

REPORT OF PROCEEDINGS BEFORE

**LEGISLATIVE ASSEMBLY COMMITTEE ON
INVESTMENT, INDUSTRY AND REGIONAL
DEVELOPMENT**

INQUIRY INTO

INLAND RAIL PROJECT AND REGIONAL NSW

**At Sydney on
Friday, 7 May 2021**

The Committee met at 09:40.

PRESENT

Mr Justin Clancy (Chair)

Mr Clayton Barr
Ms Stephanie Cooke
Mr Philip Donato
Mr David Harris
Mr Geoff Provest

The CHAIR: Good morning. Before we start I would like to acknowledge the Gadigal people, who are the traditional custodians of this land. I pay my respects to Elders of the Eora nation, past, present and emerging, and extend that respect to other Aboriginal and Torres Strait Islander people who are present. I am Justin Clancy, the member for Albury and Chair of the Legislative Assembly Committee on Investment, Industry and Regional Development. With me today are Mr Clayton Barr, the member for Cessnock; Ms Steph Cooke, the member for Cootamundra, who is online; Mr Phil Donato, the member for Orange; Mr David Harris, the member for Wyong; and Mr Geoff Provest, the member for Tweed. Mr Peter Sidgreaves, who is the Deputy Chair and the member for Camden, is an apology. Today is a public hearing of the inquiry into the Inland Rail project and regional New South Wales. The terms of reference for the inquiry can be found on the Committee's web page. Some witnesses will take part via videoconference and others will attend in person here at Parliament House. The hearing is being broadcast to the public on the Parliament's website. I thank everyone who is appearing before the Committee today.

JOHN MEDCALF, Chair, Central NSW Joint Organisation and Mayor, Lachlan Shire Council, before the Committee via videoconference, sworn and examined

RUTH FAGAN, Chair, Regional Development Australia Central West and Councillor, Cowra Council, before the Committee via videoconference, affirmed and examined

JENNY BENNETT, Executive Officer, Central West Regional Organisation of Councils, before the Committee via videoconference, affirmed and examined

The CHAIR: Do any of the witnesses have any questions about the hearing process?

Ms FAGAN: That is fine.

The CHAIR: Would any of you like to make a short opening statement before we begin the questions?

Mr MEDCALF: Yes, I would. Thank you very much for the invite to this inquiry. I think it is absolutely fantastic that we can have an input because this project, especially the Inland Rail project, is a once-in-a-lifetime project, and being chair of the Central NSW Joint Organisation [JO], it has not only been an honour to be a chair of that but also with what is actually happening within Central West New South Wales. The collaboration that we have within our JO is quite incredible, and with Ruth Fagan with us, who is the new chair of the Regional Development Australia [RDA] Central West, we have a terrific working relationship with them, especially with their infrastructure. It really makes our region a real joy to be with. Because, with the JO, we cover 10 local government areas from Bathurst out to Lachlan, which is Condobolin, and within that area we do have approximately 180-odd thousand people to support, and there is approximately 73,000 or nearly 74,000 jobs within that area, so we need to actually support them. I think this Inland Rail is something that is going to actually make that grow as time goes along. With the support of the JO and the RDA I can only see that being of terrific growth within our thing.

You have the centre of the Inland Rail, which is in Parkes—the special activation precinct [SAP]—which is absolutely fantastic, and also the amount of investment that has actually been done there now is quite incredible, especially with the bypass and it sort of opens up what could happen not only within Parkes but also within the surrounding area of the Central West, taking in places like Forbes, Orange, Parkes and Dubbo, and even Condobolin. There are opportunities left, right and centre that need to be done there. But we need to actually support those, especially on the skills side of it, the workplace side. We need to actually put infrastructure out there so that we can increase the skills of people to be able to take up the jobs that will become available out of this project. That is one thing I really do feel with the RDA involved in it, because they have really got a passion for the workforce and the skills of the workforce, that we need to do.

I think the other great thing that we need to be able to do—and we thank the Federal and New South Wales governments for what they are doing—we need to have a lead not only from the Government but from our support from our Central West JO and the RDA, just letting people know what is available, what is going on and keeping people informed of what exactly is happening in the Central West, and especially with the Inland Rail. It is one of those projects that, as I said, has got possibilities that I do not think we can even see now. One of the things we have to do, which has been a fair bit of work, is the swift link through the mountains, which I think is a project that needs to be done in conjunction with that, and that is not only the road but also the rail that needs to be worked out, which can be done over time, but that is some of the projects and that sort of thing. I really commend the Federal and State governments for what they are doing with this particular project. Thank you.

The CHAIR: Ms Fagan or Ms Bennett, would you like to make an opening statement as well?

Ms FAGAN: The RDA very strongly supports the Inland Rail project, and one of the policy areas that the RDA is passionate about and does have an oversight of skilled migration visas in is the workforce and skill development in the region. We can see that there would be a terrific amount of employment generated by this project. We work as part of an agency skills group already to support the needs of the SAP, and there are 3,000 jobs forecast to be found in the precinct by 2030, which is a massive amount of employment for this region—for the Central West and for New South Wales. We are very keen to see some pathway development roles delivered and also we are working with other groups and organisations to prioritise skilled migration occupation visas so that we have a list of the skills development and the needs for skills in the region with the Department of Home Affairs, and that is where there is a need for us to actually be able to provide that list. And the RDA is working with the JO and other organisations to find out what skills we will need and how we can make those happen.

Making sure there are enough domestically generated training programs is also something that we believe is a very high priority. If local procurement is a problem, anything we can do to support local businesses to supply the things that are needed in the SAP is one of our priorities as well, and we are working with the Industry

Capability Network [ICN]. In Condobolin yesterday with the economic development managers we had a presentation from the ICN and they were telling us about the massive projects that are coming down the pipeline. One of the challenges that has been raised is the barriers for small and medium enterprises to accessing these major projects. The Central West New South Wales JO and the RDA have recently managed to get some money from the Federal Government for an improvement program to support the economic framework driving more throughput into the Inland Rail, but that is only just beginning. And that is supporting the pathways for small producers to actually produce a vehicle to access the rail line.

Our region is also really strongly supportive of the Wyangala Dam Wall Raising project. Security is a really vital part of the whole Inland Rail and the strength of the regional economy in central New South Wales. The success of the wall will make it so much better, and it will deliver the water infrastructure that is needed at Parkes Shire, which is part of the Inland Rail. It is really important that we support this, and the community here is very supportive of the wall raising. It will also make sure that we have confidence that these projects can happen very quickly and very safely, and we want that to happen as fast as we can. We have gone through a really big period of [audio malfunction] in the past six months; as most of you know, regional New South Wales is actually booming. The house prices have gone through the roof and there is a big shortage of rentals available. We would like to know what, if anything, the Government can do to help us invest in reasonable housing solutions.

The housing squeeze is becoming a bit of a problem when we are trying to get people to work here and encourage skilled migration and other people to come to the regions. We are finding it very difficult to find housing supply for those people, so that is a problem that we are having at the moment. The distribution of news around the Inland Rail and other related projects is very important to us too, and we make every effort to distribute what we know amongst businesses and communities of interest. It is very important that we have that communication flow. We have got communication problems, as well. As you know, communication is a major issue for all of us. We are aligned with the JO to actually come up with some solutions to the communication problems that we have out in the Central West, but we are always very keen to hear of other projects which may be able to help bring it to fruition and improve our communications all over the State. Thank you.

The CHAIR: Thanks, Ms Fagan. Ms Bennett, would you like to make an opening statement?

Ms BENNETT: I think the two chairs have covered it very well, thank you.

The CHAIR: Thanks, Ms Bennett. We might turn to questions, then, and I might make a start. Ruth, you just touched on the JO and the RDA looking at communication solutions and how we distribute news. Would you like to expand on some of the solutions that you are exploring in that regard, please?

Ms FAGAN: In the past we have had a black spot communications project through the JO across the region, and we have identified different black spots that were a priority for each local government area. As an RDA we identified those, worked with the Federal Government and actually got them to prioritise those when they came to the funding rollout. So, we actually got quite a few little black spots fixed up in the last round of funding—well, a few rounds ago, I think it was. This time we have gone out to our local government areas again. We have had a communication strategy put in place and we have had presentations from the NBN and the other telcos to give us some sort of idea of how we were going. We did a digital assessment across the region and local government came back with their top priorities, which we will use to try to find some solutions to those problems. As you know, there are great big towers outside our small villages. They represent one telco and the other telco has no coverage at all. It is a very frustrating region to live in because we have great big towers and very limited access to communications.

The CHAIR: Ms Fagan, given the focus around the Inland Rail, has the RDA explored with the Australian Rail Track Corporation [ARTC] some level of community benefit with their project around the communication space or co-location of infrastructure to open up digital connectivity options and opportunities?

Ms FAGAN: We are updating the priority sites and looking for new technologies. The NBN and the telcos are saying that the economic benefits of having bigger towers in all sorts of places is probably gone and we will need to look at alternative solutions for those areas that have black spots. What we are looking at is coming up with different technologies and prioritising those, and then going to the Federal Government for funding for that.

Mr CLAYTON BARR: My question is to both Ms Fagan and Mr Medcalf. I am not quite sure if you guys are on the same page at your end or if I misheard and misunderstood with regards to skills. I thought Mr Medcalf was talking about making sure that we have the infrastructure and processes in place to train up local people to get the skills they need to do the work. But, Ms Fagan, I thought you were saying we should import the skills on foreign visas. What is the strategy? What would you like the Government to do? Should it put things in place to train the locals or import them? Which way forward would you recommend?

Ms FAGAN: I think the RDA does not see the visa application approval process in the Central West. There are so many jobs out here that we can take skilled migration as well as local input. The situation at the moment is that we have a massive backlog of employment vacancies in the regions for skilled people. We are actually doing a skills development strategy at the moment to try to work out where these are. We get a lot of anecdotal information, but we are actually trying to drill down and get some—the JO is actually doing a survey of all of the local government areas to try and get some real idea of what we are lacking, but we have a real skills shortage here of people like craftsmen, builders and construction workers across the regions. So, we need both. We need skilled migration and we need local pathways. I know that the TAFE here and TAFEs across the regions are doing as much as they can. We probably need to do more to make sure that these skills and apprenticeships are being given to local people; generating local training pathways are a great idea. We do need that, but we are really short of staff looking for employment at the moment.

Mr MEDCALF: I would like to follow that up. I think Ms Fagan agrees with that one; the JO was actually doing a summary eventually of local government areas of what skilled labour there is and what we need. Some of these small businesses and that sort of thing are having a lot of trouble trying to get people to come out this far, especially over the mountain. Then having the place, the training facilities, to actually train these people to do their jobs or support some of the industries that can employ people and get them trained into their positions—that comes back to housing, which is a very big shortage.

Rental accommodation is another big thing. That is just having the overall infrastructure to attract these people out there with their families. Naturally, we would like to upgrade our own people first, the local people, but migration is always another way. I know even out as far as I am, the small industry out here is looking at having a lot of people from other countries working out here and making it attractive for them to come out. But there is still that shortage of people to come out and get this far out to work. I think there are certain issues that need to be—letting people know exactly what is available, how they can be trained and that there is somewhere for them to live.

Mr CLAYTON BARR: The purpose of this Committee is really about what springboard or platforms this Inland Rail opportunity will bring. You guys have identified some current skill shortages, but I think we are also identifying a future boom. Ms Fagan, I think you were saying there is a housing shortage. It might have been you, Mr Medcalf. I am not sure; I apologise. Ms Fagan, you said our local training facilities are doing as much as they can. Mr Medcalf, I think you said we need to make sure we have the necessary training facilities to do the work. Can I ask this, in really simple terms: Is TAFE a presence there? Are there not enough spaces at TAFE? Do we need to invest in TAFE to create more spaces? Is TAFE not teaching or training the right skills? Are other training organisations not teaching the right stuff? Is there a shortage at the moment and what would you ask of us?

Mr MEDCALF: I think the Government, to make a plea, is getting information out there for their people. As we have just mentioned, we are talking about Inland Rail because we are looking at the future there and also we know how many jobs will be available. It does not matter whether it is an Inland Rail or [audio malfunction], or whether it is just local jobs for infrastructure that supports all that. We just need to be on the front foot to let people know that they can come out here, so therefore just having the support. I think the TAFE is doing its best. TAFE has sort of lost the local input, I think. It is doing it from a hub further out. It is moving out and it finds it very hard to get people to be attracted to it. Some of these smaller communities you will find that people have got to travel too far, really, to actually try and get the skills required to go and get into some of these jobs. I think we have got to look at the future there, too, because, as we are saying, with Inland Rail it will be a boon to this central western hub. But we have got to be on the front foot to actually look after that.

Mr CLAYTON BARR: Agreed. Ms Fagan?

Ms FAGAN: We have more jobs than people, to be honest.

Mr CLAYTON BARR: Wow.

Ms FAGAN: The people who are at TAFE, most of them have got jobs. They have been trained up and they are already working in the industry. What we are finding is that our engineering firms—we have got quite a bit of manufacturing, especially in Cowra, and we are finding that engineers are in shortage. They do not just get trained up in our region; they actually come from other places. They are already trained and they come here, or they have grown up here and they come back. The thing is we need more trained people—highly skilled and qualified people. We do train up our own—and there are quite a lot of those—but they are already employed and going to TAFE, generally. We need more support and better identification of the future that we have: the future of the skills that we require for the Inland Rail. We also need investment in the STEM field because that seems to be where the jobs are going to be: in those STEM areas such as mining, engineering and manufacturing. We have

a large manufacturing base here. It is the largest sector in the economic output, and jobs, health and social services are the second ones. We do have a lot of skilled people but we need more. We seem to be running out of people.

Mr PHILIP DONATO: I suppose my question is also to Mr Medcalf and Ms Fagan, and dovetails into what Mr Barr just asked. In relation to the training up of a workforce or skilled tradies, Mr Medcalf, I know you are in the Lachlan shire; are you out near Condobolin, where you live?

Mr MEDCALF: Yes, I live at Tottenham, actually, about 130 kilometres from Condobolin.

Mr PHILIP DONATO: And, Ms Fagan, you are in Cowra. If a young guy or girl leaves school at 18 and wants to do an electrical apprenticeship from your town, where is the closest TAFE to be able to do that? Do you know?

Ms FAGAN: You can do it here but you have to go to Orange for, generally—I am pretty sure if it is based in a larger centre then it is Cowra. We have local electricians who employ them and then they would do an apprenticeship. I am not absolutely sure, but I do believe it is in Orange or Bathurst.

Mr PHILIP DONATO: I can tell you I have a son who is doing an electrical apprenticeship at TAFE at Orange so I think you are right, Ms Fagan. Orange probably is the closest TAFE training facility to offer that trade. You spoke earlier—this is also to Mr Medcalf—in relation to the housing shortage and the projected increase in workforce, especially in and around Parkes; you said up to 3,000-odd jobs in that precinct. But that is really a local government issue, isn't it, in terms of opening up land and developing land for future housing? I know you speak on behalf of the JO or an RDA, but what is happening at a local level to open up more tracts of land for housing to accommodate this influx?

Mr MEDCALF: As you say, because of the pandemic and that sort of thing the housing prices have spiked. Therefore, I know within our JO there is land being opened up, especially closer in places like Forbes, Parkes and areas like that. In Lachlan we do have areas where we are going to open up, slowly, but you need money to actually make that happen. The other thing is the biggest shortage we have here is industrial land within our local government area. That is because a lot of that land we want to be able to acquire is usually Crown land. There are usually a few problems there trying to get around that.

Mr PHILIP DONATO: What can the Government do to perhaps assist or fast-track in that process? What would you ask?

Mr MEDCALF: Depending on what land it is and that sort of thing, especially on the Crown land side of it I think the Government could help us a little bit more because the path down through getting that Crown land released into what category you need is fairly frustrating and does take a long time. It is just identifying and making that happen. Especially out in this part of the world now there is a lot of mining investigation going on. All of a sudden you are going to end up with a boom. The thing is that if people cannot get land there they are going to go into the bigger centres and that sort of thing. People do travel these days, whether they travel by air or by car, to come to and from work. Sometimes that makes life a little bit hard.

Mr PHILIP DONATO: Ms Fagan, did you want to add anything further to that?

Ms FAGAN: The vacancy rate in the region is 0.6 per cent at the moment so there are very few houses for those people. That is a major problem, although we have investors coming from Sydney and other areas who have bought into towns. I feel that we have been caught short, I think, in that developing the infrastructure for these developments is a really big thing and councils do not have the money to invest in huge amounts of infrastructure.

Mr MEDCALF: Yes.

Ms FAGAN: For us to actually develop land is just—at this stage, doing our budget for the next 12 months we have got \$500,000 to spare. We have to organise that in a way that we can cap grant funding for things. Local government just has not got the money to do the infrastructure development that is required to open up the land and put the blocks on the market. We do have the land available but we just have not got the infrastructure and the money to spend on that. That is a big problem, plus the worker shortage of getting somebody to build a road or put in electricals or do some posts or roads or anything is just a really difficult thing at this time. We are not finding people to get quotes for anyone to do any sort of development and infrastructure. It has just caught us a bit on the hop, I think, this whole development and infrastructure, and I think we are a bit behind the eight ball at this stage.

Mr PHILIP DONATO: Ms Bennett, did you want to say anything or contribute on those issues that I raised?

Ms BENNETT: The housing issue is short term, medium term and long term. We have got, as Ms Fagan just pointed out, some serious short-term issues both in the housing for sale market and in the rental market. There is a small amount of land-banking in the area, but not much, and there is limited capacity for councils to be doing the development. For example, I am sure you are aware that in the vast majority of smaller councils across regional New South Wales the entire rate increase has been taken up by the emergency services levy, so there is really limited capacity for councils to be in this space. They are moving as fast as they can with limited resources—but that is not going to solve the immediate housing problem that we have got.

There are some potential solutions; I know you good folk are always looking for ideas for solutions. There is some capacity in a number of our communities with folk like myself in large houses by ourselves. There is some spare capacity in communities. How do we leverage that? With the skill shortages issues as well, there is underemployment across all of our LGAs. How do we leverage that underemployment to get those people skilled up? It is not just the unemployment but it is the underemployment—typically women in the community who could be in the workforce more. There are some potential projects but it requires almost a case management approach. High-level helicopter policy ideas are not really going to nail it. We need people in the region, down in the ditches working with us on these solutions and coming with resources and delegation to be able to solve the problems. That is certainly, from the housing and skills perspective, what we will be looking for.

