Australian Government

Australian Government response to the Senate Rural and Regional Affairs and Transport References Committee report

The Management of the Inland Rail project by the Australian Rail Track Corporation and the Commonwealth Government.

December 2021

Overview

On 17 September 2019, the Senate moved that the following matter be referred to the Rural and Regional Affairs and Transport References Committee (the Committee) for inquiry into *the management of the Inland Rail project by the Australian Rail Track Corporation and the Commonwealth Government*, with particular reference to:

a. financial arrangements of the project;

b. route planning and selection processes;

c. connections with other freight infrastructure, including ports and intermodal hubs;

d. engagement on route alignment, procurement and employment;

e. urban and regional economic development opportunities;

f. collaboration between governments;

g. interaction with the National Freight and Supply Chain Strategy; and

h. other related matters.

The Committee's report was tabled in the Parliament on 11 August 2021.

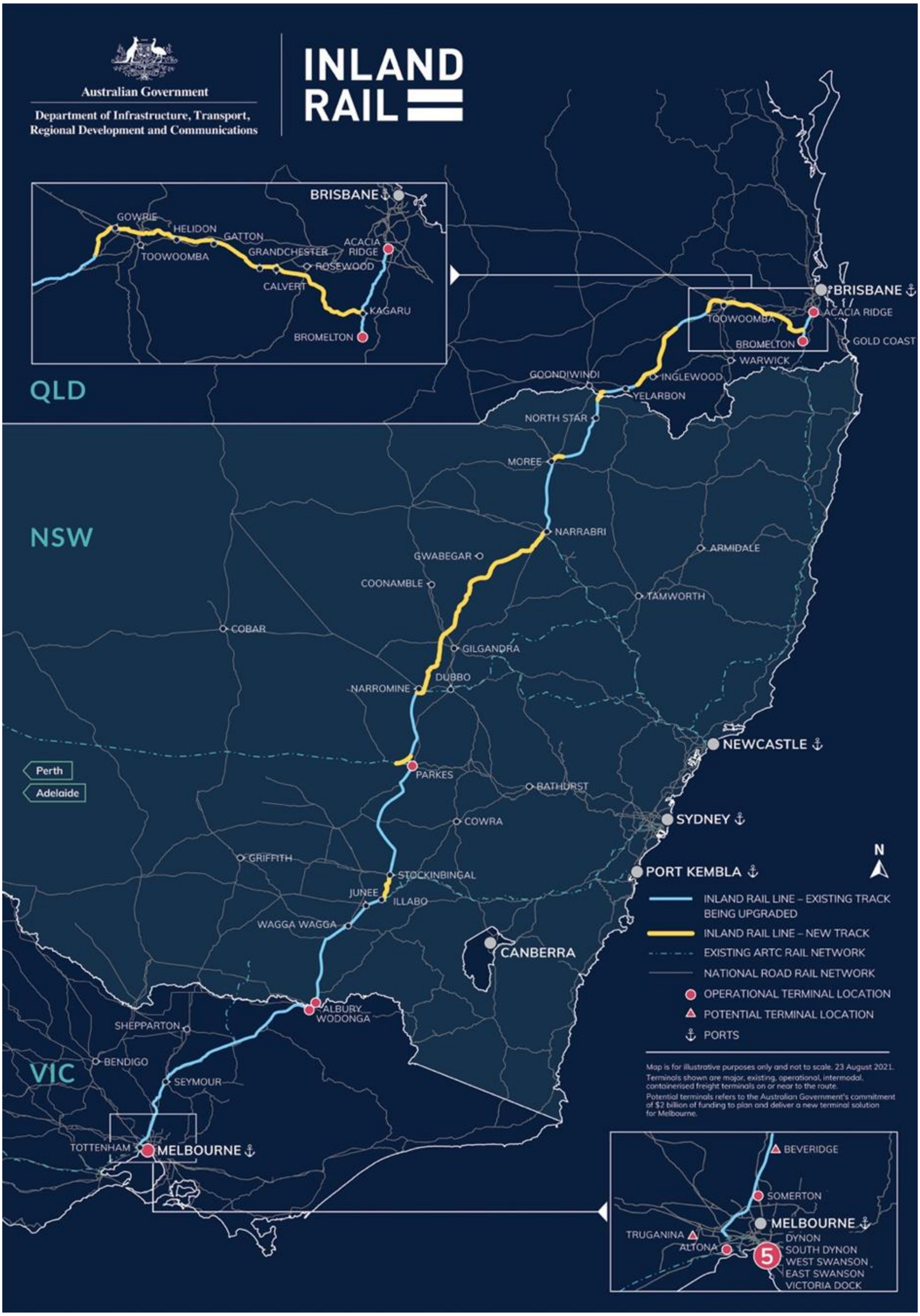

Figure 1 Inland Rail route between Melbourne and Brisbane

Introduction

This is the Australian Government Response to the Senate Rural and Regional Affairs and Transport References Committee (the Committee) inquiry into *the management of the Inland Rail project by the Australian Rail Track Corporation and the Commonwealth Government*. The report was tabled on 11 August 2021 and contains 26 recommendations relating to the Inland Rail project and other related matters. The Government thanks the Committee for its work supporting the Inland Rail project.

The Australian Government is supportive of the majority of the recommendations and acknowledges the contributions of all individuals and organisations who participated in the inquiry proceedings spanning 2019-2021. The inquiry provided an opportunity to hear different perspectives about the Inland Rail project, and share the history, rationale and detail behind the development of this nationally significant infrastructure project.

The Australian Government's commitment to building the Inland Rail

The Inland Rail project is a vital component of the National Freight and Supply Chain Strategy (the Strategy) and will support Australia to meet the growing freight task, which translates to increased demands on our transport network to keep not only agricultural and mineral export commodities, but also food, fibre and household goods moving around our country safely, efficiently, and affordably. The Strategy prepares us for a future that will see the expected volume of freight increase by up to 35 per cent between 2018 and 2040 bringing the total freight task to just over 1,000 billion tonne kilometres[1] by 2040[2] (an increase of around 270 billion tonne kilometres from 2018). The existing supply chain network will be unable to meet future demands without further investment in efficient and sustainable transport infrastructure.

