



NSW Government response

Inquiry into Inland Rail project and regional NSW

Contents

- RECOMMENDATION 1 3
- RECOMMENDATION 2 4
- RECOMMENDATION 3 4
- RECOMMENDATION 4 5
- RECOMMENDATION 5 6
- RECOMMENDATION 6 6
- RECOMMENDATION 7 7
- RECOMMENDATION 8 8
- RECOMMENDATION 9 8
- RECOMMENDATION 10 9

RECOMMENDATION 1

The Committee recommends that the NSW Government proceed with a business case to investigate and explore upgrades to the existing freight network to ensure connection to Inland Rail and eastern ports.

NSW Government response

Supported in principle

The NSW Government is supporting the Australian Government's delivery of the Inland Rail by ensuring the project optimises the movement of freight from regional NSW to major ports and gateways across NSW and the eastern seaboard.

Inland Rail creates new opportunities for industries across regional NSW to attract investment, jobs, and accelerate growth. Industries, particularly freight and logistics, mining, and primary production, will benefit from the increased capacity and efficiency of Inland Rail. However, realising real benefits for regional communities will rely on significantly improving east-west connectivity from Inland Rail to the state's rail and road networks, economic hubs, intermodals, and ports.

The NSW Government provides targeted funding for rail infrastructure projects to improve freight connectivity on the regional freight network, which may include connections to Inland Rail and eastern seaports. The \$400 million Fixing Country Rail program is funded from the Restart NSW Fund governed by the *Restart NSW Fund Act 2011*. Under the Act, Infrastructure NSW is responsible for assessing and recommending Restart NSW projects which improve the economic growth and productivity of NSW across all sectors. Infrastructure NSW uses a project's Benefit Cost Ratio (BCR) to assess this: a project's benefits must exceed the cost of its delivery, as demonstrated by having a BCR greater than 1.

The program improves capacity, access, efficiency, and reliability by upgrading parts of the regional rail network and exploring projects that will provide improved rail connectivity between freight origin to destination. Projects funded under Fixing Country Rail have included sidings, passing loops and network upgrades, allowing the use of high productivity trains. The program is geographically dispersed across regional NSW. Key projects include Junee to Griffith connection and tonne axle load (TAL) upgrade, Coonamble South Passing loop, and Temora West Passing loop.

Coupled with the NSW Government's cornerstone regional rail program, Transport for NSW (TfNSW) actively participates in the Australian Government's \$44 million Inland Rail Interface Improvement Program (II Program). The program supports the development of proposals that would make rail-based supply chains more productive and improve capacity of key country rail lines that connect with Inland Rail. The program is led by the Australian Government Department of Infrastructure, Transport, Cities, Regional Development and Communication (DITRDC) which has engaged state and local governments, community, track operators and supply chain managers to canvass ideas and identify industry preferences for projects funded for consideration under the program. TfNSW has developed, or is currently developing, several business case proposals under the program, including Stockinbingal to Griffith upgrade (including Inland Rail connections), completing the long-planned Maryvale to Gulgong rail connection (which would provide a direct connection between Newcastle and Inland Rail), and removing at-grade crossings at several points along Inland Rail. Note the program funds are only to develop feasibility studies and strategic business cases, therefore there is no commitment to implement these initiatives.

Lastly, it is highlighted the NSW Government funds and manages several programs to improve the capacity and safety of the freight supply-chain, such as the Fixing Country Roads program, NSW Safer Roads Program and NSW Network Efficiency Program. In addition to this, TfNSW is managing an array of projects, that are either fully or jointly funded by the Australian Government to improve the safety, reliability, and productivity of the NSW transport system,

such as the Heavy Vehicle Safety Productivity Program and Federal Road Safety Program (NSW). These programs are already getting the State ready to maximise benefits from day one of Inland Rail being operationally ready.

RECOMMENDATION 2

The Committee recommends that TfNSW prepare and publish a report of any potential rail assets that would be stranded as a consequence of the Inland Rail project. Furthermore, that this report outlines any costs and proposed treatments associated with any such stranded assets.