Mr GEOFF PROVEST: I have a couple of questions. To Mr Medcalf first, when we were in Wagga and we saw their activation zone, the mayor there, Greg, indicated to me that council was already forward looking for more housing estates. He pointed to a few areas where they were going to build housing, which is all well and good. One of the drawbacks—and I come from a really fast-growing region—is the services provided to those houses: the water, the sewerage, the electricity and all those types of things. Usually, even in my council, it is beyond their capacity. The primary role is the Inland Rail, and we have quite clearly identified that. But do you think there is a secondary role for the New South Wales Government to assist in funding some of those opportunities that would take the burden off council while also making it more appealing to investors?

Mr MEDCALF: As Ruth Fagan mentioned, with the money side of the local government area, we just have not got the money to do it. We keep putting it off. In Lachlan, we have got some land identified to do it but it is a needs basis too. Are there buyers out there to buy them? We keep putting it off because we just do not have the money to actually invest into the building and that sort of thing. Then you have got the problem with the water, electricity and sewerage. It is getting that work done and having the labour, the skill and that sort of thing. It takes so long to do it. But say all of a sudden a manufacturer within the Lachlan area comes in with a big project, you would feel a lot safer in doing that—whether it is that or mining because mining is such a fickle industry. It sometimes just takes so long for it to happen. It puts us a bit on the back foot. We think, "We'll just leave it. It'll be a bit long because they are not quite ready."

Ms FAGAN: I know it is difficult with some councils. It is hard because we do have some land available but we have a few investors and developers who are actually doing that for us, so we can just sit back a little bit and hope that the developers are going to be the ones who spend the money. As the interest rates are low, it is probably a good time for them to do that and there is a demand. It is just catching up with the demand is what we are finding. We have got areas where there is housing development. It is a bit slower than it all of a sudden just happening. I think it is a bit of a catch-up thing. I am not sure whether councils would be in a position to spend more money and time when they are already trying to spend the money they have on roads and infrastructure that we already have to maintain as well as the other developments and projects that we have got in the pipeline. To take on a new one would probably be a bit stretching for some people.

Mr GEOFF PROVEST: When we were near Gilgandra we met some farmers from Curban. They were concerned about their travel distance to the Inland Rail and transporting their product. The second part of what they were concerned about is that we should not forget that a lot of the grain from out west actually goes to the Port of Newcastle. It does not go to Brisbane or Melbourne. While there was excitement for the Inland Rail, there was also concern that we may neglect those other important trade routes. Do you have any views on that?

Mr MEDCALF: Yes, I do. The Inland Rail is north-south, south-north and if we are lucky it will go across to Perth. The infrastructure from basically Parkes to the ports of Botany and Newcastle—it is a bit difficult for that because it needs upgrading. There is no question about that. Not only on the rail but also the infrastructure of the ports and that sort of thing to make that happen. I still think you have got a place like Parkes which is going to be a hub, whether there is going to be a terminal or whatever may happen there. Then you have got a distribution port to go from there. I think that is something that we should look at. That is why the Inland Rail; that is why it is happening inland. If it makes it with a crossroad, that gives us options.

Ms FAGAN: We just received some money in the JO and RDA. Ms Bennett might be able to explain about the interface improvement program for small and medium businesses that we have just got some funding for, which deals with that issue.

Ms BENNETT: I think it goes to the heart of the issue that Ms Fagan was mentioning there, and that is that small and medium enterprises would love to leverage Inland Rail but have not really got a pathway to what that might be. That was identified in our workshops from Inland Rail here in Forbes, particularly honey producers and others. They were saying, "How can we leverage this international opportunity?" It is funny you should mention that, Councillor Fagan. It has just come through my email this morning where they are talking about how the interface program is going to do a business case for what the potential solution might be. We have not identified what the solution is.

It is actually about co-designing it and working together, including—we are hoping—with representatives of the New South Wales Government. That goes to the heart of our opportunity that we see and potential solutions. Who are the people who we can be working with? Who is the New South Wales Government putting up as the key folk to enable these small and medium enterprises to leverage the solution going forward? I will start by going to our local regional New South Wales DPC representatives, but there is no-one that we can see that has that sort of dedicated regional development role in the landscape at the moment. It is something—it is a big ask if you are already overstretched in our region and trying to do regional development. I think you need a dedicated resource.

Mr GEOFF PROVEST: I might turn it over to the Chair to continue that discussion.

The CHAIR: That is certainly good feedback and one we will raise later with the department.

Mr DAVID HARRIS: Thank you all for joining us this morning. I have had the opportunity to read the Regional Development Australia Central West's great transport and freight plan that was put together a few years ago. If you had the opportunity now, what are the top three transport projects you would nominate that would help you in your region link with both Inland Rail and back to the eastern ports?

Mr MEDCALF: I can give two off the cap. It is the fast link to the mountains, for a start. There have been some announcements happening with that, but that is only an idea and investigation still going to happen with that. Then also the connectivity of rail back to the east is a pretty important one, not only for passenger but also for freight, to have that connectivity with that side of it. Some of these rail lines are being closed. I think that is where we have got to have a good hard look at those as feeders back into the main line, even out towards Blayney and down around Cowra and back up through—even from Parkes out to [audio malfunction] the grain but also mining. Mining is going to develop and happen there. I think we need to investigate that and that sort of connectivity. Overriding all that, you know like when you start that sort of thing, one of the most important things that should be top of the list is water security because stuff does not happen unless you have water. I think it is one of the highest priorities of all.

Mr DAVID HARRIS: Thank you. Ms Fagan?

Ms FAGAN: I would say the fast link to the Sydney metro across to the east and also the Blayney-Demondrille line, which has had quite a number of plans and projects and submissions made, is a very important link for the Central West down south. Opening that rail line would be part of the priority for us as well as the other links for the Parkes inland rail.

Mr DAVID HARRIS: Ms Bennett, did you have anything to add?

Ms BENNETT: Both chairs are absolutely right. The only other concern I would raise around the infrastructure piece is the unintended consequences for Forbes of not getting that grade separation right and its impacts in Forbes. In terms of our priorities to link two inland rails, yes, it is east-west and the Blayney-Demondrille. But in terms of unintended consequences, I think really something has to happen about the impacts in Forbes. It is just not reasonable.

Mr DAVID HARRIS: Thank you. I can see Steph is agreeing with you profusely.

Ms STEPH COOKE: I must say that collectively you have all stolen my question and my thunder. You all know I have lived and breathed Blayney-Demondrille for the past 3½ years. You have mentioned it now. Is there anything further that you would like to elaborate on in relation to that disused country rail network line and how critical is the need to reinstate it? It is mentioned on page 4 of your submission as an important part of the connectivity infrastructure piece. I hand the floor to the three of you for any further comments that you would like to make on that particular railway line and any others as a secondary priority to that.

Ms FAGAN: I think Steph is across it and I think we have been talking about the Blayney-Demondrille line for quite a number of years, so it would be terrific to see some action on that. If it is in any way possible, it would be good to have some action. We have talked about it a lot so I cannot do any more. It is just a really important link. We have done business cases and we have looked at the cost and this needs to be happening.

Mr MEDCALF: Yes, I think I have been with this JO for quite a while now and the Demondrille line, like Ms Fagan just said, the amount of investigations just do not seem to get any feedback to plot. We know how important it is, but we have just been finding it really hard and frustrating to get the Government to understand how important it is. Some feedback or something to look into and give us some feedback would be fantastic.

The CHAIR: I thank the witnesses for appearing before us today. We may send you some further questions in writing. Your replies will form part of your evidence and be made public. Would you be happy to provide a written reply to any further questions?

Ms BENNETT: Yes.

Mr MEDCALF: Yes, we certainly would.

The CHAIR: Thank you, we appreciate that. Thank you for your time with us today.

(The witnesses withdrew.)

ROWENA ABBEY, Chair, Canberra Region Joint Organisation, and Mayor, Yass Valley Council, before the Committee via videoconference, affirmed and examined

GREG CONKEY, OAM, Member, Canberra Region Joint Organisation, and Mayor, Wagga Wagga City Council, before the Committee via videoconference, affirmed and examined

KALINA KOLOFF, Chief Executive Officer, Canberra Region Joint Organisation, before the Committee via videoconference, affirmed and examined

The CHAIR: Thank you very much for participating today. Would you like to make a short opening statement before we begin the questions? Mr Conkey, we might turn to you first if you would like to.

Ms ABBEY: If it is okay with you, we have a bit of a plan of how we were going to attack it between us in terms of just giving you general information. That would mean I start, Mr Conkey would fill you in with good information and then we just might round that off and go to questions, if that was okay with you.

The CHAIR: That is fine, thank you.

Ms ABBEY: First of all obviously, thank you for inviting us to participate today and get involved. I guess we saw this as a great opportunity, particularly for our southern region which is a large group of councils. You have seen our submission. Essentially, the Canberra region is a unique and diverse geographic region. It stretches from South West Slopes through to Sydney-Canberra corridor, across to Eurobodalla and the Sapphire Coast and the Snowy Mountains, which also include Snowy Valleys which is an adjoining council to Wagga Wagga and Wagga Wagga is also one of our associate memberships. As a region we cover a very large and diverse area and as a region we have been working together to come up with strategies for our whole-of-region approach, which includes, obviously, this very important piece of infrastructure called inland rail.

One of our larger issues is that we have a total population in our region of about 750,000 people, a total area of 48,000 square kilometres and a gross regional product in the descending valuation of about \$9.82 billion. So it is a significant part of New South Wales, and we are pleased to be able to put forward our ideas to share with you. Inland rail provides a rapid north-south connection between Melbourne and Brisbane and in order for the regions to actually capitalise on these opportunities presented by this once-in-a-generation project, we consider the requirements for east-west connectivity to be critical for the supply of goods and services, connecting with multi modes of freight and providing alternative means for moving freight, tourism and commuter traffic. We currently understand that around half of New South Wales' bulk freight and non-mineral product is moved through the south of New South Wales, much of which is transferred to the Victorian ports. I am going to go to Mr Conkey, if you are happy with that. He can talk about some of the road infrastructure in and around Wagga and its connectivity.

The CHAIR: Before we go to Mr Conkey, I just want to check because we do not have you on screen, was that Ms Abbey or Ms Koloff?

Ms ABBEY: Sorry, that was me making those opening statements.

The CHAIR: Thanks, Ms Abbey.

Mr CONKEY: Again, thank you for this great opportunity. I was delighted to be able to host five members of this Committee in Wagga on Wednesday of last week. Like you, I have not been out to that site for a couple of months and I was blown away by the work that is happening out there. This is going to be a great asset for not only the city of Wagga Wagga but also southern New South Wales, as the Committee no doubt saw. As mentioned on that day, the canola crushing plant are looking at doubling their production in the near future; there is a great opportunity to value-add up there. The group of rail lines are being upgraded to bring in trains from the Griffith region to our intermodal freight centre and there is tremendous interest from freight companies to set up in Wagga. This is not just an overnight project; it has been in the wings for 15 years or more. It is a 4,500 hectare business park.

As you saw during the visit, there are some really remarkable roads. We have spent \$35 million doing up the roads within this business park and that has really opened up the park. The issue that we see now though is connectivity. As Ms Abbey mentioned, north and south are pretty well covered; we need to really look at east-west. So we need to be able to capitalise on those areas to the east of us as well as to the west of us. We believe that duplication of the Barton Highway is coming, but it probably needs to be fast-tracked to give us connectivity with the Canberra region. Another area is the Sturt Highway west of Wagga. There are no overtaking lanes between Wagga and Narrandera and we see that as a major problem to provide that connectivity that is needed. We are also keen to see the Brindabella Road from Canberra to Tumut also upgraded. We see that as a significant benefit

to this region as well. So those are a couple of active statements and, again, I thank you for the opportunity to speak with you today.

The CHAIR: Thank you, Mr Conkey. We might turn to questions. I will make a start as I want to focus on capitalising on the eastern links. You spoke about road links. I ask Ms Abbey: Apart from the road links that Greg has just touched on, what other steps would you be seeking for the New South Wales Government to be taking to help capitalise on these links to the east?

Ms ABBEY: Obviously, the rail connection and the road connection, part of that freight connectivity is also tourism and freight connectivity, I guess, to a large extent, but also to take into account in the planning and the overall big-picture thinking Canberra Airport. Obviously, with the strange year that we have had, that is not international again at the moment, but it is an opportunity particularly for regional businesses to get produce to market and into international markets. So that becomes part of a road freight, rail, aeroplane and port of Eden—as part of Wollongong and Eden—big-picture strategy in the movement of product through the southern region and taking advantage of the benefits of the inland rail program.

The CHAIR: Specifically, Mr Conkey touched on overtaking lanes and duplication of the Barton. With regard to rail, is that then looking at, say, the axle loadings for the existing rail infrastructure across to Yass Junction and further? With regard to the airport, what specific steps would you be seeking from the New South Wales Government there, Ms Abbey?

Ms ABBEY: When we are looking at the Queanbeyan-Palerang area, which obviously is in New South Wales, that becomes part of that intermodal transport hub and freight connection between the rail linkage back up to Sydney as well. Through to Yass obviously there is a lot of canola and grain growing through that area between Wagga and Yass. In particular they have improved some of the rail sidings in and around Harden; for example, they have improved part of that process, but I think that needs to be continued to be looked at as a review of the whole of how we take into account the most important parts of getting this produce moving around our region. Also, I add in that the road link to the coast. It is all very well getting it from inland rail from Wagga to Yass-Canberra and to Queanbeyan; you still have to look at those road linkages around Brown Mountain and the Kings Highway going south towards Bega, if you are looking at a port strategy. So you are combining a port, airport and rail and road strategy into an overall strategic review of freight connectivity in our southern region.

The CHAIR: Thanks, Ms Abbey. Any questions?

Mr CLAYTON BARR: We just heard from the Central West joint organisation about possible skills shortages. Obviously they represent smaller, more dispersed populations than both of you. Do you have any concerns about skills shortages or the need to take a different path in skills development going forward?

Ms ABBEY: Certainly there are skills shortages across the entire region. What we are looking at trying to do is work together as councils and communities to look at skills hubs where we can have increased training and programs. I think probably across the whole of New South Wales—possibly Australia—there are skills shortages in highly skilled workers as well as the more day-to-day working jobs and opportunities across the region. I think unemployment in Yass Valley is less than 1 per cent; it is almost impossible to get a childcare worker, let alone somebody who is working in agriculture or industry, because obviously the Snowy build is having a large impact on our area. I think it is also an opportunity for us to recognise where those skills shortages are and actually focus on bringing in migration across a wider group than what is currently being focused on migration.

Mr CONKEY: If I could add to that, I certainly endorse what Ms Abbey has stated. A skills audit is being undertaken as we speak through Regional Development Australia. So that skills audit for this region, specifically Wagga, should be available—I think it is only days away if it has not already been released today. So that will give us a broader picture of where we are exactly up to, but you are right: There is a major problem with skills. It is across the board. Here in Wagga, we are building something like 450 new homes each and every year and there is a massive shortage of skilled tradespeople, so that is one area. The other area, of course, is industrial land and residential land as well, but those are issues that council is addressing. We will have a clearer picture of the actual position in the not-too-distant future when the skills audit is made available.

Mr PHILIP DONATO: My question is to both Mr Conkey and Ms Abbey—or Ms Koloff if you wish to answer. You mentioned earlier the importance of the connectivity to the inland rail from Wagga or from just up there heading east and west. I am interested to hear your thoughts on the anticipated route east. Obviously you are in a position where you have two ports. I suppose the closest proximity would be either Port Kembla or potentially the port of Eden when that is up and running. Realistically the topography heading east and getting across the range, and I know heading down to Bega is quite—I think Ms Abbey mentioned that through

Brown Mountain it is quite rugged country. Where would you envisage any connectivity east going in terms of a port? Where would be the preference?

Ms KOLOFF: We recently made representations to the New South Wales Government looking for support to undertake a feasibility study for an east-west connectivity freight linkage. We understand that a recent investigation into rail connectivity yielded results that at this stage are not financially viable. We certainly acknowledge the work has been undertaken by the New South Wales Government in terms of looking at rail. However, there is significant road infrastructure that could be investigated for the purposes of freight. Brown Mountain is tricky—very steep terrain.

Mr PHILIP DONATO: Yes, I am very well aware of it.

Ms KOLOFF: At the moment it is not B-double compliant but we understand that there is an alternative route via Imlay Road out past Bemboka that has traditionally been used for B-double and logging trucks. There is a potential to investigate the feasibility of using that road for the purposes of freight transport. Also, further upgrades to Kings Highway would give good connectivity down onto the Princes Highway and down onto the coast, again acknowledging the significant investment by the New South Wales Government in making improvements to the north-south roadway along the Princes Highway.

Certainly the development and the utilisation of the port of Eden is constrained by the fact that it does not have good east-west connectivity. It certainly does not have good connectivity to the inland rail, which is a significant generational piece of infrastructure that will change the way freight moves around the eastern seaboard. It is a missed opportunity not to have good connectivity down to the port of Eden and to really make the best of that piece of infrastructure. It is the only deep-water port in that southern region and it is well positioned and well set up to do more.

Mr DAVID HARRIS: We have heard from yourselves as well as Central West and the people we spoke to on our visit last week in terms of the difficulty with skills shortages, et cetera. Have you put your minds to any thoughts on how the Government might incentivise people moving to regional New South Wales to fill these skill gaps? Obviously, in some coastal regions unemployment and underemployment are relatively high, which is a totally different picture than you are facing. It just seems to be—what is the trick to get people to move to what is in many ways a better lifestyle? I know through Evocities that was the message, and obviously that is a campaign that continues. Have you had time to think of any other incentives that might attract people to your region?

Ms ABBEY: I will start and Mr Conkey will no doubt have some other thoughts as well. The key to it—I am using term "housing" as a crisis across regional New South Wales only in that the volume cannot keep up with the number of people wanting to move here. But key to trying to bring people into the regions is actually affordable housing, and part of that also relates back to access to health services. So people who want to change or move to a region—it is all very well to say "it is a beautiful place to go" but when they go they want to see schools and they want to see health as basic things for their families to want to consider relocating. So that housing affordability and that access to good health and schooling are three critical parts to encouraging people to want to move to the regions where there are many jobs available.