The Strategy sets a clear agenda for coordinated and well planned action by governments and industry across all freight modes over the next 20 years and beyond. Inland Rail is a key project under the Strategy and is part of the Australian Government's $110 billion transport infrastructure investment pipeline that will build a strong and resilient supply chain network to support Australia's producers, provide supply chain benefits and cost savings for users, and deliver both economic and social benefits across the country.

The over 1,700 kilometre new Inland Rail freight route, comprising over 1,100 kilometres of upgraded track and more than 600 kilometres of new track will transform the way that freight is moved around the country by providing new freight capacity that is independent of the existing and congested Sydney and east coast road and rail networks.

The Australian Government's Inland Rail investment decisions are informed by a range of national policy and economic considerations reflecting Australia's growing population and changing demand for goods and freight services. The Infrastructure Australia's (IA) May 2016 independent assessment of the Australian Rail Track Corporation's (ARTC) 2015 Public Inland Rail Program Business Case, found that on balance Inland Rail would provide net positive benefits to the Australian economy. From a strategic perspective the IA assessment identified the merit in using rail to move substantial volumes of freight over long distances where it is economically viable to do so. IA continues to rate Inland Rail as a Priority Project[3] that will materially improve national productivity.

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[1] Tonne kilometres – Unit represents the transportation of one tonne of freight over a distance of one kilometre

[2] Bureau of Infrastructure, Transport, Regional Development and Communications, Australian Aggregate Freight Forecasts 2019 update, is available at www.bitre.gov.au/publications/2019/australian_aggregate_freight_forecasts_2019

[3] Infrastructure Australia, Infrastructure Priority List 2021, available at, www.infrastructureaustralia.gov.au/publications/Infrastructure_Priority_List_2021

Inland Rail was developed to meet a wide range of business freight needs. For example, Australia's agricultural sector has set the goal of becoming a $100 billion industry by 2030[4], with 70 per cent of Australia's total agricultural production likely to remain destined for export markets. Inland Rail will provide new and more direct transport options to ports for both bulk and containerised agricultural products. Similarly the minerals and energy sectors continue to experience strong export demand for a range of Australian commodities, powering the Australian economy, and depend on efficient and cost-effective freight networks to deliver product to ports to meet overseas customers' needs.

