In August 2020, Transport for NSW also released the findings of a feasibility study into completing the Gulgong – Maryvale line. This line would significantly reduce the distance and travel time of trains travelling between central west NSW (including Inland Rail) and Newcastle Port via Ulan.

Notable projects that have been previously funded under the FCR program include \$60 million for the upgrading of the CRN Junee-Griffith line to 25 tonne axle load, and \$40 million to upgrade the Berry to Bomaderry line on the South Coast. Other projects include \$4.2 million to accommodate longer trains between Narromine and Ulan via Merrygoen and at Port Waratah, and \$7.5 million to extend the Mount Murray loop on the Unanderra to Moss Vale line into Port Kembla. The program also funded new and extended sidings at various locations across the CRN to improve efficiency and reliability on those lines.

### **Catalyst for special activation precincts**

Inland Rail has already acted as a catalyst for terminal developments and special activation precincts, most notably with the Narrabri Inland Port, and the Parkes and Moree Special Activation Precincts.

Parkes has been the first Special Activation Precinct announced for regional NSW to support opportunities for business development and employment growth. The precinct builds on Inland Rail and a range of already-planned private and government investments, including one of the largest private sector investments in freight and logistics infrastructure in regional Australia, Pacific National's Parkes Logistics Terminal.

In November 2020, Mr Kent Boyd, General Manager, Parkes Shire Council reported to the Australian Senate Standing Committees on Rural and Regional Affairs and Transport (RRAT) Committee Hearing that Parkes experienced a major lift in its economy during the \$300 million construction phase. It was also noted that the longer term impacts on Parkes are anticipated to be the most important, citing opportunities such as value-adding to agriculture products, food manufacturing, fuel depots, fertilizer transport, and resource recycling.

The ARA also notes other emerging precincts under the NSW Special Activation Precincts program, such as those planned by the NSW Government in Wagga Wagga and select regional job precincts including the precinct in Albury announced in January 2021. The Inland Rail project will be an important enabler for these precincts and continued close engagement between the ARTC and NSW Government will be essential.

### **c) engagement with regional communities to identify opportunities**

The ARA understands that engagement with local councils to identify opportunities and legacy project opportunities has been a specific focus of Inland Rail and will continue to be so for some years to come.

There are 38 Local Councils involved with community planning and engagement activities along the 1,700km alignment for Inland Rail. The ARA understands that local governments actively engage in consultation processes for the Inland Rail project, as well as technical working groups related to the project.

In many instances, local government has been a key champion of the project and provided additional resources to boost project opportunities along the corridor.

## Current program of industry briefings and feedback to ARTC/Inland Rail

Inland Rail is supporting local jobs, communities, and regional economies through an ongoing procurement process. The ARA notes that Inland Rail engages with major contractors who, in turn, use smaller suppliers and businesses to deliver a variety of goods, services and works to complete the supply chain for the delivery of Inland Rail.

In late 2018, Inland Rail undertook three industry briefing sessions with the local community and successful contractor, INLink, for the Parkes to Narromine (P2N) project, with more than 400 community members and businesses attending.

In late 2019, Inland Rail undertook four industry briefing sessions for potential contractors along the Narrabri to North Star (N2NS) alignment, with more than 350 people and businesses attending.

In early 2020, Inland Rail ran one industry briefing session in Forbes for a series of works, including a new passing loop in Daroobalgie Loop. More than 100 local community members and businesses attended this session.

In late 2020, Inland Rail undertook seven industry briefing sessions, which provided an opportunity for sub-contractors to meet the successful contractor for Narrabri to North Star (N2NS) project (the Trans4m joint venture). Close to 400 people attended, with some sessions held in Moree, North Star, Narrabri, and Gunnedah.

### **d) alignment of the project with the NSW Freight and Ports Plan 2018-2023 and State Infrastructure Strategy 2018-2038**

Rail is a critical component of the national supply chain and any increases in freight capacity will provide significant improvements to its overall efficiency. Inland Rail traverses the Riverina Murray, the Central West and Orana, and the New England North West regions. This alignment will maximise rail access opportunities for regional NSW and provide increased connectivity to the existing NSW freight network and improvements for regional producers and exporters in accessing ports on the east coast.

In times of growing climate variability in Australia and global influences there is a need for greater capacity and choice in the national freight and supply chain.

The Inland Rail project sets out to achieve key objectives that are common across the NSW Freight and Ports Plan 2018-23, the NSW State Infrastructure Strategy and National Freight and Supply Chain Strategy, including:

- enhancing economic and regional growth;
- reducing carbon emissions and pollution;
- greater efficiency, productivity, access and safety;
- improving international competitiveness; and
- increasing resilience in the freight network and supply chain.

Beyond these high-level objectives, there are many initiatives the Australian and NSW Governments are investing in to deliver a world-class freight network for NSW.

Inland Rail will become the core spine of the regional freight network in NSW, bolstering rail's position to deliver the most efficient movement of freight over long distances at the lowest cost per tonne and at four times more fuel efficient than moving freight by road.

To complement Inland Rail, the ARA notes that the ARTC is working with the Australian and NSW governments to help support investments in a range of rail projects to enable Inland Rail to reach its full potential. This includes upgrades to the railways that connect to Inland Rail, but more importantly, connecting regional producers in Central West and Northern NSW to the Port of Newcastle, the Riverina to Port Kembla, and the regions to Sydney. These works are allowing heavier and longer trains to move produce from the farm gate to the world more frequently and at a lower cost to the producer and consumer. These investments are being delivered primarily through the Inland Interface Improvement Program and the NSW Fixing Country Rail program.

These government investments are not limited to just rail. Roads that link into the freight network with Inland Rail are receiving vital upgrades to improve efficiency and safety for road users in the regions while also boosting the productivity. These investments are being delivered through the Infrastructure Investment Program, the Inland Interface Improvement Program and the NSW Fixing Country Roads program, Roads to Recovery, and Black Spot programs.

There is also a fundamental role for the private sector, especially in terminals and associated infrastructure and services. While government is providing critical rail and road infrastructure, there is a need for further and continued investment from market participants to realise and maximise the benefits of the Inland Rail project and associated investments. The ARA believes there is strong alignment between the NSW State Plans and Inland Rail, including the establishment of the Special Activation Precincts which have delivered the Riverina Intermodal Freight and Logistics hub now underway in Wagga Wagga, as well as Parkes Precinct. These projects have seen millions in investment by the private sector, equating to thousands of real jobs in freight and logistics.

The ARA also recognises that in conjunction with complementary investment, regulatory reform and good policy is required to create an environment which maximises the benefits of Inland Rail. Reform like road pricing reform, and modal share incentives will help to further promote rail and reap the benefits from Inland Rail.