Mr CONKEY: This is a partnership, I think, between local government and the State Government. Local government, or in this particular case Wagga City Council—we have a role to play to make our city a very liveable city. We are, I believe, one of the most liveable cities in rural and regional New South Wales, with our educational facilities, our health, water, connectivity, our internet access and also our very rich arts and cultural activities that we have here. So we have a role to play. But the State Government also has a role to play in encouraging businesses to relocate and, in doing that—as far as Wagga is concerned with our special activation precinct, that will encourage a number of businesses and factories to set up here because we are making it affordable.

We are cutting red tape, as you well know, to get those industries and those factories set up. So the State Government is playing a role here, which is great, but maybe some more incentives to encourage families to move to country cities and rural, not only just the major cities but also we know about the hub and spoke sort of situation. There are those opportunities as well. We have already picked up a number of people who have moved to country areas as a result of COVID because they can work from home. That is a positive but there are some incentives that maybe the State Government could also be looking at to encourage more and more people to relocate.

Mr DAVID HARRIS: I compliment you on your broadband there. You are the clearest picture we have seen on one of these things.

Mr GEOFF PROVEST: In talking to Central West and from what we saw, there is an impediment to smaller areas establishing places for people to live there. There is clearly evidence that there are going to be jobs and opportunities created. But in creating housing estates—and Mr Conkey was showing me, pointing to various

hills down there about it—the smaller councils have indicated, or it is my belief, that one of their impediments is the infrastructure to service those residential or industrial estates. I am talking sewerage, water, electricity and those types of things. I am probably looking at it from the angle of the State Government. It wants this to succeed but it is a multilevel success. You cannot have all this opportunity if there is nowhere for these people to live. The last thing you want is fly-in fly-outs and things like that. So what role do you see the State Government playing in the provision of some of those services? In the past we have had water and country sewerage grants et cetera, but what do you see the State Government doing to assist you guys out there?

Ms ABBEY: Obviously the first thing that came to mind was the water and sewer. That becomes a big problem for small communities trying to accelerate a big improvement in sewerage systems and water treatment plants. We are going through a process ourselves, and I will just use that as an example, where we have had feasibility studies done and we have got recommendations from Hunter Water because Public Works did not have enough capacity. I think maybe that should be one of the considerations for us as councils in terms of capacity to actually do the work, because we have to employ specialists to review those water treatment plants and designs. We used Hunter Water because we did not want to wait a year and a half. Public Works said they had no available time to be able to spend on our treatment plant. So Hunter Water have come up with a plan and then the NSW Department of Planning, Industry and Environment has a different view on what we should do. We are actually going through a process now, which has added months and months to our program, to put in a new water treatment plant. The current one is 60 years old. Obviously it is coming to end of life.

We have a commitment from the State Government for \$10 million, but to resolve the long-term water problem for us it is probably more like a \$30 million plant. But we cannot get the department of water and Hunter Water to actually agree on a strategy going forward. In the meantime what we have is everyone being stifled on growth because we have to restrict how many connections until we actually get the plant up to a bigger capacity. I think that is one of the things, that many of us have actually got these plans. If you look at our southern region, we have a wastewater prospectus that we put together across our whole group of councils in our Joint Organisation [JO] region that actually identifies water treatment plants and wastewater treatment plants and puts them in an order of priority. Again, one of our problems is most of them are not shovel ready because we have not had the resources to put towards the feasibility studies and the designs to complete them. Then when we go to do the design, Public Works has no capacity within it to actually help us to deliver what we need to do for the growth of the community. There is the same issue with the sewerage water as well.

Mr CONKEY: It is a great question and you are spot on, sewerage water, stormwater and roads is a major issue. It is a major issue for Wagga, so how are smaller councils coping? They do not have the size and capacity that we have, so it is a major issue. Coolamon, which is just not too far away, they are closer in some areas of Coolamon to our special activation precinct than areas of Wagga. So there is a lot of demand for their residential subdivisions and when they build those subdivisions they are snapped up pretty quickly. But the days of the old shire or municipal engineer, I think those days are over and I do not think the smaller councils have accepted that at this particular stage. Probably they need to look at outsourcing the design and construction of their systems. They just do not have the capacity to do it.

So whether we sort of have a fairly large company that can come in and do some project management work, assisted by a branch from the State Government, that is possibly the way that we need to look at it. Maybe there is a role here for regional centres such as Wagga and Tamworth and Dubbo to assist the smaller communities around us to provide that. We are doing something at the moment for Forbes. We are assisting them with some design work at cost only, we are not making a profit out of it, and we will see how that works and maybe that may then flow on to some of the other councils around our area as well. So there is that possibility, but I think we need to change our thinking and get the smaller councils to look at a project management operation rather than just try to do it in-house. I think, as I mentioned, those days are well and truly over.

Mr GEOFF PROVEST: Thank you both, that is really good. That leads me on to my last question. Do you sense any frustration dealing with a multiple number of government departments? Do you think there should be a coordinator or a one-stop shop, let me put like that, like a Service NSW, so you do not have to go to the myriad of different government departments to get things done?

Ms ABBEY: I think in some circumstances that would be exceedingly helpful. I know certainly we have also looked at another issue where some of the smaller councils—I have had trouble hearing Greg's conversation. I can see him beautifully but I cannot hear some of his words. I think he was talking about the smaller councils and the fact that from our resourcing process, to get to that feasibility study and the works done actually needs funding and some support from a government level. Councils are willing to put money, as best they can, into feasibility studies. But, as you well know, they are often very expensive.

What we were looking at trying to do was to try and do three or four feasibilities across three or four councils for smaller projects and combine them into one bigger piece of work. Because often a sewerage treatment plant is—there is a similar design across the whole of New South Wales. There are different logistics obviously in location, but in terms of design, that work could be combined together to support two or three small councils to allow that work to go ahead. We had this conversation four years ago and those four smaller councils that were trying to do that sort of work together are no further advanced with that because we have not had any—we need funding to actually progress some of these things to shovel ready to be able to apply under the water fund grant system.

Mr CONKEY: Just to follow on, that is a great suggestion. If it could be more streamlined, that would be very helpful and very handy. I am not quite sure how you actually do it though.

The CHAIR: Mr Conkey, we have had a really important conversation there around utilities in terms of unlocking residential and industrial land. Central NSW JO also raised interactions with NSW Crown Lands in that regard in terms of unlocking land. Has that been your experience? Are there challenges or barriers there in that regard?

Ms ABBEY: I will just say yes.

Mr CONKEY: There are some challenges. There are some barriers there and no doubt you will hear more from the local government concerning the proposals concerning taking over of Crown land and those issues. That is a whole different discussion, I believe. But it would be good if we could open up some more Crown land is the short answer, yes.

The CHAIR: We really appreciate all of you being present with us today. We may send you further questions in writing. Your replies will form part of your evidence and be made public. Would you be happy to provide a written reply to any further questions?

Ms ABBEY: Absolutely.

Mr CONKEY: Certainly, I would be happy to do that. I really appreciate the opportunity to, first of all, host you last week, as I mentioned, and also the opportunity to speak to this Committee.

The CHAIR: Thank you, and likewise we appreciate your time, the three of you.

(The witnesses withdrew.)

(Short adjournment)

GEORGIA NICHOLLS, General Manager, Rail Freight, Australasian Railway Association, before the Committee via videoconference, affirmed and examined

ANDREW HUCKEL, Secretariat Representative, Freight on Rail Group, and Head of Government Relations and External Affairs, Pacific National, affirmed and examined

The CHAIR: We will resume the hearing. We have with us Ms Georgia Nicholls online from the Australasian Railway Association and Mr Andrew Huckel from the Freight on Rail Group [FORG]. I welcome you both. Before we start do you have any questions about the hearing process?

Mr HUCKEL: No.

The CHAIR: Would either of you like to make a short opening statement before we begin the questions?

Mr HUCKEL: Ladies first.

Ms NICHOLLS: Sure. At the risk of reiterating what we have already provided to the Committee in our submission, I will just give a brief statement of our position on the value of Inland Rail to New South Wales regional communities. Obviously, it goes without saying that Inland Rail is a nationally significant transport initiative, and it is reflected in the National Freight and Supply Chain Strategy and National Action Plan. It is going to provide significant national economic and social benefits, including getting over 200,000 trucks off the road each year, the benefit of which we have done some significant analysis on in the *Value of Rail 2020* report that was commissioned by the Australasian Railway Association [ARA] through Deloitte. I draw the Committee's attention to that report. There is some really good analysis there, and knowledge that sits behind it, about the value of rail in general but also specifically in relation to the Inland Rail project.

Inland Rail represents a step change in capacity, capability and interoperability of the national freight rail system while delivering a freight rail offering that meets market requirements of a modern freight system. I will not speak directly to the terms of reference of the Committee other than to say that there is really strong demonstration of the ways that the industry, Australian Rail Track Corporation [ARTC] Inland Rail and others are already delivering the project in such ways to try to maximise the benefits for regional communities. There is always more that can be done in that space. The ARA is very supportive of any ideas that are forthcoming as part of this inquiry or others that propose ways that either communities can be better engaged in those processes or that the benefits can be better leveraged.

Today I think it would be remiss of me not to say that it is not just hard infrastructure that will make the Inland Rail work to the greatest extent possible. It requires lots of complementary investment in productivity, in State rail networks and more connectivity [audio malfunction]. Also regulatory reform and solid supportive policy is required to create an environment that maximises the benefits, and that includes reform like road pricing, modal share incentives and other ways to incentivise market shift, and modal share plans, which will reap the benefits of the Inland Rail investment. I will leave it there.

The CHAIR: Thanks, Ms Nicholls. Mr Huckel?

Mr HUCKEL: Thanks, Ms Nicholls. Just a little bit of background to the Freight on Rail Group of Australia. It represents nine of Australia's largest rail freight operators and infrastructure owners and managers. Each year we contribute over \$11 billion to the Australian economy. Combined, we employ more than 20,000 people. Many of those are based in regional Australia, and we operate over 1,600 freight locomotives, around 35,000 pieces of rolling stocks—so, wagons, grain and coal, and what have you—and also manage around 23,000 kilometres of rail freight in terms of the tracks.

I would like to start by congratulating and thanking the Committee for heading out to Parkes last week. I hope you had a good look in terms of the private sector investment that is being stimulated and encouraged, obviously, by the advent of the future Melbourne to Brisbane Inland Rail project. Just putting on my Pacific National cap for a moment, we call it "Memphis Down Under". Just like Memphis in the interior of the United States of America, which is a major freight logistics hub, particularly for rail, we envisage that Parkes National Logistics Hub has that opportunity in the future. Obviously, you have Pacific National, which is Australia's largest private rail freight operator. We delivered the new terminal out there back in October 2019, so we are running double-stack freight trains from Parkes all the way across to Perth, three services in and out each week. Obviously, SCT Logistics—another member of FORG—has had a depot out there for some time.

Combined, I think those two FORG members employ around about 230 people within Parkes. These people are highly trained, they are highly skilled, they are all certified and accredited in terms of what they do. You have train drivers, terminal staff and, of course, we put a lot back into the local community in terms of

catering, cleaning services, taxi services and whatnot. I call Parkes the heart of the future Inland Rail. The head for the foreseeable future, the northern terminus, will be Acacia Ridge Terminal in the south-western suburbs of Brisbane. Then, obviously, you have a lot of other hubbing opportunities along that future Inland Rail route, whether it be at Moree, Narrabri, Toowoomba, Junee, Cootamundra et cetera.

Then, of course, to the southern terminus of the Inland Rail, members of ours are in conversations with both the Australian and Victorian governments in terms of the establishment of intermodal terminals in and around Melbourne as well. It is creating a lot of excitement, and it is really giving a great boost to private companies like Pacific National, SCT and what have you to invest in rail freight. And in doing so, we help with that whole mode shift from road onto rail, and that helps out with reducing traffic congestion, improving road safety and, obviously, reducing vehicle emissions as well. Obviously, it can be a great boost in terms of employment, particularly in regional Australia and particularly in regional New South Wales, and a great event for regional councils.

Any opportunity where that bulk freight can shift from road onto rail, I think that really assists a lot of people. From Parkes, you can use that as a launch pad to, obviously, head to the west with the double-stack freight trains, which are 1.8 kilometres in length. Plus we can head to the east into Port Botany and also to Port Kembla. I know the New South Wales Government has been rolling out quite a few additional crossing loops, particularly between Bathurst and Lithgow, to help separate—crossing loops to rail are like overtaking lanes are to cars and trucks. That helps to make services more safe, efficient and helps to separate freight services from passenger services, so overall making rail freight movements even more efficient.

Obviously, the Freight on Rail Group of Australia and quite a few of our members are also members of the Australasian Railway Association, so it is good that the two of us could be here today. We are incredibly supportive of the project. Obviously, there are some challenges around it. In terms of the future alignment of the Inland Rail, that is up to ARTC Inland Rail and the Australian Government to liaise with those communities, particularly those farming communities, to come up with the most appropriate alignment. For us as rail freight operators, there are a couple of key things that we need; first of all, a transit time between Melbourne and Brisbane of less than 24 hours. That helps us to compete in terms of travel time with road freight operations. Obviously the Newell Highway is undergoing a lot of upgrades, and has been for some time now, including a lot of additional overtaking lanes and heavy vehicle bypasses. So that will make road freight movements even more efficient along the Newell Highway. There is obviously the corresponding rollout of high-productivity vehicles—modular B-triples, A-doubles and what have you. All those things make road freight even more efficient. That is why, in order for rail to be able to compete on that level playing field, we need a transit time of less than 24 hours.

Of course, when you are running 1.8-kilometre freight trains—and I know ARTC Inland Rail is putting in place infrastructure which will potentially allow up to 3.6-kilometre freight trains—you cannot have too many bends and twists in the alignment. Obviously we need infrastructure that at a minimum can handle 25-tonne axle loads travelling at 80 kilometres an hour. In terms of the members of FORG, that is the type of performance metrics that we are looking for in terms of the future Inland Rail. It certainly has a lot of momentum behind it now. Phil, you would be pretty happy in terms of the investment you are seeing in your neck of the woods.

Mr PHILIP DONATO: Yes, it's excellent.

The CHAIR: Thank you, Mr Huckel. We might turn to questions now. Ms Nicholls, I want to return to your opening comments that this is not just about hard infrastructure at the end of the day, and enabling through supportive policy and regulatory change. I invite you to expand on that. Specifically, from the New South Wales Government's perspective, what sort of initiatives in that regard would you suggest to government?

Ms NICHOLLS: Sure. Andrew made a good point around the business case for rail freight in urban environments. I think it is probably something that the Committee is well across now, by virtue of this inquiry and others, but I am just repeating that. It is environmentally advantageous; obviously urban congestion is increasing the impost on urban communities, so that is a major consideration for urban planners and others in how we shape our cities of the future. It is much safer than road-based transport and much more efficient. It is more load efficient as well. In terms of a business case for investment, it stacks up, as we have seen, for Inland Rail and other similar business cases. For that reason we support the New South Wales Government's State policy in terms of encouraging that shift to rail freight, and I think it makes sense for governments across Australia to support similar policy, as we do.

When you are looking at some of the busiest freight corridors in the world, the question is: Why does rail only share a small percentage, in some cases, of that freight task? There is a growing freight task, which challenges us in the future. It is not just about hard infrastructure. That is where my colleague came from and it is important in the discussion around any of these hard infrastructure projects, but we are not likely to see the fully realised benefit of any hard infrastructure investment without endorsing policy which goes alongside it. That really is about things that encourage that mode shift and which make rail as competitive with road as possible. The very

simple analogy is that rail operators pay for access to the infrastructure that they rely on and road operators do pay a small amount, but it is certainly not directly comparable. There are a number of ways that pricing incentives can be used as a lever by government to encourage that mode shift.

If we look at the interface with the rail freight network in Port Botany, it is a good example of where—I know NSW Ports made a submission to the Committee around where upgraded junctions could be made to increase the prospects for exporters in regional New South Wales through Port Botany. I think that is absolutely right; we support their claims. A lot of the difficulties that the industry is facing achieving the kind of monetary support for Port Botany that is a stated target of all players involved is that the interface with the Sydney Metro network and various other policies around Environmental Protection Authority approval of equipment—trying to navigate the passenger priority on the Sydney Metro network and how those paradoxes are managed—all impact on the ability to achieve that kind of mode shift.

It is true to say of any major infrastructure investment like this that without the incentives to achieve shift, that competitiveness is difficult to achieve for rail freight operators. I might ask Andrew to comment on that as well, because he is in a good position to comment and develop some sense of it all. The Parkes investment is a great example of where the market will respond where there is a clear business case, but it is difficult to achieve step change without a lot of soft policy investments alongside it.

Mr HUCKEL: That is a good summary. I think the most important thing—and this is something that needs to happen around the COAG Transport and Infrastructure Council [TIC] of Australia. Consideration needs to be given to making sure all the beneficial externalities of rail freight—reducing traffic congestion, improving road safety, reducing vehicle emissions, so on and so forth—are built into future land freight pricing models. That is incredibly important. A really tangible example is Sydney to Melbourne. Pacific National, we now estimate that less than 1 per cent of containerised and palletised freight is hauled by rail along that transport corridor. That is the busiest freight transport corridor by volume—over 20 million tonnes per annum—in Australia. Now we also estimate that probably less than 3 per cent of containerised and palletised freight between Sydney and Brisbane is hauled by rail. For the Hume Highway, that means that is around 750,000 B-double equivalent truck movements every year.

Societies and governments have to ask themselves: Is that the outcome that we are looking for? Obviously the Inland Rail will play a big role in correcting that type of situation. It is a difficult one because once a regional highway like a Newell, a Hume or a Pacific Highway is upgraded and fully duplicated, it makes road freight movements incredibly efficient. In fairness to the road freight sector, they lobby, and rightfully so, for greater access to high-productivity vehicles—things like modular B-triples and A-doubles—which then makes those road freight movements even more efficient. So that is what we are up against. Look, let's be frank: Without trucks, trains stop, and vice versa. In the future, road freight would do that first and last mile from a railhead or a depot into a distribution centre, warehouse, abattoir or silo, or something like that. Now you are finding on some of these transport corridors that road freight is doing every mile.