At the same time, by 2050, it is estimated that almost 70 per cent of the freight to be carried on Inland Rail will be for domestic use. This includes household goods and groceries produced in Australia and consumed in our major cities, with over 50 per cent of this freight forecast to be carried between Melbourne and Brisbane to meet demand in southeast Queensland from its rapidly growing population. While Inland Rail will carry a significant share of the growing freight on Australia's east coast, all modes of transport – rail, road, sea and air – will need to move more goods for our growing population.

In setting the Inland Rail route, the Australian Government has taken into careful consideration the findings of many studies undertaken in 2006, 2010, 2015, 2016, 2017 and 2020 to ensure that the route can meet Australia's long-term needs and be a viable transport option for the goods and materials we produce for domestic use and export markets.

In order to meet Australia's growing freight task and expectations of customers wanting timely delivery and access to goods – potential users of Inland Rail have said that it needs to be cost competitive with road freight and reliable. This includes providing a freight transit time of less than 24 hours between Melbourne and Brisbane and a service where goods reach their destination at the right time.

Inland Rail is designed to deliver on the requirements of Australia's freight and supply chain industry while maximising the complementary benefits of regional growth, jobs and investment for communities along the route. Research and modelling by an expert team from the Commonwealth Scientific and Industrial Research Organisation (CSIRO) is further demonstrating Inland Rail's potential to reduce transport costs for 5,000 industrial enterprises and 11,000 supply chains.

Using its transport investment (TraNSIT) tool the CSIRO has determined that Inland Rail could save Australian businesses $170 million in transport costs each year. For producers who make the switch from road transport to Inland Rail, this could provide a significant saving on their transport cost per payload tonne.

Rail is a technology solution that is good for the environment – using one third of the fuel and producing much lower carbon emissions than heavy vehicles doing the same job. A single Inland Rail train can carry the same amount of goods as 110 B-Double trucks on the already congested Melbourne—Brisbane road corridor, which currently accounts for 75 per cent of the freight moved between the cities. In 2050, Inland Rail is expected to reduce truck movements by 200,000 trips along the rail corridor each year and cut carbon emissions by 750,000 tonnes per year[5]. Reforms like this to Australia's freight networks form part of the Australian Government's technology-based long-term emissions reduction strategy.

[4] Department of Agriculture, Water and the Environment, Delivering Ag2030, May 2021, available at, www.awe.gov.au/sites/default/files/documents/ag-2030.pdf

[5] CSIRO, Inland Rail Supply Chain Mapping Project, 2018, available at, www.inlandrail.gov.au/sites/default/files/documents/csiro_transit_inland_rail_supply_chain_mapping_pilot_study_2_0.pdf

Other economic benefits from the Inland Rail Project

The Australian Government's strategic investment in Inland Rail is not only addressing the growing freight task, it is also supporting the economy now, when Australia needs it most. At the peak of construction, Inland Rail will support more than 21,500 jobs while delivering a potential boost of more than $18 billion to Gross Domestic Product during construction and the first 50 years of operation. This includes an expected boost to Gross State Product in Victoria by $8 billion, in Queensland by $7.8 billion and in New South Wales (NSW) by $3.4 billion – creating new jobs and growth.

Each of the 13 sections of the 1,700 kilometre route between Melbourne and Brisbane involve several key stages: route assessment; reference design; expert and community consultation; detailed design; environmental and cultural heritage assessment, public exhibition, feedback and approval; identification of biodiversity offsets; land acquisition where required (noting 1,100 kilometres comprises upgrades to existing track); procurement and management of materials; civil engineering works comprising, earthworks, new bridges, culverts, road rail grade separations and laying of track; and installation of signalling systems. Each of these component activities involves the sourcing of goods and services by the ARTC and its many contractors, creating employment and supporting the development of new skills in local workforces.