NSW Government response

Not Supported

The construction of Inland Rail does not deem any operational rail assets stranded, as such a report is not required, and the recommendation not supported.

Inland Rail is greater than 1700 kilometres of railway, connecting Melbourne to Brisbane via regional NSW. The project will:

- Use the existing interstate rail line through southern NSW
- Upgrade around 600 kilometres of existing track in NSW
- Construct around 400 kilometres of new railway through central and northern NSW.

A stranded rail asset in the context of the recommendation can be defined as an asset currently used for rail operations which becomes obsolete due to the construction of Inland Rail. This is distinct to assets that are currently non-operational. Rather than rendering assets stranded, Inland Rail could actually:

- Create opportunities to better use existing under-used 'operational' rail assets
- Support economic viability of existing operational lines that may have been questionable in the past
- Make it feasible to re-open 'non-operational' assets that are currently not economically feasible.

Further, from a rail network perspective, Inland Rail is a combination of brownfield enhancements (existing rail corridors) and greenfield lines. This construction does not make any parts of the existing Country Rail Network or Defined Interstate Rail Network redundant.

RECOMMENDATION 3

The Committee recommends that the NSW Government continues to work with the Federal Government to prioritise the grade separation of state and regional roads.

NSW Government response

Supported

It is acknowledged rail services using Inland Rail will intersect with a significant number of National, State, Regional and Local roads. It is understood once Inland Rail is operational, the frequency, speed, and length of freight trains along the line will increase and road users who use level crossings along parts of the Inland Rail route may experience a significant increase in

the frequency of rail services passing through. Further, some communities that do not currently have level crossings will need to navigate them as part of new track sections laid through NSW.

The Australian and NSW Governments committed \$487.5 million to support the planning and construction of the grade separated interfaces. Four priority sites were identified for development, based on a risk assessment previously undertaken. Development of each location includes site investigations, issue identification, constraints, and cost estimates. Once this is complete, the four sites are expected to be prioritised for construction. The priority locations are: Harris Gates (Olympic Highway); Tichborne (Newell Highway); Curban (Castlereagh Highway); and Narromine (Tomingley Road).

In addition to this funding program, it is understood the Inland Rail project is planning to deliver several grade separations along the route. For several locations not slated for grade separation along the Inland Rail route, it is expected they will be upgraded from passive controls (e.g. signs and lines) to active controls (e.g. booms and lights). In addition, several private crossings are planned to be closed, following negotiations with local property owners and road managers.

More broadly, TfNSW continues discussions with the Australian Rail Track Corporation (ARTC) regarding proposed new at-grade level crossings on NSW State and Regional Roads, to address level crossing interfaces at several locations. TfNSW's policy position requires new level crossings of State roads be grade separated, except in exceptional circumstance. The NSW Government will need to continue to work with the Australian Government to further explore funding and design options to reduce the risks of rail interfaces with the road transport network.

RECOMMENDATION 4

The Committee recommends that the NSW Government provide support to local government to facilitate activated crossings with local roads and improved rail and road safety.

NSW Government response

Supported

The Rail Safety National Law (RSNL) requires that rail infrastructure managers and road managers (Local or State) coordinate actions at a rail or road crossing, to ensure safety risks have been identified and are minimised so far as is reasonably practicable.

As the rail infrastructure manager, ARTC is responsible for proactively working with Local and State road managers to develop and agree on interface agreements, well in advance of Inland Rail being fully operational. That way, local road managers will know well in advance what is required of them and can plan forward. TfNSW currently acts as a conduit to the local councils regarding road/rail interfaces under overarching road safety responsibilities.

TfNSW's Level Crossing Improvement Program (LCIP) supports funding and delivery of level crossing upgrades at local roads. The LCIP was established to accelerate upgrades to level crossings assessed as a priority for safety enhancements, and to fund safety education campaigns and enforcement initiatives. From 2011-12 to 2020-21, the LCIP funded over \$50 million for 67 level crossings upgrades, with the majority being in regional NSW. A further 20 level crossings have been identified for upgrade in 2021-22 and 2022-23.