That has implications in terms of ratepayers, taxpayers and what have you. That is where intermodal terminals like Parkes, Moorebank Logistics Park in south-western Sydney and St Marys Freight Hub in the heart of western Sydney are so important. It is a great hubbing location and hubbing zone where you are getting that right relationship and interaction between heavy vehicles and rail freight operations. That is why intermodal terminals are so critical. I suppose that is why along the future Inland Rail route there is a lot of potential for a lot more terminals, and fit-for-purpose terminals as well. Obviously Parkes will be quite a large one in the future, but that is not to say that other locations in country New South Wales and regional Australia cannot play a role in the story of the future Inland Rail. There are also a lot of derogations under the national rail law—things in relation to fatigue management, drug and alcohol policies, driver training requirements and so on and so forth.

Hopefully, through that Transport and Infrastructure Council environment—that COAG transport setting—a lot of those derogations from the national rail law can be harmonised over the coming months and years, because you have a lot of different networks. If you look at the road network, you can take a B-double from Melbourne to Darwin and you are driving on a piece of bitumen, there are no different operating rules and so on and so forth. Whereas in rail, say you go from Sydney to Perth: well, from Sydney out to Lithgow you are on the Transport for NSW Sydney Trains network; from Lithgow out to just near Parkes you are on the John Holland rail network, so slightly different operating conditions and signalling communication systems; then from Broken Hill out to South Australia you are on ARTC, and then for a little bit of South Australia you are into One Rail Australia and then you are back on the ARTC; and then you get across to Kalgoorlie and then you are onto Arc Infrastructure into Perth. You are dealing with about five or six different rail infrastructure managers. That is just how it has developed over the years. That is why it is incredibly important.

In fact, a really good initiative from the Australian Government and also the Australian Rail Track Corporation is what they call an Advanced Train Management System [ATMS]. That is a new train control technology that makes rail freight operations safer and more efficient. It is technology developed in conjunction with Lockheed Martin that prevents trains from over-speeding, prevents trains from running either amber or red lights, plus you can run your services more efficiently as well. It is a lot safer and more productive. In New South Wales there will be a piece of work where the New South Wales Government needs to be prepared to have a program in place—and, I would imagine, appropriate funding in place—in terms of that integration piece between the European train control system that exists for metro passenger services in a dense urban environment to interact with ATMS for freight trains. They call that interoperability. The New South Wales Government really needs to look at that and make sure that they are right across it—and I am pretty sure that within Transport for NSW they are.

Mr GEOFF PROVEST: We have been told, rightly or wrongly, that with the Inland Rail there is a bit of a logjam down in Melbourne and there is a logjam up in Brisbane. Do you see that ever being resolved?

Mr HUCKEL: As I said, the northern terminus for the Inland Rail for the foreseeable future is obviously Acacia Ridge terminal, which has recently been acquired by Pacific National [PN]. I know the Australian Government and the Queensland Government have commissioned a study. They are looking into, obviously, a detailed investigation in regards to a potential future dedicated freight line into the Port of Brisbane. That study is underway at the moment, so it will be interesting to see what comes out of that. I think the issue there is you have got what they actually call the Port of Brisbane Motorway, so it is a fairly good piece of infrastructure where truck movements are very efficient along that motorway. But I know there has been a lot of talk about it and obviously the Port of Brisbane has been concerned about it in terms of the amount of—I think it something like 98 per cent of containerised freight is delivered to the port by road. That is something that the Australian and Queensland governments need to closely look at.

Mr GEOFF PROVEST: Ms Nicholls or Mr Huckel, what about the branch lines? When we were out we met some farmers from Narromine who felt they were fairly neglected. Also, their major focus—they kept telling us out there that all their grain went to the Port of Newcastle. They were more interested in Newcastle and not Melbourne or Brisbane.

Mr HUCKEL: That is right. With the future Inland Rail it is more to do with that interstate, intermodal freight volume—so containerised freight. Then again, the Inland Rail will hopefully lift all boats in the harbour, Mr Provest. For example, the Australian Government has the Inland Rail Interface Improvement Program—I think it is \$44 million. They have gone out to industry and also to government in terms of some of the things that can be done to help with that connectivity from those branch lines into the Inland Rail.

Mr GEOFF PROVEST: The Blayney one, the Narrabri one—they all felt they were getting neglected—

Mr HUCKEL: That is right.

Mr GEOFF PROVEST: —because it was not coming through them.

Mr HUCKEL: The Australian Government has some funding programs like that, and obviously the New South Wales Government has the Fixing Country Rail initiative, which is very good—I think it is around about \$400 million. That is where you can be delivering things like additional crossing loops and extension of rail sidings in places like Cootamundra or Junee and then, obviously, with the Fixing Country Rail initiative, upgrading some of those regional branch lines, which can act like feeders into and out of the Inland Rail.

Mr GEOFF PROVEST: But is there feeling with the Inland Rail that they are going to allow those feeders to happen?

Mr HUCKEL: I think that is the ultimate—

Mr GEOFF PROVEST: Because you have gone that 24 hours—I mean, you cannot have too many stops along the way to put in another couple of carriages. One operator said that is a problem: "We are a small operator and we want to stop the train to put on three or four carriages but Pacific National said, 'No, you have got to have more than that to make it worthwhile for us and we are going to run over our 24-hour deadline.'"

Mr HUCKEL: That is right. Something like Parkes acts as a—that is where we amalgamate and consolidate freight volumes. From there we can launch out. I suppose, in answer to your question, a good, tangible example: In the future we are thinking about better linking western New South Wales at the Inland Rail at Parkes to western Sydney, and vice versa, via the St Marys Freight Hub, so you can run 1,200-metre regional freight trains from Parkes into St Marys. Then you can break them down into 600-metre what we call "port shuttle" train services because the rail sidings at the stevedoring terminals at the ports are about 600 metres in length. That is

where something like St Marys can help facilitate that better interaction between those regional branch lines and those regional operations, whether it be export or import, with the overall Inland Rail. I do not want to talk about PN too much because I am here for the thought of it, but we call it the four Ps: Port Botany; Penrith—because St Marys is in the Penrith LGA; Parkes; and Perth, and vice versa. Freight volumes flow east to west. The reason for that is a lot of local processing plants are on the eastern seaboard and then we haul it all the way across to Perth—

Mr GEOFF PROVEST: We saw dog food in Parkes, Mr Huckel.

Mr HUCKEL: That is right. What comes back is like furniture, avocados and stuff like that. Yes, certainly that Fixing Country Rail initiative being married up with the funding that is available as a part of the Inland Rail project is very important.

Mr GEOFF PROVEST: Do you believe there is good cooperation between the State and Federal in that?

Mr HUCKEL: I think there—it is a difficult question for me to answer. I think there is—no, there is. For example, operators have said obviously on that Main Western Line across the Blue Mountains it gets quite congested there. Obviously we are interacting with the XPT and passenger services out to Lithgow. To the New South Wales Government's credit, they are putting in additional passing crossing loops. That is a good initiative.

Mr PHILIP DONATO: Mr Huckel, it is good to see you again. I am curious about—obviously there are issues with the north-south corridor and things like that, but you mentioned before about St Marys and the potential connectivity to the aerotropolis at Badgerys Creek. It does not seem to have been mentioned yet, but I would assume down the track that would be something where from Parkes heading east to connect with a facility such as that it would be much quicker to get produce offshore to foreign markets, as opposed to heading up the ports of Brisbane or Melbourne. Have you got anything to say in relation to that? Has there been any development or consideration, or what is happening in relation to that potential opportunity?

Mr HUCKEL: Good question. I think the New South Wales Government is very conscious of it, and that is why they are putting in those additional pieces of infrastructure to obviously help with more efficient rail freight movements on that Main Western Line. Certainly for a company like Pacific National that is part of our broader plan to try to better connect western New South Wales with western Sydney and vice versa. Something like St Marys Freight Hub will help better facilitate that. Obviously you cannot run those longer regional freight trains all the way into either Botany or Kembla. We just find that with something like crossing loops you get great bang for your buck. You can normally deliver them within the existing rail corridor so you do not have to do whole or partial property acquisitions. You are normally talking about either extending an existing crossing loop or rail siding, so it is very affordable. But it really does help to separate those freight and passenger services. The big issue coming into the Greater Sydney region is the interaction with passenger services. The industry would very much appreciate anything you can do to lobby for additional infrastructure along that Main Western line.

Mr PHILIP DONATO: What are you suggesting? Here is your opportunity to give some feedback.

Mr HUCKEL: In fairness, Minister Toole has been rolling out quite a few of them. There were some delivered in Georges Plain and Rydal, so it is happening. You are quite right. You want better connectivity between western New South Wales and Port Botany and Port Kembla otherwise you are looking at a potential bypass like Melbourne to Brisbane. You want good connectivity coming into the ports in New South Wales.

Mr CLAYTON BARR: Ms Nicholls, I made a note while you were talking earlier about what I described as pricing incentives to shift freight from road to rail. To your credit, you were very careful and coy about some examples like that. But if we were playing pure hypotheticals here—because I need some concrete examples to understand it in my brain—what would be an entirely hypothetical example of a pricing signal that would help in that regard?

Ms NICHOLLS: There are examples around the world and indeed in other places of Australia, so we do not have to be entirely hypothetical about it. Western Australia has a very highly functioning incentives scheme, which is essentially about encouraging freight to enter the port on rail and has involved about a 28 per cent mode share for rail freight, which far outstrips any other port in Australia—notwithstanding that they do not have quite the lading constraints that most of the eastern seaboard ports probably do have. They have used it to great advantage. It is constantly under question about value for money and public expenditure on those programs. There have been a lot of studies done on it. I am sure you would not have any difficulty in finding information on how it operates.

Essentially, it is about trying to create a price signal to the market, which creates a competitive preference for freight to arrive at ports on rail rather than on road. That sort of boils down to you can design it to be about access to the port or you can design it to be based on container and freight handling at the port. It depends on the operating environment at the port itself. It does not have to be restricted to a port environment; that is just where we have seen examples of it being used in the current context. I do not think we need to be too hypothetical. The Port of Melbourne also has a subsidy on containers for freight preference. It is not quite as effective as the one in Western Australia, and it is under some scrutiny from the Victorian Government at the moment. It lasts through to 30 June and its fate is yet to be known. I will draw your attention back to the comment earlier about properly factoring in the full environmental, social and governance [ESG] of rail freight, so it is not just the economic benefits to the State but also the social and environmental factors which should play into the cost-benefit analysis of what mode and where you are wanting to encourage mode shift. What price are you willing to pay for it?

Mr CLAYTON BARR: Mr Huckel, you referred to the staff down at Pacific National at Parkes—230 staff who are highly trained and highly skilled. What sort of training and skills have they got? Where does that take place?

Mr HUCKEL: We have got about 90 there at our terminal and then there is obviously SCT Logistics. With the two of us there is about 230.

Mr CLAYTON BARR: Okay, the others are in town.

Mr HUCKEL: To be a freight train driver you have to go through extensive training requirements and you have to be accredited for various routes. That can take up to 18 months. Most of our train crew are highly experienced and well paid, as they should be. That is an example.

Mr CLAYTON BARR: Where does it happen? How does it happen? Do they go and sit in a classroom at a TAFE or university or do they just get on a train and—

Mr HUCKEL: Yes. There are registered training organisations within the rail freight sector who provide those types of services, absolutely. If you are driving a semitrailer for 12 months you can basically graduate to a B-double within almost a weekend, whereas for our train crews they may have 25 years' experience in driving a freight train—similar class of locomotive, similar type of consist, similar type of commodity—but if they change to a different route they have to go through an accreditation process because they have got to get to know that particular railway line. Our crews are highly trained. There is a whole industry around that. Not many people are familiar with that.

Mr CLAYTON BARR: Would you suggest removing some of those restrictions and impediments in terms of recognising qualifications to shrink the training window?

Mr HUCKEL: Not necessarily. The issue we have is that sometimes there are different requirements in terms of different jurisdictions and different States. There just has to be a piece of work looking at the harmonisation of that. Like I said before, drug and alcohol policies are different across the jurisdictions. Fatigue management regimes are different. It is no-one's fault. These are just historical legacy issues. That is something that the Freight on Rail Group has called upon the Transport and Infrastructure Council to start looking at, just like the National Heavy Vehicle Regulator is looking in terms of road freight. It is an evolving thing. Obviously, with the advent of new train control technology which is safer, you need to revisit some of the training to take into account that there is new technology out there which is making these operations safer and more productive every day.

Ms STEPH COOKE: I have two questions. Mr Huckel, in relation to the comments you have made about congestion on the Main Western line, does that mean that you would support the reinstatement of the Blayney to Demondrille rail line—the county rail network, which of course has long been identified as a risk mitigant to that Main Western line—to be able to send freight either north or south from that point at Demondrille? That is my first question.

Mr CLAYTON BARR: The correct answer is yes, but I will let you go.

Mr HUCKEL: Are you channelling Bill West? I think FORG will allow me to say this. I am of the view that any type of government initiative funding program that supports more freight being put on rail, particularly in the regions, is a very good thing.

Mr GEOFF PROVEST: You are very political on that one.

Mr CLAYTON BARR: Deft.

Mr HUCKEL: I have dealt with a few. From memory, I think there are 190,000 kilometres of roads in New South Wales. Out of that, I think about 167,000 are roads owned and managed by councils. Some of them—

as you know, Steph—struggle in terms of finding enough ratepayers' funding or State Government funding or Federal funding to maintain the road network that they have in place at the moment. More heavy vehicles on those regional road networks is not ideal. I think something like that would lift every boat in the harbour. A really good example that sort of worries me is if you look at the Eyre Peninsula in South Australia. Grain down there used to be hauled by rail. It is no longer hauled by rail; it all goes by road. That then creates a lot of those negative externalities, which as a society we do not want to see. My personal opinion—and I think most people would agree with this—is that a commodity like bulk grain and also minerals over those long distances in country New South Wales and regional Australia should be hauled by rail, not by road. So yes in answer to your question.

Ms STEPH COOKE: Thank you very much. My job is done. No, just kidding. My second question to either of you is in relation to level crossings. Is it fair to say that you would support as few level crossings as possible from both a safety and a transit time perspective? We heard from Gilgandra Shire Council recently that this inland rail route is going to introduce around 18 level crossings on local and regional roads and they have some considerable concerns about those, with I think 12 of them being passive crossings and I think only six or so being active. What is your view in relation to that and do you have any concerns about the way that this project is unfolding in relation to this issue?

Mr HUCKEL: Again, I suppose that example at Pacific National. We had that incident recently where two lives were lost, and obviously that has a devastating impact on our train crew. It is very much an issue in terms of the alignment through New South Wales. I suppose the New South Wales Government would need to be speaking to the Deputy Prime Minister and the Australian Government in regards to potentially additional funding for that type of infrastructure. It is something which is not ideal. It is a tragedy like I said and it leads to, understandably so, a lot of investigations by the Office of the National Rail Safety Regulator and the Australian Transport Safety Bureau. It is bad all round. Where you can separate rail from the road network, it would be ideal. But that is for people above my pay grade to lobby for those additional resources.

Mr DAVID HARRIS: In some of the conversations we have had, it was raised with us that not all freight is time dependent and some of the alignment issues—we are talking seven, nine, 14 minutes. One operator said that time is not the critical factor, it is actually reliability. Can you comment generally on that?

Mr HUCKEL: Yes, in terms of rail freight operations, obviously running longer freight trains gives you a greater economy of scale. If you have got a higher axle load, obviously that means you will be able to haul a higher payload. All of these things make rail freight a little bit more efficient, which then allows us to better compete with road freight. That is why that is important, absolutely. If you get a lot of temporary speed restrictions or speed restrictions on a network and what have you, it does impact on your reliability.

Here is a good example. If we are running a service from Parkes or from Dubbo or something like that, we are trying to hit a window at a stevedoring terminal at Port Botany. It is like threading thread through a needle, right? These port windows are very tight and if you do not get there in time, if you are held up by speed restrictions or you are delayed behind a delayed passenger service or what have you, well then your customer, the freight forwarder, and their end customer, a retailer or a regional exporter, may miss that port window and basically the ship sails and of course then there are penalties to pay for that. That is why things like crossing loops and rail sidings are important, just to thread the thread through the eye of the needle, to hit those windows at the stevedoring terminals.

Mr DAVID HARRIS: When you say that to be competitive it has to be sub-24 hours, is that as critical as reliability?

Mr HUCKEL: Obviously the two are very related. If you are going beyond 24 hours between Melbourne and Brisbane, we would find it difficult to compete with road freight. It is as simple as that. Because a lot of the thing is set up to—what do they call it, Georgia? They call it real-time sort of—

Ms NICHOLLS: [Inaudible].

Mr HUCKEL: What is that?

Ms NICHOLLS: [Inaudible].

Mr HUCKEL: With supermarkets and the like they—

Ms NICHOLLS: Just in time.

Mr HUCKEL: Just in time. It is a really big thing within the freight logistics sector. You have got to deliver those goods and commodities just in time.

Mr DAVID HARRIS: Ms Nicholls, did you have any comments?

Ms NICHOLLS: Yes, I think traditionally the domain of rail freight has definitely been on those time-sensitive freights. I mean, that is true. But I think if rail freight trade fully see a set change in our capacity and [inaudible] that most freights are driving at, then we will need to be competitive with more time-sensitive types of freight. The reliability I think within the legacy issue in the industry, that there is still reputation around rail freight being questionable in terms of reliability, and I think that there is a lot of things that contribute to that. The integration of the metropolitan network is a major contributory fact; often local companies in terms of helping trains to meet performance standards; travelling through a metropolitan network they could get sharpened off because of passenger trains for any reason [inaudible] an unhealthy state—missed windows at port, miss the boat et cetera, you know, huge implications that blindside our reputation and value of that trip. But there is also sort of track maintenance. Obviously as Andrew said, you throw in speed limitations and that is often related to poor maintenance on long areas of track, as they do in regional areas.

Whereas [inaudible] itself, I think that is something that is vastly improving in the industry. The rates of [inaudible] in the industry has not [inaudible] well enough about. Certainly there are a lot less reliability questions being thrown up by the [inaudible] infrastructure [inaudible]. Then there is the operation component, and I think the Advanced Train Management System is [inaudible] the ARTC network will be a critical way in terms of the safety element [inaudible] earlier, but also in terms of reliability, efficiency and being able to track where there is interplay between systems that are creating problems for efficiency. If we can get [inaudible] rolling stock [inaudible] coordinated, more data [inaudible] rather than [inaudible], then we are in a much better position and that is where the industry [inaudible] that will be interesting as well in terms of that competitive landscape with both time and reliability.