These broader benefits of Inland Rail are already being realised. Trains now run along the completed 104 kilometre Parkes to Narromine section in NSW which has enhanced the freight connection through to Sydney in the east and as far west as Adelaide and Perth. Construction of the second section between Narrabri to North Star in NSW is well underway with the first section of new track completed and available to support the movement of the 2021 grain crop in NSW. Construction of the Parkes to Narromine and Narrabri to North Star sections of Inland Rail has boosted local economies by awarding over $140 million in contracts to more than 200 local NSW businesses, directly supporting work for almost 1,000 local residents. As at October 2021 more than 2,300 people had worked directly on the construction of these sections, providing an essential boost to regional employment.

As construction commences in Victoria, to upgrade structures to allow Inland Rail trains carrying double stacked containers to travel from Tottenham to Albury, and between the Border and Acacia Ridge and Bromelton in Queensland, more communities will experience the catalysing boost of Inland Rail investment, capability uplift and employment. At the peak of construction in 2023-24, Inland Rail is expected to support more than 1,100 jobs in Victoria and 11,800 jobs in Queensland.

The Inland Rail project is creating new opportunities for Australian businesses and their employees, with contracts committed to over 400 businesses, ranging in size from local suppliers to Tier 1 and 2 construction companies across Australia. This investment has seen contracts awarded to companies and individuals, supporting work for engineers, surveyors, fitters, electricians, plumbers, concreters, construction machinery operators, traffic managers, cultural heritage and environmental advisers, works caterers, cleaners and mechanics across the nation.

So far in NSW, Victoria and Queensland, more than $2.2 billion has been awarded to businesses supporting the construction of Inland Rail. As at September 2021, these commitments included 657 contracts in NSW worth $454 million, 249 contracts in Victoria worth $209 million and 641 contracts in Queensland worth approximately $1.5 billion. These contracts are providing new opportunities for business to create jobs by supplying services and materials to the Inland Rail project.

The coming months will see further opportunities for more businesses and suppliers to become a part of building Inland Rail with the commencement of the detailed design and planning for the civil construction works on the Narromine to Narrabri and North Star to the NSW/Queensland Border sections in NSW, and the Border to Gowrie section in Queensland. Construction on these sections and the Tottenham to Albury section in Victoria, and Illabo to Stockinbingal and Stockinbingal to Parkes sections in southern NSW, is scheduled to commence by 2022-23, with construction on all sections of Inland Rail expected to be commenced by 2023-24.

By enhancing the national network, Inland Rail is also expected to act as a catalyst for complementary investment opportunities in regional Australia, including in food and fibre processing, manufacturing, transport and logistics facilities, storage and warehousing, and defence and mining support. These opportunities have the potential to deliver enduring economic benefits to Australia's regions and are expected to provide a boost to Gross Regional Product by a further $13.3 billion over the first 50 years of operation and support up to 2,500 full time jobs in the tenth year of Inland Rail's operation.

The Australian Government is conscious of the concerns of some landowners and regional communities regarding the potential impacts that Inland Rail could have on residences and business, including farms. The Australian Government acknowledges that while there are significant benefits to building Inland Rail, there are always competing demands when it comes to the development of national infrastructure projects. Recognising this, the Australian Government acknowledges the ARTC's renewed commitment to review and improve its engagement and consultation with landowners, communities, industries and state and local governments as it develops its designs for, and builds Inland Rail over the next few years.

The Australian Government is also appreciative of the many community suggestions and requests to further enhance and provide additional community amenities through the construction of the Inland Rail project, including improvements to nearby road infrastructure. The Australian Government gives serious consideration to each request, and endeavours to meet those that are possible through its regional development programs, which include the $1.2 billion road safety Black Spot Program, $760 million Bridges Renewal Program, $2.5 billion Local Roads and Community Infrastructure Program, and the $1.4 billion Building Better Regions Fund (see also response to Recommendation 19). While seeking to support projects complementary to Inland Rail, the Australian Government must remain focused on providing value for taxpayer dollars by delivering the Inland Rail project on time and within budget.