TfNSW will continue to provide support local councils for level crossing improvements to improve rail and road safety.

RECOMMENDATION 5

The Committee recommends that the NSW Government investigate additional locations along the Inland Rail route for intermodal terminals and ensure that surrounding infrastructure can support freight movement.

NSW Government response

Supported in principle

The establishment of the \$4.2 billion Snowy Hydro Legacy Fund by the NSW Government is a once-in-a-lifetime opportunity to invest in major and transformative infrastructure across regional NSW. This fund is actively being used to plan and fund the development of several Special Activation Precincts (SAPs) across regional NSW - namely Parkes, Narrabri, Moree and Wagga Wagga, which are adjacent to Inland Rail corridor.

These SAPs are planned to become thriving business hubs, leveraging the significant opportunities Inland Rail presents. They are expected to create jobs, attract businesses and investors, support local industries and fuel economic development. This will help ensure regional NSW is well placed to grow and meet future economic needs across a range of industries. Further information is available on the Regional Growth NSW Development Corporation's precinct's page.

It is acknowledged that while the NSW Government does not have a role in operating intermodal terminals it can play a role in identifying, protecting, and zoning land for intermodal terminals and assisting with access through necessary road and rail link extensions. We welcome engagement with the private sector and Local Governments to see how we can support their proposals and operations.

The NSW Government recognises a key benefit of Inland Rail will be faster paths to market that result from improved freight access. However, in supporting the delivery of intermodal terminals, it is important to recognise that creating too many terminals along the alignment could reduce this benefit.

RECOMMENDATION 6

The Committee recommends that the NSW Government work with the Commonwealth Government to ensure that civil engineering projects for townships associated with the Inland Rail project are designed and built to offer longstanding legacy benefits.

NSW Government response

Supported

The Department of Regional NSW is undertaking a Regional NSW Infrastructure Project Deliverability Capability Assessment. This assessment captures a broad range of projects, including Inland Rail, and aims to identify any shortfalls in infrastructure delivery capacity and capability, while also focusing on relevant skills and supply chain development opportunities. Early identification of key challenges for projects will assist in ensuring appropriate planning and investment decisions are made to help ensure required civil engineering and service infrastructure is available to meet workforce needs at key project locations. The assessment will assist in supporting the delivery of long-standing legacy benefits from key projects, including Inland Rail.

Further, the NSW Government has implemented targeted initiatives to leverage workforce development opportunities from the Inland Rail project, including the Inland Rail Business

Capability Development Program, Inland Rail Skills Academy, and the Inland Rail Scholarship Program. These initiatives target the active engagement of a range of local and indigenous owned small to medium enterprises, social enterprises, and regional students, and will help ensure long term legacy benefits accrue to regional NSW communities along the Inland Rail route.

The construction of Inland Rail within NSW will take five to six years, however, some of the legacy benefits include:

- Increased rail productivity through the ability to transport more tonnage per train
- Increased access to and from regional markets to NSW ports via improvements in rail connectivity infrastructure
- Potential to reduce freight costs through options to optimise supply chain
- Increased freight efficiency through incentivising modal shift and reducing the number of road movements
- Increased reliability for the movement of rail freight through resilient rail network design

Sustainable infrastructure that enhances public amenity and safety.

A study by Ernst and Young Australia showed the possibilities for investment along the rail line could generate billions in added value for communities over the first 50 years of operation.

This study can be found here: <https://www.inlandrail.gov.au/understanding-inland-rail/publications-and-reports/inland-rail-regional-opportunities-ey-australia>

RECOMMENDATION 7

The NSW Government facilitate a central point of contact and coordination for Inland Rail related projects.