Mr HUCKEL: I suppose to round it out, once freight shifts from rail onto road, it is hard to get it back; it really is. But, no, you are right, it is reliability, transit time, all these things. They get punched into the equation and our customers look at that and they will select what is going to get them between their processing plants or into port in the most reliable and quickest fashion.

The CHAIR: I thank you both for appearing before us today.

Mr HUCKEL: Pleasure.

The CHAIR: We may send you further questions in writing. Your replies will form part of your evidence and be made public. Would you be happy to provide a written reply to any further questions?

Mr HUCKEL: Absolutely.

Ms NICHOLLS: Yes, sure.

The CHAIR: Thank you, Georgia and Andrew.

(The witnesses withdrew.)

DANICA LEYS, Chief Executive Officer, Country Women's Association of NSW, sworn and examined

ADRIAN LYONS, Chair, NSW Farmers Inland Rail Taskforce, NSW Farmers Association, sworn and examined

The CHAIR: We welcome our next witnesses. Would each or either of you like to make a short opening statement?

Ms LEYS: Yes, I would. I have a short opening statement, then Adrian will follow me. I thank all members of this Committee for allowing time for me to appear here today on behalf of the Country Women's Association [CWA] of NSW and I also thank members of the Committee that were able to make time to visit parts of the alignment last week in person and listen to impacted landholders. It was very much appreciated. The CWA of NSW is one of the country's largest rural-based advocacy groups, and next year we turn 100 years old. NSW Farmers and the CWA of NSW are working jointly on the matter of Inland Rail, and we have a formal memorandum of understanding [MOU] in place in this regard. That is how important we see this issue. You will hear from my colleague Adrian Lyons from NSW Farmers shortly.

I am not going to go over the detail of all the issues that we have put forward in our joint submission. However, we are very happy to take questions on any of those aspects. I might touch on some of the more recent history that outlines how we came to be involved in this matter, and our overall position and concerns, as I think it is important in the context of this inquiry. We do believe that the Inland Rail project has the potential to deliver great benefits to regional communities, and we are still hopeful that it can. We support the project, but we do not support how it is currently being executed and, frankly, I would have to say, completely botched, by the ARTC, who have been tasked with the job of building it. To be clear, lives, businesses, and even communities will be ruined because ARTC cannot and will not do their job properly—and for the sake of minutes saved on a rail line that spans from Melbourne to Brisbane but has no actual planned end point at either city.

We understand that the terms of reference for this Committee place a large focus on examining the potential economic impacts and possible benefits to the State of New South Wales. That is important and necessary but you cannot dismiss the social impacts in your work. The two issues are intrinsically linked and without communities and individuals benefiting from the project, we fail to see how the economic impacts will flow. That said, if you are looking strictly at the economic impacts, we would like to table today the work that we jointly commissioned for our submission to the Narramine to Narrabri environmental impact statement [EIS], conducted by an independent economist. I have copies here able to be tabled today. Our economist led his summary of findings in his report with a statement that said he was "at a loss for words about the Inland Rail Project ... from an economic, financial and farming perspective". He goes on to detail the seriously questionable cost-benefit ratio that Inland Rail presents currently on its current plan and cost trajectory and makes particular reference to the fact that the numbers currently available demonstrate that benefits to New South Wales are not maximised and the project is inefficient. I strongly urge all members of this Committee to read this document. There are solutions, and one of the most pressing and most obvious is route selection.

There are options for a better route for Inland Rail—one that maximises economic outcomes for the State and minimises landholder impact. It will be tempting for this Committee to dismiss the route selection issue as being "out of scope" under your present terms of reference, but we would put to you that that is an incorrect assumption. You cannot conduct an inquiry into the economic impacts of Inland Rail on the State of New South Wales without looking at the route. It is impossible. Proper route selection is the process which will empower and enable communities to get the benefits that this project promises. The current route will leave many farmers in central and north-west New South Wales looking at a train passing through their properties, full of whitegoods, with no benefit to them whatsoever, and it will leave some communities with stranded assets as the train line bypasses them all together. There is a real risk that this will become a train line for Melbourne and Brisbane, with New South Wales having to wear many of the costs.

If I can finish, before handing over to my colleague, with a note on consultation. I do hope that the Committee has further plans for more hearings. The input from those appearing today is very welcome; however, I would say it is not an accurate representation of the concerns outlined in the submissions that you have received or heard along the alignment. You have also not as yet, as I understand, been to or heard from anyone in the North Star to border area. Whilst your brief visit to Gilgandra and Narramine was very appreciated last week, you would have to agree that it was rushed and also there are many landholders who deserve a longer hearing of their concerns and to have those concerns formally noted on *Hansard*. If your schedule allows, we would urge you to hold further hearings for these people. They are, after all, the people that will be wearing this cost for this infrastructure for life. Thank you.

Mr LYONS: Thank you very much. I will try and keep this as brief as I can, and I do not want to take away from what Danica said because we are very joined in an MOU which we formed about six months ago. NSW Farmers Association is the largest State farmer organisation representing the interests of its farmers in wideranging products and commodities. The association has long supported the concept of inland rail to reduce the supply chain costs and open up new food markets for food and fibre. However, many of our members hold grave concerns about the Inland Rail, especially the proposed route, and around issues related to hydrology, design, construction, operations, community benefit sharing, integration and State and regional infrastructure and compensation. Our members are very concerned that the decisions about the route in New South Wales have not been based on reliable data and have not adequately taken into account community input and localised data about the social, economic and environmental impacts of the major infrastructure project.

In the case of the greenfield stars at North Star to the Queensland border, Narrabri to Narromine, Illabo to Stockinbingal, our members continue to advocate for changes to the route alignment to incorporate the existing rail corridors, which will avoid the risk of flooding impacts and decrease the disruption that characterises the ARTC's preferred route. There are a number of examples where the route could be altered slightly to follow existing boundaries or existing rail corridors or connect to regional centres. Such changes would significantly decrease disruption to the landholders and provide opportunities for towns that have been bypassed. We showed that as an example in your tour last week.

To date, the Commonwealth Government and the ARTC have not been able to adequately justify the choice to select these greenfield corridors over upgrading existing corridors. We have not been provided with a business case or a multi-criteria analysis [MCA] that supports such a trade-off, despite repeated requests. We implore this Committee to search out this data that we have been asking for for six years to underpin this community in this State. Why does the Inland Rail matter to farmers? Freight costs represent up to 40 per cent of the post-farmgate costs for growers. Finding more efficient means of transporting goods from farm gate to customer, whether it be Sydney or Singapore, is essential to drive farm productivity, innovation and competitiveness. After listening to Pacific National before answering the sub-24 hour question, it does not answer what you are going to lose as a regional economy in that cost-time path saving. Mr Harris asked that question.

The concept of the Inland Rail linking the agricultural zones of New South Wales will emphasise the eastern seaboard ports of Newcastle, Kembla and Botany. We at the NSW Farmers' Association have championed such a project for many years, recognising the benefits of better transport connectivity, greater competition and improved supply chain efficiency for all individual farmers. I will wind this up with a closing statement on the financial arrangements of this project. NSW Farmers' Association is calling for the financial arrangements that underpin the Inland Rail project to be examined in detail by this inquiry. The association has requested the Commonwealth Government and Australian Rail Track Corporation [ARTC] to make public through inquiries all the documents and data that support this economic and social justification for the Inland Rail project.

This information must include: how benefit sharing and compensation arrangements have been deployed and developed and the underlying rationale for these arrangements, the underlying financial rationale for the preference for greenfield over existing routes, the underlying business case and options analysis that has driven the identification of connections with freight infrastructure such as ports, the risk-benefit analysis for regional communities and economies including employment modelling and other economic drivers, and the proposed State and Federal Government funding arrangements for new intermodal infrastructure that will support benefits for the agricultural sector in regional communities. Thank you for the time to appear here today and for the opportunity to give an opening statement.

Mr PHILIP DONATO: I want to ask some questions in relation to some of the issues you have raised and you will probably both be in a position to provide some input. How would you describe the engagement that you have had both at the Country Women's Association [CWA] of NSW level and the NSW Farmers' Association level with ARTC?

Ms LEYS: Frustrating. Mr Lyons will be able to talk at a bit more length about this. NSW Farmers' Association have been working on this for, I would say, six years. The CWA are later entrants to the debate on this issue, although we have been working on it now for 18 months at least. I had the benefit of coming in later in the piece with fresh eyes on what this issue was. We were invited to a number of different roundtables with ARTC and the Deputy Prime Minister, as well as various different meetings at different times. Yes, look, I can go into more detail but, in a nutshell, I would describe it as frustrating. There have been a lot of meetings that have taken place either at the organisational level or at a landholder level and ARTC do not answer questions with any specifics that are put to them. If I can give a specific example, even on the issue of fencing, for instance, they cannot answer a landholder's questions on what standard of fencing they will be expected to have adjoining their property and who will be maintaining that fence. That is just one example. There are many more examples, but I will let Mr Lyons add to what I have said.

Mr LYONS: For six years I have been at this and I have spent a lot of time with Richard Wankmuller. I have spent a bit of time with the Deputy Prime Minister. But, particularly with ARTC, they talk in platitudes. I think someone said it here in this Parliament the other day, "word salad", and, "I get document fatigue". When you ask a specific question out of ARTC, you will not get an answer. If this Committee asks a specific question out of ARTC, watch the dodge effect that comes with it. We have asked the same simple questions for six years and we still cannot get the answer. You know, for the route selection, it is not commercial in-confidence. Who were the stakeholders that were involved to make this decision and why did they take different options out of it and put them back in?

I think the remit for this Committee, and what I found you guys struggled with the other day, is you are trying to underpin the economics of this region of regional New South Wales and some of these questions have not been answered which will help you make these decisions. Because it could be taken back to routes like Curban through to Coonamble to use that existing corridor with 550,000 tonnes of grain grown on 16 and 20, but apparently Coonamble is not an economically viable solution for the sake of four minutes. So to your specific question about ARTC, it is disgraceful that such a company, as big as it is, is not able to answer simple questions. Since we have engaged lawyers, Peter Holt at Holding Redlich, it has legitimised what the NSW Farmers' Association were doing. We joined up with CWA and now we are letting a legal team pursue these questions and it has been very effective.

Mr PHILIP DONATO: You both raised some issues during your opening addresses in relation to the impacts on affected landholders such as the hydrological impacts, fencing concerns and no doubt there are other concerns as well. You represent organisations with several thousand members between the two of you. Do you feel like ARTC or any other government agency is listening to your concerns? Like you said Ms Leys, with the fencing they cannot even answer basic questions like that, but also hydrological issues. Many of your members would have lived on these properties for generations and have insight and experience that they can give to ARTC or to whoever it is doing these expert reports or studies. But do you feel like your members' concerns are being heard?

Mr LYONS: I would say not at all. Because when it started with the first rounds of consultation, the drop in centres and the like with the ARTC, basically you would see farmers in a room crying their eyes out because all of a sudden they have got this train going through them and they did not realise it. When they were trying to say, "Oh, but did you see this water?"—for five or six years they have been trying to show ARTC the hydrological effects, because there is no local data say for the Warrumbungle watershed that has been taken into account. The local data is local knowledge, photos and plenty of them, and they have been lost, given to project managers and subcontractors of ARTC, never to be seen again. So how could they do a desktop study and not include this local knowledge?

You are going to put a train line at risk. They are going to blow it out and we are going to be sitting there in five to 10 years going, "Told you so." We are going to end up in the Land and Environment Court because they are not listening to what the locals have got to say. The uncertainty they have put the people through in our communities, there is so much uncertainty that people cannot sell their farms. We are not trying to slow this process up. We support Inland Rail and it has been built to budget, not to specification, and it is a dangerous build. Economically, they are not underpinning this economy. Pacific National just said how it is "just in time". Well, that is fine. It is only one train a day that needs to be 24 hours; let us make that clear. The cost differentials for us to get our grain to port are modelled by GrainCorp and Pacific National and the like. Farmers want to see the benefit and we have been told it is \$10 a tonne, and they cannot even justify the \$10 a tonne from ARTC. So we need to help you to help this State to be able to get where we need to go. We grow a lot of grain.

The CHAIR: I am just going to touch on a couple of your comments. You touched on route selection and you mentioned the Coonamble line. Would that then involve further greenfield, say, from Coonamble to Narrabri?

Mr LYONS: Yes.

Ms LEYS: Yes.

Mr LYONS: There are about four options. We are route agnostic, so we just went off the options that ARTC developed with the Federal Government and through those options is where we came down and, on their studies, it showed that it was for the sake of four to six minutes extra.

The CHAIR: But that would then potentially impact other landholders?

Mr LYONS: It will, but they have to get an Act of Parliament to be able to go through the Pilliga State Forest, which saves 16 minutes in time. But they will not bank that in that end-to-end area, right? So there was a saving but they have banked it on the whole line and a lot of it will go up through the existing corridor, but I can

tell you—and I know where you are going with this question because I have had Mark Poulton ask me this again—we do not want another town hall style of meeting. The people who are already getting the existing corridor have already got a train going past them. The ones that go from Coonamble north to Narrabri, it is less compared to the 117 farmers we have got.

Ms LEYS: If I can add to that as well just to reiterate that we are not advocating for any particular route. What we are advocating for is the evidence to underpin the best route that is out there and the work has not been done in selecting the best route that is there. The current route, if you are talking about the Narramine to Narrabri greenfields section, that current route is underpinned by a series of multi-criteria analysis [MCA] workshops. There is no cost-benefit analysis that has been done, only MCAs and those MCAs were only done as far north as Gulargambone before the rail line then turned to the east. There was never an MCA done. There are questions around the credibility of using an MCA to make route alignment decisions in the first instance. But if they are to use MCAs to make grid alignment decisions, there was never actually an MCA that was done to Coonamble at all.

The CHAIR: Okay, to the point, there will be impacted landholders either way in that regard.

Ms LEYS: Correct, yes.

The CHAIR: Turning to your comments, you raise specifically the fencing as an example of that. Appreciating that that would then have been put as a question specifically to the ARTC, what is your understanding of the response that it has given to that specific question?

Ms LEYS: The answer to that question has been very mixed at times. Mr Lyons can probably relate an example where he was told at a meeting by the CEO of Inland Rail that they would build a camel fence—and that is quoting the CEO of Inland Rail. Two more recent answers have been provided. ARTC currently on its own website has a presentation that it gives to landholders around fencing. There was a picture of a ringlock fence with one or two strands above it, depicting what the type of fencing would be, but the words next to that picture actually describe a four-strand barb fence. There is a very big difference between a four-strand barb fence and a ringlock fence in terms of a boundary fence. There are very big differences in terms of how that works practically as a boundary fence.

The CHAIR: So, in your view, ARTC has given presentations to landholders on fencing but has not answered the question about the fencing requirements?

Ms LEYS: Correct.

Mr LYONS: At a public meeting in June, Richard Wankmuller offered that a camel or giraffe fence, whatever they want, would be built. That was in front of 30 farmers out at June. The last meeting I think we had with ARTC in September or October—it was the last meeting that we had because we have been talking about this particular mundane subject. We are professional farmers—we know the fence—and here you have a commercial contract. They could not answer that question. On notice, they could not answer that question and they came and said, "We will build it to a minimum standard." That question has been there for years. It is just an easy one that we want an answer for.

It is like the telecommunications tower. All these camps they are going to have—up at North Star in our area they are losing their services already. I think there is a bit of movement from ARTC and the community at the moment because the camps are going to start up. They have just lost their connectivity. So if we could start seeing some real push from the ARTC—if they are going to inhibit this place, at least listen to what we need, and that is telecommunications, proper fencing. Does the insurance have to be paid for public liability on that farm with that line going through it? Why should it be a farmer's problem? The questions still are grey and people are not—through the Community Consultative Committees they are not even realising who is liable or who is paying for that.

The CHAIR: Specifically to that, Mr Lyons, again in discussions with ARTC, NSW Farmers, CWA have put the question on insurance and are yet to get a response from ARTC?

Ms LEYS: Correct.

The CHAIR: I suppose NSW Farmers, CWA, from a New South Wales perspective have had conversations with various agencies. Can you tell us agencies that you have had discussions with?

Ms LEYS: Sure. Particularly recently we have started to have more discussions as the project moves into seeking approvals in the State of New South Wales. We have recently met with Minister Toole and Minister Stokes to discuss some of the concerns that CWA and NSW Farmers have, as I said, because it was particularly

pertinent from a timing point of view as the Narromine to Narrabri [N2N] EIS was submitted, and just before that the North Star to border EIS was submitted as well.

Those two projects are currently sitting with Planning at the moment, and for all of those sections we have a collective of landholders who have all paid \$1,000 each into a pool of funds to help fund some of the independent work that was commissioned, such as hydrology, the economic report that you now have—those types of reports—so that those landholders were able to put a very good submission forward on those EISs. That is the stage really that we are at, and they are the types of discussions that we are having with Planning. Mr Lyons hosted a couple of representatives from the department of planning yesterday or the day before. They are in the state of beginning to look at the project and the issues around the projects.

The CHAIR: When you addressed those concerns, what was your understanding of the responses from the Ministers in that regard?

Ms LEYS: I think it was timely for us to meet with them recently. I think there has been a bit of rhetoric up until now that this is a Federal project, so there has not necessarily been a lot of interest from decision-makers and those involved at the New South Wales level. But now that those approvals are being sought, this very much is becoming a State consideration. It is a Federal project—it goes from one side of the State to the other—and the approval does sit with the New South Wales planning Minister. We hope to continue to have those discussions with Planning and other agencies such as Transport for NSW, which has been tasked with the job of doing the land acquisition for the greenfields section of track as well.

The CHAIR: With the approval resting with the Minister, did the Minister take you through that process?

Ms LEYS: Yes, we understand that process.

The CHAIR: Okay, that is fine, thank you. And that is something that you have communicated back to your communities as well?

Ms LEYS: Yes, we do. I still think there is some time to go, particularly with Narromine to Narrabri, before we get to that point. It is my understanding that ARTC is in the process of providing a response to submissions at the moment on the N2N section.