In delivering Inland Rail the Australian Government and the ARTC are committed to minimising the impacts on individuals while maximising the return to regional communities and the nation, including through actions to address the recommendations of the Committee.

Future extension of Inland Rail from Toowoomba to Gladstone

In addition to delivering on its commitment to build the Inland Rail project between Melbourne and Brisbane, the Australian Government has committed $10 million to develop a business case to explore an extension of Inland Rail from Toowoomba to the Port of Gladstone. This commitment recognises the strong support from the Central Queensland Regional Organisation of Councils and Regional Development Australia (Central and Western Queensland) for the economic viability of the project to be fully tested given its potential to unlock new employment and business opportunities in the region and improve import and export options through to the Port of Gladstone.

Responses to the Committee's Recommendations

Recommendation 1: The committee recommends the Senate Rural and Regional Affairs and Transport Legislation Committee self refers an ongoing inquiry for oversight of the Inland Rail project.

The Australian Government **does not support** this recommendation.

The Australian Government requires a high degree of transparency from the Australian Rail Track Corporation (ARTC) in its communication with, and reporting to, the Australian Government, the public and the Parliament.

The ARTC, as a Commonwealth Company for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and prescribed as a Government Business Enterprise under section 5(2) of the PGPA Rule, is already subject to a range of oversight mechanisms including regularly appearing before the Senate Rural and Regional Affairs and Transport Legislation Committee.

The PGPA Act, requires the ARTC to:

- develop a Corporate Plan that sets the strategic direction and key performance indicators for the company over at least a four-year outlook. A summary of the Corporate Plan (the Statement of Corporate Intent) must be published[6]
- table an Annual Report in both Houses of Parliament.

In addition to these requirements, the ARTC is also required under the PGPA Act to:

- notify Shareholder Ministers of any significant decisions or issues that affect the company
- provide regular reports to Shareholder Ministers on the activities of the company and any subsidiaries. For example, quarterly reports regarding the company's operational and financial performance
- provide independently audited annual financial statements to Shareholder Ministers (upon request)
- maintain an internal audit committee.

A publicly available Statement of Expectations outlines the Australian Government's expectations for the ARTC's delivery of Inland Rail.[7]

[6] ARTC, 2021, Statement of Corporate Intent, available at, www.artc.com.au/about/reports/statement-of-corporate-intent/
[7] Australian Government, 2018, ARTC Statement of Expectations, available at, www.inlandrail.gov.au/sites/default/files/documents/statement_of_expectations.pdf

Recommendation 2: The committee recommends the Australian Government commissions an independent review and update of Inland Rail's 2015 business case that:

- is an accurate reflection of current and anticipated Inland Rail expenditure and end-of-service offerings;
- includes an assessment of all the proposed routes from Toowoomba to the ports of Brisbane and Gladstone, along with alternative routes subject to ongoing public scrutiny (particularly the Narromine to Narrabri and Border to Gowrie projects);
- includes a sensitivity analysis on the impact of any proposed changes to Australia's coastal shipping arrangements;
- is developed in accordance with Infrastructure Australia's guidelines and for Infrastructure Australia to review the updated business case; and
- is made publicly available, and provided to the Rural and Regional Affairs and Transport Legislation Committee.

The Australian Government **does not support** this recommendation.

The Australian Government's investment decisions for Inland Rail are informed by a range of national policy and economic considerations reflecting Australia's growing population and changing demand for goods and freight services.

The ARTC's 2015 Public Inland Rail Program Business Case was independently assessed by Infrastructure Australia (IA) against its framework. IA rated Inland Rail as a Priority Project on its Infrastructure Priority List for Australia in May 2016 and it has continued to be listed on IA's annual Infrastructure Priority Project list since that time.

The Australian Government notes that IA found that on balance it is confident that Inland Rail would provide net positive benefits to the Australian economy, and that there is merit, from a strategic perspective, in using rail to move substantial volumes of freight over long distances where it is economically viable to do so. This approach is consistent with current strategic planning principles for freight transport.