NSW Government response

Supported

The Australian Government has tasked its government business enterprise, the ARTC, with the delivery of the Melbourne to Brisbane Inland Rail Project. The Australian Government is investing up to \$14.5 billion to develop and build Inland Rail, which has been declared a priority infrastructure project for Australia. ARTC and the Australian Department of Infrastructure, Transport, Regional Development and Communications are the central points of contact for the Inland Rail project, whereby ARTC is responsible for the management of its contractor activities during construction.

Several NSW Government agencies are actively involved in project oversight and governance processes. These include TfNSW, Department of Regional NSW, and Department of Planning and Environment. As the custodian of the State-owned road and rail assets, TfNSW is the central point of coordination for Inland Rail related transport projects in NSW.

RECOMMENDATION 8

NSW Government develop an Inland Rail strategy to provide clear policy objectives for New South Wales.

NSW Government response

Noted

In May 2018, the NSW Government signed a Bilateral Agreement in relation to the Inland Rail with the Australian Government. The Agreement includes several shared policy objectives between Governments including:

1. Improving freight connectivity with the National Land Transport Network and to the Country Regional Network
2. Improving freight access across modes to and from regional markets to Ports in NSW
3. Ongoing upgrades to parts of the ARTC networks to improve the productivity of the State
4. Reduce transit time for freight services between Melbourne and Brisbane with improved reliability and certainty of transit times
5. Reduce costs for freight rail operators and their customers.

Further information is available in the Media release from 4 May 2018 -

<https://inlandrail.artc.com.au/landmark-inland-rail-agreement-puts-nsw-on-the-right-track/>

RECOMMENDATION 9

The Committee recommends that the NSW Government develop an engagement strategy that details its clear expectations in relation to communication and consultation between proponents and stakeholders for State-significant infrastructure projects in NSW, such as the Inland Rail project.

NSW Government response

Noted

The Department of Planning and Environment (DPE) has a comprehensive set of community engagement guidelines that outline the protocols for proponents to understand the assessment process and what is required of them. The guidelines have been published on DPE's website.

The *Undertaking Engagement Guidelines for State Significant Projects* specifically address community engagement and consultation. It requires upfront and ongoing engagement for all State significant projects. These guidelines will help to ensure engagement is meaningful, tailored to the needs of relevant stakeholders, supports a fair and transparent assessment, and is consistent with the department's community participation objectives. Under the guidelines, the proponent is required to demonstrate how the engagement they have undertaken is consistent with these guidelines through the Secretary's Environmental Assessment Requirements (SEARs).

Community Consultative Committees (CCCs) have been established for Inland Rail in accordance with DPE's *Community Consultative Committee Guideline*. CCCs provide a forum for discussion between a proponent and representatives of the community, stakeholder groups and the local council on issues relating to a State significant project.

The NSW Government recognises ongoing challenges with the greenfield Narromine to Narrabri section of the Inland Rail project. It is noted significant consultation and route selection studies

were led by the Australian Government and ARTC. Further information can be found on the Inland Rail ARTC website at <https://inlandrail.artc.com.au/where-we-go/route-history/>.

RECOMMENDATION 10

The Committee recommends that the NSW Government respond to the findings and recommendations of the Senate Standing Committee on Rural and Regional Affairs that pertain to the NSW Government.

NSW Government response

Noted

The Senate Standing Committee on Rural and Regional Affairs on the Management of the Inland Rail project by the Australian Rail Track Corporation and the Commonwealth Government handed down the report in August 2021. It is noted the Australian Government provided its response in December 2021.

NSW Government agencies may be consulted as part of stakeholder engagement process undertaken by the Australian Government in responding to the findings and recommendations.

It is also noted only one recommendation directly relates to the NSW Government: Recommendation 25 that recommends the Australian and NSW Governments establish an independent panel to conduct a review of the flood modelling and design features for the Inland Rail Project in NSW. It is noted the Australian Government did not support this recommendation.

The NSW Government also does not support this recommendation. As noted in the Australian Government's response, an independent detailed review of flood modelling already forms a mandatory requirement under the Environmental Impact Statement process.