Mr LYONS: But the confusion that has been met with this at the moment is ARTC is working very quickly to engage local landholders with that acquisition process. Transport for NSW is not ready for that, but there is no bucket of money that has been signed off on. You have ARTC staff out putting pressure on these landholders who are saying, "Has the EIS got to be finished before this process happens?" There are a whole lot of processes that have to happen, so ARTC is pushing away hellishly on the side because it is a Federal project but there are State process—because it is a State process, and it is legislated under the State for acquisition under that Act. So it is more of a State project than it is a Federal project at this point in time. We support the State, but we want to make sure that everything is covered and this planning process protects the community. That is what it is there for, so we implored that to the Minister, that we are here to support this State.

Ms LEYS: I think that is actually a relevant point to just be clear on—that land acquisition talks are already happening in all greenfields sections of track in the State, and there are three of those sections. On top of that, ARTC does not have approval to proceed in any greenfields section of track as yet. So land acquisition conversations are happening without approvals even being close to fruition.

Mr GEOFF PROVEST: Why do you think that is?

Mr LYONS: Because it is a Federal project and ARTC seems to have a set of rules that do not apply. It surprises us because we have a lot of affected members who are elderly, sick or what have you, ringing us and going, "What do we do?" So we are sort of putting it back with our legal firm—

Mr GEOFF PROVEST: But there are strict protocols with land acquisitions.

Mr LYONS: Our legal firm has this covered. We just have to allay our farmers.

Mr GEOFF PROVEST: I chaired the Joint Standing Committee on the Office of the Valuer-General with all the N4s and things like that. There are strict rules.

Ms LEYS: There are very strict rules, although anecdotal feedback so far is that ARTC does not appear to communicate what some of those strict rules are. For instance, if landholders ask for their valuation or legal costs to be covered—

Mr GEOFF PROVEST: True, yes.

Ms LEYS: —which are part of the very strict rules around just terms compensation, they are given the impression by ARTC: "Maybe we'll cover them. Just send them to us and we'll have a look. We're not sure." Without landholders going and getting legal advice, they are led to believe that that is the position they are in, and we, as much as possible, advise all of our members to not engage with ARTC until they have that legal advice. But there are a number of conversations that go on and that legal advice is not sought, and it should be.

Mr GEOFF PROVEST: Through you, Mr Chair: Do you think ARTC is just trying to bulldoze this through? I am a bit perplexed at the—

Ms LEYS: I do. I think—

Mr GEOFF PROVEST: —the lack of Federal communication and the ARTC.

Ms LEYS: I do.

Mr LYONS: But it is evident right now that they are doing it. As of yesterday people are ringing me going, "What do we do?" And we know from a legal standpoint, there is no letter of offer out there, but you have unqualified people making acquisition approaches. ARTC has to be very careful where it is heading here. I do not think it is aware of it. I feel as though there is a force field around it. I notice it is not appearing at this inquiry, but there are still questions to be answered. I know it is not the remit of this inquiry; it is for economic development.

But what I want to know is: Where is that data that is so hard to extrapolate out of this entity that should be on notice? It should be clear and present because if it gave us that data to underpin this, and we accepted that that is the only way it could go, NSW Farmers and CWA would completely support the project and help it. It is very simple what we want to know: Why are you going that way as against that way? These farmers just need to be justified to say it has got to go that way. Here we are today having conversations about things that this Committee really should not be having, but how can you make a claim or make your determination on something that has so much rusty barbed wire in it that we cannot get through it?

Mr GEOFF PROVEST: Just one thing if I may, Chair? It goes through a number of Federal members' electorates. What has their response been to it?

Mr LYONS: I think one was, "Suck it up."

Mr GEOFF PROVEST: Really?

Mr LYONS: Early days.

Ms LEYS: There is obviously great support from those Federal members for the project. As Adrian has said and I have said, it is not as if there is no support for the project from CWA and New South Wales. The farming community generally do support the project, but the Federal representatives in those electorates have tended to paint a picture of people with objections to the project—legitimate objections, like the ones that we have raised—as being a noisy minority. They are not a noisy minority; we have over 40 landholders who have each paid \$1,000 into a collective fund to allow us to be able to help them with their concerns. That is just the landholders that have paid \$1,000; there are many, many more between CWA and NSW Farmers who have legitimate concerns. Between our two organisations we are the largest advocacy bodies that represent rural people in New South Wales, so we are not a noisy minority and our members are not a noisy minority on this issue.

Mr GEOFF PROVEST: Is it just that greenfield site?

Ms LEYS: The greenfield sites are particularly contentious, yes.

Mr GEOFF PROVEST: We met with those people at Kickabil and we met with the other farmers outside Narromine.

Ms LEYS: Curban and Webbs Siding, yes.

Mr GEOFF PROVEST: If it followed the existing route in some form or another, that would alleviate a fair amount of angst. Is that fair to say?

Ms LEYS: There are options where there is the existing route or where there is a better choice of greenfield alignment, yes.

Mr LYONS: Bringing your point back to the Federal Ministers, we have tried to engage a number of Federal Ministers through this route selection and. It is just surprising how in 2010 and 2015—if you look in the Secretary's Environmental Assessment Requirements [SEARs] report, it actually says, "You should look at better options or alternative options wherever you possibly can." It is in their own report and they are not listening to their own report. You guys have ended up with something here at this Committee. I feel sorry for where you are at because we really want to get this underpinned, but how do we get it without some of these answers? In

100 years' time some of these communities are going to be—we cannot centralise it all to Parkes and Narrabri. Good on Parkes; well done. Fantastic. I think it is amazing.

It is so exciting, because that is the intermodal. That is Inland Rail—Parkes. It is not Melbourne to Brisbane. Listening to Pacific National there before, there are questions that were not answered there. They are the ones that do the freight rates. They are the ones that are heavily involved in that Brisbane port. Brisbane city is not ready for a trucking precinct out of Acacia Ridge. If these farms are going to be intruded on through these greenfield sites—and, for the sake of a few minutes, if they politically change it to go to Gladstone or they change it to go to Toowoomba—all of this will not matter. It was supposed to be for regional Australia. The 7 to 8 per cent that it is supposed to be for our connectivity and our commodity—prove it. Show us where that works. We support Fixing Country Rail as stakeholders. We want to get the lines like Coonamble through to Gilgandra down to Dubbo fixed.

Mr GEOFF PROVEST: The Blayney one?

Mr LYONS: Blayney?

Mr GEOFF PROVEST: Yes.

Mr LYONS: That is an area I am not familiar with, but I know Maryvale is one that we want to get going as well. That helps this spine which Richard Wankmuller will talk about. It helps the spine and gets it moving, but the State is not going to work—

Mr GEOFF PROVEST: Being on the east coast as landholders, what is the feeling? Is it because it is splitting their block? They are losing land, or it makes it harder to farm?

Ms LEYS: It is all of those.

Mr GEOFF PROVEST: Just quantify it for me.

Ms LEYS: It is all of those things combined with the fact that they do not see any benefit in Inland Rail for their own business operations. Watching a train full of toilet paper and fridges go past their farm that has been cut in half—where are the opportunities for those people to get their grain onto that train?

Mr GEOFF PROVEST: In all honesty, we have heard from the mayor of Wagga Wagga. We were down there. They are very excited—

Mr LYONS: Of course they are.

Mr GEOFF PROVEST: —that businesses are coming and jobs are coming. We heard this morning from the Central West councillor saying that they have not got enough workers. We spoke about that, so there is a section out there that thinks this is a very good idea. From these public hearings, that is what I have got.

Ms LEYS: We do not think it is not a good idea. We think it is a good idea, but we think the way it is being executed is not at all maximising benefit to the State. It is certainly not maximising benefit to agricultural producers along the line and people are wearing the cost for an alignment and they do not understand why it has to go through their place.

Mr GEOFF PROVEST: I will walk out of here saying, "Some people like it and some people don't." There has got to be something—

Mr LYONS: Someone is going to get sacrificed in this, there is no doubt. I do not think it is just about whether they like it is going through their place. Our role and our position is that we are the representatives of the community. If you can justify, or the Federal Government or ARTC can justify, that that is the only route possible and this is why, we would have supported it long ago. But there is no data to support it. We had farmers at public meetings with the Deputy Prime Minister, Mark Coulton and Richard Wankmuller. We had 150 people there at Gilgandra. One lady got up and said, "If you can show us why, we'll go away," but we cannot even get the "why". So it is not a case of "not in my backyard"; no way.

I dispute that in the media. I really get sick of that because anyone would be disturbed if it was going through their farm or through their house. Prove why. If you are going to sever these places in half, ARTC have to come back to the rules that they have put out at the outset. "If we sever your farm, we'll give you due compensation." They are not. They are making a productive 10,000-acre or 1,000-acre farm unproductive. They are taking away crossings. There is a whole lot of stuff that we do not want to waste your time with, but it is amateur hour at best with ARTC. The Government has given a black line to ARTC and said, "Go and build it," and we are paying for that. This is going to be a \$40 billion project, not a \$15 billion project. New South Wales wants to make sure you get something out of it.

It is not about going past someone's gate. If you break it up into sections and you look at the end to end, it is halfway between two big precincts like Dubbo, Narromine and Narrabri. You have 550,000 tonnes of grain into one half of that section where you could take advantage of underpinning that town. All you are doing is putting rubber back on the road to Narrabri or straight back to Newcastle. Our cost path differentials from Coonamble, Walgett and all those areas out there—it is costing us anywhere from \$80 to \$90 a tonne to get it to port. It is costing me \$55 to get to Newcastle port from my silos project at the moment. Why would I go and use it? When Pacific National is saying, "Just in time," it is not a fast train. We need more intermodal facilities out there. We have had a lot of Ministers out there.

We should be loading 10,000 tonne grain trucks quickly, and getting it efficient, and getting it to the port. That is what we should be doing, whereas we are getting caught down in the muck of this for a fridge. The fridges are going to come from another country in about 10 years' time; that is the problem. They can ship it around from Brisbane through to Melbourne. You have the Maritime Union that is angry about it. You have the AB-triples that have been able to go from Brisbane through to Melbourne. The road network is actually opening up, so the argument for rubber off road and risk is not being quantified now. Rail has to be really worthwhile; the cost business case has to be worthwhile. The only way New South Wales wins is through the spine of New South Wales connecting that country rail.

Mr GEOFF PROVEST: Your argument is that somebody has got this report and you need to see it?

Mr LYONS: Some of the data.

Mr DAVID HARRIS: What is your understanding? It was a State-significant project, which has now been declared "critical State significant". My understanding of that is that any decision is solely made by the Minister and all appeal rights are lost. Is that your understanding?

Ms LEYS: To be technically correct, all appeal rights are lost unless the Minister grants approval for someone to actually appeal the decision.

Mr DAVID HARRIS: Okay. The criteria for "critical State significant" is that it is economically important for the benefit of the State. When you met with the Minister, did he acknowledge any of the comments you have made about the actual economic impact on the areas that you are talking about? Obviously there is the national economy and there is the State economy; he is a State Minister. Did he have any comments around the case that you put forward?

Mr LYONS: I think we have seen it in proof because we have had the executive director turn up to my farm two days ago. I think the Minister is looking carefully at it. We impressed on him that we cannot see the economic gain, we cannot see the environmental gain and we certainly cannot see the community gain. What we are looking at is independently there should be a social impact study done, independently of the ARTC or the Federal Government. It should be done by the State to show that some of these communities have missed out. We implored to the Minister that there is more to see here. As a result, he sent his staff out and we were pretty happy to see them.

Mr DAVID HARRIS: As part of this process, do you think they may look at what you are suggesting before a final decision is made?

Ms LEYS: We would hope so. We put forward a very comprehensive submission for Narromine to Narrabri, which was, as I mentioned before, in part funded by the collective group that we have. That submission very clearly outlines that it cannot and should not be approved in its present form and that the conditions that would have to be placed on any approval would still not satisfy some of the issues that are being raised. We will not go through all of those again, but yes.

Mr DAVID HARRIS: So unlike your Federal engagement and the ARTC engagement, you are reasonably happy that at the level of your State engagement you are at least being heard?

Ms LEYS: So far we are. We think there is probably more that can be done at a State level for this Committee, for the planning Minister, for the relevant planning bureaucrats and for Transport for NSW public servants as well to seek out the type of information that we have been talking about in this hearing and to seek out from their Federal counterparts that type of information that we so far have not been able to get. So we think there is a role there for the New South Wales decision-makers and people involved in this space. But so far our engagement has been good and we hope it continues that way.

Mr DAVID HARRIS: Just so we can get it on the record, what are both of your organisation's views on crossings and the current plans?

Ms LEYS: There is an interesting submission on the Narrabri to Narromine EIS that actually comes from Transport for NSW. It is unusual in the sense that a government agency objected to the EIS that was put forward. Transport for NSW made it very clear that it actually did object to the submission just on the basis of crossings alone. So there was a requirement that wherever possible the line be grade separated from roads and other crossing areas. ARTC have failed to address that issue in their EIS. Transport for NSW has made that plainly clear in their very short but forthright submission.

The CHAIR: In relation to the tabled document, who produced this economic analysis and when was it completed?

Ms LEYS: This was produced for our submission to the Narromine to Narrabri environmental impact statement. It was commissioned by the NSW Farmers Association and CWA of NSW. The name of the company I think is at the top. Post-COVID Solutions is the name of the company that produced that for us.

The CHAIR: Was that for the EIS?

Ms LEYS: For the environmental impact statement on the Narromine to Narrabri section of track.

The CHAIR: Thank you. I appreciate you both attending today. We may send you further questions in writing. Your replies will form part of your evidence and will be made public. Would you be happy to provide a written reply to any further questions?

Ms LEYS: Yes.

Mr LYONS: No problem.

(The witnesses withdrew.)

(Luncheon adjournment)

ERICA VAN DEN HONERT, Executive Director, Infrastructure Assessments, Planning and Assessment, NSW Department of Planning, Industry & Environment, sworn and examined

CHRIS HANGER, Deputy Secretary, Department of Regional NSW, sworn and examined

ALISTAIR LUNN, Regional Director West, Transport for NSW, sworn and examined

The CHAIR: Welcome to the three of you. Would any of you like to make a short opening statement before we begin the questions?

Ms VAN DEN HONERT: No.

Mr HANGER: No.

Mr LUNN: No.

The CHAIR: I will make a start. In terms of Inland Rail, is there a central coordinating agency or a lead agency on behalf of New South Wales? For context, we have had correspondence from the member for Wagga Wagga. He has written:

In Wagga Wagga, the Inland Rail will impact a number of points including the South Wagga Public School, which will be affected by the need to lift the Edmondson Street bridge. It is important that we do not miss the opportunity to ensure safe access for students to the school. However, this requires input from transport education and Wagga Wagga City Council as well as the community. Coordinating this input and bringing it to the attention of ARTC seems to require individual liaison with each agency or body.

In that context, is there a lead agency in New South Wales or is there consideration towards an Inland Rail task force?

Mr LUNN: Transport for NSW is the lead agency, being a transport project. We are liaising with other government departments. Obviously we would liaise closely with regions and planning on different areas. We are aware of the issues in Wagga. Transport for NSW would be the lead agency for this project.

The CHAIR: So to Mr McGirr's question, he can reference that there is a central point of contact within Transport for NSW for any question relating to Inland Rail?

Mr LUNN: Yes. Transport for NSW has a project director charged with managing the Inland Rail project.

The CHAIR: Okay. From a planning perspective, can you give a bit of an outline as to the process from a New South Wales perspective at this stage and where it is? With concerns from impacted landholders, how is New South Wales addressing those concerns?

Ms VAN DEN HONERT: There are a number of projects and component parts of the Inland Rail that have been broken up that are at different stages in the assessment process. The assessment process is that a project comes in for scoping. They request the SEARs. We issue SEARs which then set essentially the terms of reference for the EIS that the applicant then addresses. That EIS is then put on exhibition and the public can respond to the EIS and send submissions into the department. We then collate those submissions and send them back to the applicants, so this is ARTC, and ask ARTC to address them in a response to submissions. We may also ask that a preferred infrastructure report is prepared depending upon the nature of the submissions, the issues raised and whether there is any design development that would suggest we need a preferred infrastructure report. After that process we then independently assess the project, the information that we have at hand, the submissions that have come in and we then make a recommendation to the Minister who then approves it and, in doing so, sets conditions of approval for that project that have to then be followed and adhered to for the construction and operation of the project.

The CHAIR: Overall there have been concerns raised about alignment with regard to time criticality and existing rail corridors. From a New South Wales Government perspective, are you aware of the business case in terms of alignment and the criticality of time?

Ms VAN DEN HONERT: We assess what is put before us. The alignment is a matter for ARTC and the Federal Government.

The CHAIR: Have you had anything put in front of you that says that there is a business case for being sub-24 hours?

Ms VAN DEN HONERT: I am aware of that. I am aware of sub-24 hours. I am aware of the business case it is in.

The CHAIR: Are you aware of a business case?

Ms VAN DEN HONERT: I will take that on notice and exact what the details are of the business case and get back to you on that one.

Mr GEOFF PROVEST: Where is it in the process? It has been deemed as critical infrastructure. ARTC has approached you and submitted it. You are going to publicly advertise that or call for submissions. I just want to get in my own head the step-by-step process.

Ms VAN DEN HONERT: It is State significant infrastructure. I think your question is around the declaration for critical State significant infrastructure. That is a matter for the Minister and the Minister can declare a project critical—

Mr GEOFF PROVEST: So he has not done that yet.

Ms VAN DEN HONERT: The whole alignment through New South Wales is broken up into a number of separate projects. Different projects are at different stages. Some of them are in construction; some of them are still in assessment.

Mr GEOFF PROVEST: Right. Is there any at critical?

Ms VAN DEN HONERT: If you give me a minute, I will come back to you with exactly the ones that have been declared critical: Albury to Illabo, Illabo to Stockinbingal, Parkes to Narromine, Narromine to Narrabri, Narrabri to North Star, North Star to the border.

Mr GEOFF PROVEST: What does critical mean? Do you still call for submissions on that?

Ms VAN DEN HONERT: Yes, it does not change the process in terms of the process that we go through.

Mr GEOFF PROVEST: A lot of people who have given evidence to this inquiry have complained about a lack of information and a lack of business cases. We have even heard people give evidence today that in some of those sections you are talking about, ARTC have got people out there saying they are going to acquire their land. There is confusion. I thought that was a State government's responsibility to acquire land for it or compulsory acquisition.

Mr LUNN: ARTC are acquiring land on behalf of Transport for NSW, and they are undertaking the negotiations on behalf of Transport for NSW under the Land Acquisition (Just Terms Compensation) Act 1991 and under the same protocols as Transport for NSW undertake any acquisition for any of our infrastructure projects. But they are undertaking and leading the negotiations with the individual landholders.

Mr GEOFF PROVEST: Is that not a bit too soon seeing as you have called for submissions?

Mr LUNN: I was referring more to the process, so that might be in the Narrabri to North Star area that is already under construction. I am talking about as a principle, as a process, that is how the process will work, not specific lengths of the route.

Mr GEOFF PROVEST: There is a potential for these people to be out there talking to farmers even though some of it has not been signed off by the Minister.

Mr LUNN: The negotiation process with landholders starts when ARTC in this case start looking at the broad alignment so we can start having that negotiation to try and optimise the best alignment for everything, from an engineering point of view, from a flip point of view, from a landholder point of view. But it is very complicated, particularly when we see the Narromine to Narrabri section where you are talking large properties. It is typical for us to start that discussion early, but the acquisition process happens over a longer period of time.

Mr GEOFF PROVEST: When we were out there we felt a bit helpless. The farmers were saying they had been approached by these people and they do not know what has been approved. There seems to be a significant lack of information out there on the ground.

Mr LUNN: The project is a Federal Government project and it is funded—

Mr GEOFF PROVEST: We tried that angle and it did not work.

Mr LUNN: It is fully funded so they are in a position to start that discussion with landholders, but they are not in a position to start any compulsory acquisitions until planning approval has gone through. But we can start that negotiation. Often landholders can come to an agreement very early in the process, others take longer and that is a long process. But ARTC are leading that process.

The CHAIR: Just for clarity, in terms of compulsory acquisitions, negotiations can start, they just cannot commit to a—

Mr LUNN: That is right.

The CHAIR: You mentioned that it is a Commonwealth project, but at the end of the day there will be a level of involvement of the State from a planning point of view and from Transport for NSW. Can you take us through the communication process that both planning and transport have been engaging in at this stage in terms of communications with the community?

Mr LUNN: The community consultation, again, is being led by ARTC because it is their project, and that is typical for any non-State government project. They do the negotiation on their behalf.

The CHAIR: From a planning perspective, we do not go out and communicate to the community what the planning process might look like and the touchpoints for the community along that journey. Do we just leave them to find their own way?

Ms VAN DEN HONERT: Yes, ARTC is responsible for the engagement on the project. When the EIS goes out on exhibition, we do go out to those exhibitions to explain the process. But it is a matter for ARTC.

The CHAIR: Even though at the end of the day it reflects back on government as to landholders concerns around the process from the planning point of view, we just step back and leave the ARTC to engage in that.

Ms VAN DEN HONERT: That is the process.

Mr LUNN: Planning is not my—no.

Ms VAN DEN HONERT: Having said that, anybody can contact the department at any stage about anything at any stage in the process.

The CHAIR: Sure. Do we let the community know that?

Ms VAN DEN HONERT: I will take that one on notice.

Mr GEOFF PROVEST: That was one of the points, that they do not know where to turn. ARTC is saying that the State Government is going to be the planning authority, and then they look at us and say, "Where do we go?"

Ms VAN DEN HONERT: Yes.

Mr LUNN: Yes, transport is not involved in that so I cannot comment.

Mr DAVID HARRIS: I seek to clarify two points. One is that you said the process was that the Minister will approve with conditions. Does that mean the alignment as it is, is the alignment? Because the wording you used does not seem to have the Minister with an option to not approve.

Ms VAN DEN HONERT: Sorry, I will correct that for the record. The Minister may approve the project; it is at his discretion. It is for him to make the final decision.

Mr DAVID HARRIS: With Transport for NSW, you are saying that ARTC negotiates on your department's behalf.

Mr LUNN: Yes, that is right.

Mr DAVID HARRIS: Do they have parameters or rules under which they can and cannot do things?

Mr LUNN: Yes, all the negotiations are done in line with the Land Acquisition (Just Terms Compensation) Act 1991 and in the same protocols as Transport for NSW. We have an agreement with ARTC around that to ensure that all of their negotiations are in line with the Land Acquisition (Just Terms Compensation) Act 1991 and how transport would undertake acquisitions on their own projects.

Mr DAVID HARRIS: And are there any consequences or penalties if they do not do the right thing?

Mr LUNN: I would have to take that on notice, to be honest.

Mr DAVID HARRIS: Because some of the residents and landholders felt a bit harassed that people were turning up without notice, talking like it was a done deal and banging in pegs on their land et cetera. I would have thought that is a bit premature before the planning approval has actually happened—and we heard that from more than one person. So I have got some serious concerns about the way they are doing business if that is the case.

Mr LUNN: I am not aware of those.

Mr CLAYTON BARR: Thank you, Ms van den Honert, Mr Lunn and Mr Hanger, for being available this afternoon. I am listening to the presentation right now, and my colleagues are doing a terrific job of expressing what we have been hearing from the community, and I am still unclear and unsure as to who makes decisions and who has power or authority or control. Can I just ask this: Can Planning say no? That is the first question.

Ms VAN DEN HONERT: I will—

Mr HANGER: I was going to say that is a question for Planning.

Ms VAN DEN HONERT: It is a question for Planning. I will take that on notice given that it is a Federal project.

Mr CLAYTON BARR: Okay. Does Planning then take responsibility for—I cannot remember how you spoke of it—sort of putting out the facts or the proposals so that people can make a public submission or public consultation? Is that what happens? Did I hear that correctly?

Ms VAN DEN HONERT: Correct. When the environmental impact statement is lodged with the department we put it out on public exhibition and we accept submissions from the public on the proposal.

Mr CLAYTON BARR: Okay. Does the New South Wales department—all of the department—consider the proposal and do they make submissions, as in you might read the proposal and your department might make a consideration and go, "Oh no, this is rubbish. This is crap. This is going to cause all sorts of damage"? Do we make submissions?

Ms VAN DEN HONERT: Any government agency can make a submission on any EIS that is exhibited.

Mr CLAYTON BARR: What about Transport, Mr Lunn?

Mr LUNN: Transport has made submissions to all EISs that have been submitted for the Inland Rail project.

Mr GEOFF PROVEST: And they are public?

Mr LUNN: Yes. They are on the Department of Planning's website and they are available for anybody to read.

Mr CLAYTON BARR: So if we go through this process and any New South Wales departments—whether it is environment or water or transport or roads or health or education or whatever—still have concerns and are still unsatisfied about the proposal, what happens then?

Ms VAN DEN HONERT: In the process it allows us to—when the information comes back from ARTC or from proponents when they have responded to submissions, when that information comes back to us, if we still feel that we need additional information or that the comments have not been adequately addressed, we can put out a request for information and that goes back to the proponents so that they can provide further information. Those are always all publicly available on the website, so anybody can look at them. After that process we write an assessment report where we evaluate the proposal and that then goes up to the Minister for a final decision or a final determination one way or the other—it could be a yes or a no.

Mr CLAYTON BARR: Okay, just step back there a second. Submissions are made; they go off to ARTC; ARTC prepare a response. That comes back to who?

Ms VAN DEN HONERT: The department.

Mr CLAYTON BARR: ARTC might be responding to Jane Citizen or Joe Citizen; that comes back to the department as well or that goes directly to Joe or Jane?

Ms VAN DEN HONERT: No. It comes back to the department in the response to submissions, and the response to submissions report is also made publicly available.

Mr CLAYTON BARR: So if Joe or Jane Citizen raise a particular concern, that comes back to the New South Wales department. Does the New South Wales department pass that on to Joe and Jane Citizen for their consideration and maybe response?

Ms VAN DEN HONERT: I will take that one on notice. Generally the responses will go into the response to submissions, which is made publicly available. So that document is made publicly available and anybody can read the response to submissions and then make further comments to the department if they so wish.

Mr CLAYTON BARR: And then if we get any of the assessments wrong—let us say, for example, we thought putting up a 10-metre bund somewhere was going to be a good idea so that we could have an overpass of some description, and then the project is done and it gets up and running and then we have a whole bunch of rain and the town floods—who is responsible?

Mr LUNN: That would be a matter for Transport for NSW in their agreement with ARTC in that case.

Mr CLAYTON BARR: So the New South Wales taxpayer might end up picking up the tab if we get it wrong?

Mr LUNN: I would have to take that on notice, I am afraid.

Mr CLAYTON BARR: Mr Lunn, could I ask specifically about the potential for stranded assets? In most instances the selected route seems to be following the existing route, but there are examples where obviously it is not. Where does that leave us in New South Wales with rail infrastructure that in some ways might become redundant? Where does that leave us in terms of that asset becoming a bit stranded, maybe obsolete or maybe needing some sort of adjustment? Do we get funding for that from this project or are we just stuck with the cost?

Mr LUNN: Firstly, I am not aware of any rail assets that would be stranded or left redundant from this project. However, we are working with the Federal Government and ARTC Inland Rail around improved connectivity through their Inland Rail infrastructure program—sorry, I could give you the proper name for that.

Mr CLAYTON BARR: That is alright.

Mr LUNN: We are looking at connectivity through that program to better connect, but I am not aware of any rail assets that would be made redundant out of this project.

Mr CLAYTON BARR: Mr Chair, I might just shut up there for a while and give everyone else a bit of a fair crack, but I do have some more questions, if there is time at the end.

The CHAIR: Happy to. Thanks, Clayton. Going to Steph Cooke, have you got a question there?

Ms STEPH COOKE: Yes, thank you, Chair. We heard a lot about the benefits that could be delivered with greater connectivity with our Country Rail network and being able to link in with the Inland Rail project. Are greater linkages through the Country Rail network under consideration by the New South Wales Government? Obviously we are aware of the Fixing Country Rail program. Are there any discussions around, say, expanding that program to include rail lines such as the Blayney to Demondrille rail line, which is featured in a number of submissions and has been mentioned several times before this inquiry?

Mr LUNN: As you rightly said, we have got the Fixing Country Rail program, which is a \$400 million investment into rail within New South Wales, and one of the key outcomes of that is increasing the total axle loading for trains that is permissible on our Country Regional Network. We are also looking at how we can improve through that program better connectivity with east-west lines through improved capacity on those east-west lines, particularly around Dubbo and Parkes with connectivity into the Activation Precinct and the rail maintenance facility. Through Inland Rail's own program we are looking at better connectivity at Junee, Albury and Baradine along the alignment. With regard to the Blayney to Demondrille line, I am not aware of any specific programs that we are doing along that. That is currently being looked at under Fixing Country Rail.

The CHAIR: Given the importance that has been raised around linkages, for example the Curban linkage, have we got an assurance to the community at Coonamble that there will be a linkage and that we will get that linkage in? Where is that piece up to?

Mr LUNN: We are investigating that at the moment. There are no guarantees around Curban, but we are investigating the existing rail line between Gilgandra and Coonamble and looking at how we can increase axle loading there, but no specifics at this stage. We are still investigating that.

The CHAIR: Do you have your own sense of the importance of Inland Rail connecting our regional communities? Or perhaps Mr Hanger, from a Regional NSW perspective, do you have a viewpoint there?

Mr HANGER: For me, the opportunity Inland Rail presents, there are a couple of key areas. We have obviously talked about some of the challenges in the communities through which the rail line goes, but there is the potential for economic growth and particularly job creation. Alistair has mentioned the activation precincts, so you have got locations like Wagga, Parkes, Moree and investigations into Narrabri where we are talking thousands of jobs potentially in those locations off the back of the catalysing event of Inland Rail. For us, yes, there are some challenges with Inland Rail and obviously the Committee has heard from communities about those but there are also very significant benefits.

People have talked about business cases. The high-level analysis says tens of thousands of jobs during construction, billions of dollars worth of uplift in industry productivity and for farmers in central western New South Wales and right along the route of the Inland Rail the ability to get product to market a lot faster is clearly a real advantage. Then, in a connectivity sense, we would obviously be looking for and Transport for NSW has talked about connections into the rail network more generally. Those are the things that, from a regional development perspective, we would see the opportunity here—the economic opportunities—as really quite significant.

The CHAIR: You mentioned being able to take produce from inland areas to port. So in Regional NSW's view, having those linkages is important?

Mr HANGER: Yes.

The CHAIR: Because you have talked about the activation precincts and we all get that and we have seen firsthand the opportunities that that presents. But one of the things that has been stressed to us is particularly for our ports to have these connections. So Regional NSW sees that as something important and would be advocating for in that regard?

Mr HANGER: Absolutely and Transport for NSW has done a lot of work in the Future Transport Strategy 2056 as well as the freight and port strategy. Those connections—road, port, rail—I will probably hand over to Mr Lunn as he will be in a lot better position to talk about those. But you are right; it is those connections. It is the ability to get produce to market rapidly. That is one of the key uplifts we would see from Inland Rail.

Mr LUNN: Yes, Inland Rail really complements the NSW Freight and Ports Plan 2018-2023 and we certainly are looking at better connectivity through the Inland Rail Interface Improvement Program to make sure that we can get that produce to move east towards our ports on the coast. That is something we see as a key part of the Freight and Ports Plan and Inland Rail will help make that happen from border to border.

The CHAIR: The comment was made by witnesses earlier today that it is not just hard infrastructure but also supportive policy and regulatory changes that we could be looking at. One of the examples was the fact that we could have operational harmonisation. We have various drug and alcohol protocols. Fatigue management varies from line to line. Where does Transport for NSW see some of that harmonisation? Is that work occurring at this stage?

Mr LUNN: I would have to take that on notice. I am not aware of that process.

The CHAIR: Would you see those efficiencies helping to improve the Inland Rail ultimately?

Mr LUNN: I would have to take it on notice again, sorry.

The CHAIR: Sure.

Mr GEOFF PROVEST: If I could just follow on from that, I live with cross-border issues everyday. Pacific National were here today saying that the drivers leaving Melbourne have one set of protocols. When they run into New South Wales there is a different set of protocols and when they run into Brisbane the protocols are different again, which is making life difficult. Would it not be fair to assume that the ministries would talk to their interstate people? We have recently introduced a number of bills into Parliament about harmonisation of licences and things like that. I have been used to that. Years ago we did one on heavy earthmoving and after six years it fell in a hole. It had just become too hard. If this thing works, all the States are going to benefit so I hope that Transport for NSW would be active in that field.

Mr LUNN: I am not aware of those discussions in my role. We have a dedicated freight division within Transport for NSW and I know they have discussions across Victoria and Queensland, but I am not aware if that matter has been raised.

Mr GEOFF PROVEST: Ms van den Honert, I have to go back to planning as I love planning. When you assess it to report to the Minister, after getting all the submissions in, do you look at the business case model in that process or do you just assume that what ARTC has put in front of you is correct?

Ms VAN DEN HONERT: We assess the proposal that is put in front of us.

Mr GEOFF PROVEST: So you do not go and have a look?

Ms VAN DEN HONERT: We do not, routinely, on any of our projects go right back into the business cases or any processes that it might go through in determining whether a project—

Mr GEOFF PROVEST: Right.

Ms VAN DEN HONERT: Yes.

The CHAIR: Just by extension, can I ask Regional NSW whether it examines the business case and deems whether or not this is in—

Mr HANGER: Yes. Any investment that we would undertake we will absolutely look at the proponent's business case. You want to make sure that what people are claiming—for us, it is largely around job creation—those assumptions and inputs are valid.

Mr GEOFF PROVEST: How do you do that?

Mr HANGER: We have got economists whose job is to interrogate—

Mr GEOFF PROVEST: But do they go out and interrogate the people or do they do it from here?

Mr HANGER: I will talk about activation precincts or I will talk about industrial expansion and so they will, if required, go out onsite and see what is it that is being claimed. Now this is not related to the Inland Rail, which is obviously Planning and Transport. But in an activation precinct if you have a business that says they are going to invest and expand into Wagga then absolutely we will look to see if what they are saying to us is accurate, based on what we know about the industry and what we know about that business and how it operates.

Mr GEOFF PROVEST: So would it be right to say that we just take ARTC's word for it that it is the best route?

Mr HANGER: Yes.

Ms VAN DEN HONERT: The route alignment has been done as it is a Federal project.

Mr GEOFF PROVEST: I have a question for you, Ms van den Honert. There is some low-hanging fruit here. One of the complaints that I heard time and again out west was, "Even though the route is going to come through my farm, they can't even tell me what type of fence they are going to put on either side of the train track to keep the cows off the rail line." To my way of thinking, the Federal Government should have thought of that. Surely there is a standard in planning that if I build a railway line I have got to have five barbed wires or things like that?

Ms VAN DEN HONERT: I might ask Transport.

Mr GEOFF PROVEST: It might be a question to Mr Lunn.

Mr LUNN: You are trying to make me the fencing expert now.

Mr GEOFF PROVEST: No, I am not trying to be difficult.

Mr LUNN: No, no.

Mr GEOFF PROVEST: It is just a simple thing that means a hell of a lot to those people and they cannot seem to get an answer one way or the other.

Mr LUNN: The fencing is specific to our terms and conditions and that is for our terms and conditions to resolve. But typically on infrastructure projects we would work with the landholders to ensure that the fencing that we were proposing was in line with the typical fencing on their property. So obviously they would need to work to that. That is my assumption and that is what we would do. We would expect under our acquisition process that they would work with the landholder to assess what is required of that paddock and therefore put the appropriate fencing in place.

Mr GEOFF PROVEST: So if ARTC said, "We are going to put in three strands of barbed wire" and I have camels on my property and I need a fence of five strands of barbed wire, what do I do?

Mr LUNN: I think, again, it is through the acquisition process and the negotiation under the just terms Act. Those sorts of things should be covered off. Therefore, if the typical fencing in that property is two metres high because they have camels, to take your example, or it is three strands of barbed wire because it is a crop, that should be what we put in place. But, again, that is a matter for ARTC and the individual property owner to work out.

Mr GEOFF PROVEST: I have served on the Valuer-General's committee. In that just terms compensation Act, I cannot ever remember seeing clauses about fences and things like that.

Mr LUNN: Fences are paid for under the just terms Act, so that is covered off. It is a matter of agreeing what the fence type should be.

Mr GEOFF PROVEST: What if they want to put three and I want two metres because I have camels?

Mr LUNN: I think that is part of the general negotiation process that happens on a number of fronts when it comes to property acquisition. There are a lot of matters that need to be resolved.

Mr GEOFF PROVEST: My concern as a member of Parliament is just that it is like we are cruisin' for a bruise here, that these guys can do that and next minute their first port of call is going to the local member's doorstep. Where do we go from there? Nowhere apparently.

Mr LUNN: Again, it is covered off, in my opinion, under the just terms provisions for acquisition, and it is part of that.

Mr DAVID HARRIS: I have a couple of questions. The first one is to Mr Hanger. Is there a specific Inland Rail strategy for New South Wales?

Mr HANGER: No, not at the moment. Obviously, there is work being done by Transport, looking at the opportunities off Inland Rail, but there is not outside of that work, which will be incorporated into broader network strategies. We have talked about the NSW Freight and Ports Plan. We have talked about Future Transport 2056. We look at individual location by location opportunities. I have talked about the activation precincts. You may be aware that New South Wales has done very significant work mapping the economies of regional New South Wales. We have economic development strategies. All of those along the route of Inland Rail do call out the opportunities that Inland Rail presents. But outside of the work Transport is probably doing, we would look at it location by location and industry by industry.

Mr DAVID HARRIS: The reason I am asking is that many of the local council areas have indicated to us issues around skills shortages and housing. I would think the opportunities would be strongly affected by both of those issues. Does looking at the industries themselves without looking holistically at those other issues create challenges down the line that maybe could be addressed earlier if there was a strategy?

Mr HANGER: We have regional economic development strategies for functional economic regions. As I said, we have mapped the State. There are 38 subregional economies in New South Wales. Each one of those has an economic development strategy.

Mr DAVID HARRIS: A couple of strange ones, but yes.

Mr HANGER: There are, obviously, key inputs into what is going to help an economy grow. Those are things like you have mentioned—skills. They are about infrastructure investment. It is also increasingly about housing. You are right: There are very challenging circumstances in lots of regional New South Wales. Growth is constrained. Growth is constrained because of housing supply. We have set up a team in regional New South Wales specifically to look at housing because we know that in lots of locations it is challenging because they do not have the housing supply that they need.

All of those components form part of an economic development strategy. You need to have those inputs in place, and we see major investments like Inland Rail, like the activation precincts. You need to make sure that all of those elements—people, housing, water, power—are all in place. There are strategies that look at each one of those subregional economies and call out both what is required and which industries do we think offer the most prospects in that location.

Mr DAVID HARRIS: How is that communicated to local government?

Mr HANGER: Local government was central in how those were developed. They sat with us as we pulled those strategies together. Those strategies are all public. They are all available on the website. Recently we have refreshed the 20-year economic vision, which, again, looks at regional New South Wales and what the impacts have been, particularly over the past year or two. Everyone would be aware of the impacts of drought. Obviously, rain has helped, but we then had COVID. We have had bushfires, and now we are dealing with floods. We do look at those strategies, and we make sure that they do get updated because things do change.

Fortunately, the drought has broken, but we do need to keep an eye on, for instance, if you have closures in markets overseas, what does that mean for export? We need to make sure that all that stuff is covered off in a strategy, and councils are central to the development of those. They should be very well aware of what it is that are the key engine industries in each of their regions and what is it that needs to occur to help those industries, help jobs continue to grow in those locations.

Mr DAVID HARRIS: Thank you. Ms van den Honert, I am a bit critical of the planning system, so I will try not to let that bias come through. Some of the organisations that have put in submissions to the EIS have paid a lot of money to get experts to do alternative assessments, let us say, to what ARTC may have done. In the process I know ARTC responds to each of those submissions. In the past I have seen examples where the

proponent just says, "No, we don't agree with that." How does Planning go about testing the data when there are conflicting reports?

Ms VAN DEN HONERT: We routinely engage our own independent experts to advise us, who would look at all the information that is put in front of us so that we can form an independent opinion.

Mr DAVID HARRIS: In most cases a lot of those differentials are conditioned. They do not stop things from happening; they just condition them to say, "If X happens, then you should do Y." Does that give the community a safe feeling in some of the hydrology issues where we are hearing quite conflicting information about hydrology through some of these areas and the possible consequences?

Ms VAN DEN HONERT: Sorry, is your question: If we do not know the answers to everything in the environmental impact assessment stage, what do we do?

Mr DAVID HARRIS: You condition them. What happens is you condition them, but that does not necessarily result in the community having a safe feeling that what is being put forward will actually work.

Ms VAN DEN HONERT: We can condition to say that there needs to be ongoing work or negotiation or discussion or further detailed design once, for example—

Mr DAVID HARRIS: There are also conditions—and I have seen them put in place—that just say, "We are just going to do ongoing monitoring." That is fine except if your property has been flooded or something because of the work that is being done, and it goes back to liability. I am just worried that if what we are hearing about the hydrology of the area from some of the councils and the community is correct, there could be some pretty significant problems that have to be addressed down the track.

Ms VAN DEN HONERT: I will take the exact wording of the conditions on notice because normally if there is monitoring it is linked to further action, depending upon the results of that monitoring. But I am happy to take that on notice and go and look at some of the conditions on the previous projects and get back to you on that.

Mr DAVID HARRIS: Thank you. Mr Lunn, in its submission Transport for NSW stated that they were very unhappy with the issue around level crossings—

Mr LUNN: Grades.

Mr DAVID HARRIS: Grades, et cetera. That is in its submission. Has there been any progress with ARTC on addressing those issues, given the concern that was shown?

Mr LUNN: We have been working with ARTC and the Federal Government on that matter. We have \$187 million—37.5 from the State and 150 from the Federal Government—to grade separate a number of those crossings that are currently at-grade in the current design. There are 22 crossings of the classified road network—the State or regional road network. That funding has been welcome, and we are working with both ARTC—primarily with the Federal Government and ourselves—to prioritise those and deliver those. But our submission was clear that we believe all classified road networks should be grade separated.

The CHAIR: Do Mr Barr or Ms Cooke have any further questions?

Mr CLAYTON BARR: I have a million, Chair. Can I stick with that grade separation for a second? I think I heard you say you are determined to try to have grade separation for State and regional roads. Is that correct? And, if so, where does that leave local roads?

Mr LUNN: The New South Wales Government position is that all new State and regional roads should be grade separated, all State roads should be grade separated and all current regional roads should be assessed on a case by case benefit. The local road network is managed, maintained and operated by local government, so we are supporting council in their submissions, and talking to them and helping them. But it is a matter for local councils and local government. There are literally hundreds of those, which would be a challenge for them—both new and existing.

Mr CLAYTON BARR: I guess I am concerned about that concept of where the State is saying, "That will be a challenge for them." It is almost like—

Mr LUNN: To clarify my point, there are a lot of those crossings and I think we have to do it on a prioritised basis.

Mr CLAYTON BARR: Okay. Are the councils entitled to some sort of just terms compensation because of the impact of something like this where they might end up with seven or 17 crossings where they suddenly have to add boom gates, flashing lights and whatever else? Why do their ratepayers have to pay for

something that has been imposed on them? Why would the proponent—the developer—not have to pay and fix it?

Mr LUNN: The cost of boom gates and the like within the rail corridor is a matter for the State and ARTC as the operators of the rail network, not for local government.

Mr CLAYTON BARR: So if a local government road does not have grade separation, what happens?

Mr LUNN: Anything that happens in the rail corridor—that is, in your example, boom gates or flashing lights are maintained under a rail interface agreement between, in this case, ARTC, local government and Transport as the owners of the land, and would be maintained by ARTC.

The CHAIR: Maintained, but who would cover the cost of installation?

Mr LUNN: Installation along the ARTC alignment would be a cost of the Federal Government project.

The CHAIR: So every local road that intersects with greenfields Inland Rail will be an active crossing—

Mr LUNN: No, that is not what I am saying. I am saying that if it is determined that that treatment is appropriate then that would be at the cost of ARTC.

The CHAIR: Who determines if that treatment is appropriate?

Mr LUNN: There is a number of parties in that but is mainly the local government area and ARTC.

Mr CLAYTON BARR: Mr Lunn, I think it was you who said that the benefit of Inland Rail was about getting product to market faster—or something like that. Can anyone describe to me what products inside of New South Wales will potentially get to market faster as a consequence of this Inland Rail network? What is the market that the Inland Rail will create? Brisbane and Melbourne? Is that the market being created?

Mr HANGER: The markets we are talking about are export markets. The idea around the activation precincts and the idea generally around Inland Rail is that you have a dedicated freight corridor that enables the movement of goods. From a New South Wales perspective there will be a range of goods, but we will just use agribusiness as an example, where the ability to get those to port is accelerated significantly by Inland Rail. So if you are looking to get product from farms in New South Wales to international markets, the whole purpose of Inland Rail is to accelerate that process, take it off road, put it on rail and get it to those export ports as quickly as possible.

Mr CLAYTON BARR: The projected volume of agribusiness that is going to go onto this Inland Rail to get to market is somewhere in the vicinity of 6 per cent of the total product on that line, is that correct?

Mr HANGER: I do not have the exact figures of agribusiness but we can take that on notice and come back with what we think the freight load would be on Inland Rail.

Mr CLAYTON BARR: Okay. Mr Hanger, I think this will be a question for you. Just in terms of the assessments of opportunities and building an Inland Rail plan for New South Wales for how we springboard off it, will part of that also potentially be the negative financial impacts, which could be, for example, the loss of productive land or the increased cost to get product to freight where the proposed freight line deviates from its existing line and all the infrastructure is already on the existing line? Will it include things like the number of times that we do not have grade separation or where road freight will have to stop and pause while the trains go past? Will the negative costs be included in the assessment of opportunity for Inland Rail?

Mr HANGER: Yes. It is standard practice. You hear the term "cost-benefit analysis". It literally has those components. It looks at the benefits that are delivered by a project and the costs associated with delivering that project, and the costs are the costs of construction as well as any impacts that that project has. So in a business case you will look at both Inland Rail as well as we have talked about activation precincts, industrial parks and the like along the length of it. Part of the natural way in which you will put together a business case absolutely has to look at the costs as well as the benefits of that project.

Mr CLAYTON BARR: Excellent. Mr Hanger, you mentioned and you talked earlier about these growth opportunities, growth corridors, activation precincts and the growth in housing in some of these regional communities and, let's face it, we all want our regional communities to grow. But we heard evidence today from some local councillors who said, "Well, we haven't got the money to put in place new subdivisions, kerb and drainage, sewers, water treatment works, telecommunications, footpaths and the like—we have not got the money." So they are going to come and knock on the door of the State. Again, why does the State have to carry the cost, potentially, to invest in these communities for a Federal project? Would the Feds, as part of this project, stump up that money or do we as a State have to carry the cost of their project?

Mr HANGER: There is a range of ways both State and Federal will invest to support communities to continue to grow. I will start with programs we run in New South Wales that will help those types of communities, if they are looking to grow jobs and improve amenity. There is \$2 billion worth of funding through the Regional Growth Fund, which goes into projects to help communities continue to grow jobs and industry. The Commonwealth has the Building Better Regions Fund where, again, councils can put forward projects that represent opportunities for them to continue to grow or improve amenity for their residents. So there are ways in which we look at and invest into those communities—Commonwealth as well as State.

Mr CLAYTON BARR: So in some instances the States are picking up the tab, in some instances communities might be successfully getting Federal grants and, where all else fails, the local ratepayers will be picking up the tab. Is there any protection in place like a legislative protection or a "we are not going to sign off on your project until all of this is stuff is sorted out and funded properly"? Is there anything we can do to save these communities or do we as State members of Parliament who met with these people and looked them in the eyes have to say, "Too bad, so sad, you are just going to have to suck it up and pay"?

Mr HANGER: Are we talking about Inland Rail specifically or associated investment?

Mr CLAYTON BARR: Yes. Well, we are talking about the investment that will have to come to maximise or basically to justify the Inland Rail.

Mr HANGER: I will start with activation precincts and then talk about some other programs. With the activation precincts the State Government received \$4.2 billion for its share of the Snowy Hydro when it sold that to the Commonwealth. That invests into a range of key enabling infrastructure, activation precincts being a very significant part of that. For locations like Parkes, Wagga Wagga and Moree, we are investing through the activation precincts to provide not only the enabling infrastructure that allows the investment to occur to create those jobs but also really importantly—and this critical—we are looking at those other inputs, like the time to move through planning approval pathways and simplifying that for investors.

We are looking at the workforce that will be needed for the jobs that will be created at those activation precincts. So we work with communities like Parkes, Wagga and Moree on how we can take most advantage from what Inland Rail presents as a catalysing opportunity to help those communities grow. For areas outside of those activation precincts specifically I have talked about the \$2 billion Regional Growth Fund. That includes \$100 million for a Regional Job Creation Fund where we look at opportunities presented by communities that are not activation precincts at the moment. Where there is potential for investment for job creation, there are funding sources available. There is a \$250 million Jobs Plus Program, overseen now by DPC—by Investment NSW.

There is a range of different ways that we can support communities to both identify—I have talked about the strategies that call out what are the endowments and the engine industries in locations. Then the funding programs come in behind that to support the growth in those engine industries and invest in the enabling infrastructure that allows job creation to occur, as well as providing in activation precincts or in regional job precincts the planning overlay that simplifies the investment and planning processes to get those jobs on the ground in those regional communities.

Mr CLAYTON BARR: Again, I know the one side of that coin is opportunity—exciting opportunities. The other side of that coin is: Money has to be spent up-front. I am sorry but it just sounds to me like we are being forced to spend New South Wales taxpayers' money and funds for a Federal consequence. Can I just note one other thing, please? I guess this is more around the planning instruments, Ms van den Honert. I have dealt with a project that ARTC put through my electorate and I found that they were quite bullish and pig-headed about the way they went around it. I did not find that the local community and concerns were respected at all. It turns out that all the projections around hydrology, environmental impact and noise impact by ARTC's experts were underestimated. The consequence is that it has affected people's lives and livelihoods.

The problems that have been left by ARTC because they have underestimated impact have now been left with those small communities and the State. When I have knocked on NSW Planning doors to try to help these people and get justice for them we as a State were not able to do anything for them. I have got a broader concern about this entire project that we as a State are just not going to protect our people the way that we should. This is not our project. We have to look after our people first and foremost. What confidence can you give me that we have the power, strength and leverage to do that?

Ms VAN DEN HONERT: We go through the environmental impact assessment process. As part of that when we are doing our assessment, as I said before, we can engage our own independent experts to evaluate any issues that we think need to be evaluated or independently assessed as part of that. At the end of the day the Minister is the final decision-maker as to whether the project gets determined or not and what conditions are put onto that project. I am happy to take on notice looking at the previous ARTC projects where they have been

underestimated so that we make sure that any learnings that come out of that are incorporated into the next ones that are coming in.

Mr CLAYTON BARR: Thanks, Chair. I will shut up now.

The CHAIR: Thank you, Clayton.

Mr DAVID HARRIS: Just to be clear, on the back of what Mr Barr said: This is a Federal project, the proponent is the Federal Government through ARTC but ARTC acts on behalf of Transport for NSW. Is that how I understand it?

Mr LUNN: In the acquisition of property, yes, that is right.

Mr DAVID HARRIS: Is that independent?

Mr LUNN: Well, they are the proponents. It is their project. As with any project that occurs anywhere in this State the people who are delivering the project negotiate the outcome with the acquisition process. That is the process.

Mr DAVID HARRIS: But they are doing it on behalf of Transport for NSW. I am just a bit confused. If it is a Federal Government project, it has ARTC and then you said earlier that ARTC is acting on behalf of Transport for NSW. I just see a conflict there.

Mr LUNN: ARTC is the proponent of the project. It is normal in any major development in this State that the proponents negotiate with landholders to acquire land to make their development move forward. The issue why Transport for NSW is involved is because the land becomes part of the rail corridor for New South Wales and then we lease it back to ARTC to operate that under our current agreements with ARTC.

Mr DAVID HARRIS: I understand that. But what I am saying is eventually it comes under the ownership of the State. I just do not see a delineation of independence there.

Mr LUNN: We have an agreement with ARTC that they must act under the just terms Act and act within the current Transport for NSW guidelines around acquisition, and that is what they are doing. We are liaising closely with them on that.

Mr DAVID HARRIS: Does Transport for NSW—who signs the final contract with the landholder?

Mr LUNN: The actual contracts would be signed off, it is my understanding, by ARTC, but I would have to take that on notice.

Mr DAVID HARRIS: Thank you. Ms van den Honert, when people are asked to put in submissions around the EIS they are always at a disadvantage because the actual business case has not been released. When people are putting in their submissions they have not got all of the information. Often the proponent uses that to dismiss some of the concerns that people have. Again, I have serious concerns around fairness where the people affected do not have all of the information. And then in the report that ARTC does, many of their concerns will be dismissed based on a business case that the people never got to see in the first place. I always worry about how that is kept secret. I know there is commercial-in-confidence and all those sorts of things, but if it is a fair and open process then people should have all the information so that their experts can analyse what is being put forward and respond properly. Because it is really easy for the proponent to then say, "No, they've got that wrong, because we have got a business case that says X, Y and Z," when the people never had the opportunity to test that business case. I make that more as a comment than a question.

The CHAIR: I will probably take that as a comment, thanks, David. Mr Lunn, I touched on operational harmonisation earlier on in the piece and you took that on notice—and thank you for that. Can I add to that a question around control systems? It was raised before by Freight on Rail Group that metropolitan freight rail operates to different operational and control systems and that there could be a level of harmonisation and inter-operations there. Can I ask you to take that on notice, please?

Mr LUNN: I am happy to take that on notice.

The CHAIR: Thank you. We have come to the end of the hearing. The Committee very much appreciates your attendance today and the work that you are doing. We note there is a lot of opportunity with this; as you can appreciate, there are some challenges as well. The previous witnesses also spoke of planning and how they have been satisfied with the planning process to date in terms of the interaction. Certainly I commend you on that, but I acknowledge that there are challenges we have been witness to as well. Thank you for appearing before us today. We may send you some further questions in writing. Your replies will form part of your evidence and be made public. Would you be happy to provide a written reply to any further questions?

Mr HANGER: Yes.

Ms VAN DEN HONERT: Yes.

Mr LUNN: Yes.

The CHAIR: Thank you. Thanks again for your attendance. That concludes our public hearing for today. I thank all the witnesses who appeared today. I also thank Committee members, Hansard, staff of the Department of Parliamentary Services, Committee staff and my colleagues for their assistance.

(The witnesses withdrew.)

The Committee adjourned at 15:35.