The purpose of a business case is to inform significant investment decisions at a point in time. Importantly, the 2015 Public Inland Rail Program Business Case was developed and used to help inform the Australian Government's decision to proceed with the project. Given that the Australian Government has committed to deliver Inland Rail and the significant economic benefits that will be realised for the Australian economy there is no need to update the business case.

Subsequently, the Australian Government, has entered into bilateral agreements with the governments of Victoria (16 March 2018), New South Wales (4 May 2018) and Queensland (29 November 2019), which has set the route of the Inland Rail.

The Inland Rail project is now in its delivery stage, with the Parkes to Narromine section in NSW completed in September 2020 and construction underway on the Narrabri to North Star section (northern NSW), which commenced in November 2020. Work on the detailed design and planning for the civil construction works for the Narromine to Narrabri and North Star to NSW/Queensland Border sections in NSW, and the Border to Gowrie sections in Queensland has commenced. Construction is scheduled to start in Victoria by 2022-23 to upgrade structures to allow trains carrying double stacked containers to travel from Tottenham to Albury; and in NSW, on the Illabo to Stockinbingal, Stockinbingal to Parkes, Narromine to Narrabri, North Star to Border sections, and on Queensland's Border to Gowrie section, also by 2022-23. Construction on the remaining sections is expected to be commenced by 2023-24

In setting the Inland Rail route, the Australian Government has taken into careful consideration the findings of the many studies undertaken in 2006, 2010, 2015, 2016, 2017 and 2020 to ensure that the route selected can meet business needs as defined by the Inland Rail Service Offering. The parameters of the Inland Rail Service Offering were established by the ARTC in consultation with industry and provide an effective and efficient freight solution to meet the growing inter-capital freight task over the next 50 years.

As such, the Australian Government does not accept that further review of the route or business case for Inland Rail is needed or would be an appropriate use of taxpayer dollars. The Australian Government also notes that such reviews would only serve to delay the delivery of the project, increase cost and adversely impact landowners, businesses and stakeholders who are looking for certainty in order to make decisions for engaging with the Inland Rail project and the opportunities that it is delivering.

The Australian Government is committed to working with the community, local and state governments to deliver Inland Rail in a manner that supports and encourages intermodal transport of freight, and provides benefits to regional Australia. The Australian Government welcomes opportunities to enhance the Inland Rail project and as such is already:

- Delivering the $44 million Inland Rail Interface Improvement Program that is supporting local communities, industry and governments through independent specialist business advisors to assist them to develop business cases to understand the costs and benefits of their proposed ideas and how these could enhance the benefits delivered through Inland Rail’s development (see response to Recommendation 14).
- Committing $10 million to fund a business case to explore an extension of Inland Rail from Toowoomba to Gladstone. The business case will inform the Australian Government on options to deliver further investment in regional infrastructure in a manner that complements the Melbourne to Brisbane route (see response to Recommendation 8).
- Partnering with the Queensland Government on four business cases, being delivered in accordance with the Queensland Treasury (2015) Project Assessment Framework and IA Assessment Framework (see responses to Recommendations 5, 7 and 23):
    - Brisbane Inland Rail Intermodal Terminal Business Case
    - Port of Brisbane Further Planning
    - Salisbury to Beaudesert Rail Business Case
    - Toowoomba to Brisbane Passenger Rail Strategic Business Case.

Recommendation 3: The committee recommends the Australian Government ceases any efforts to restructure coastal trading that may provide foreign-flagged ships with a competitive advantage over other modes of transport or disrupts Australia's freight supply chain.

The Australian Government **does not support** this recommendation.

The 2019 Freight and Supply Chain Strategy and the associated National Action Plan recognise that Australia's growing freight task relies on all modes of transport. Consistent with this position, the Australian Government considers that freight should be moved using the best mode of transport for the task, be it ship, train, truck or plane.

Australia has a coastal trading regime that provides priority and unfettered operation to Australian vessels and allows foreign flagged vessels to carry domestic cargo under a temporary licence. Australian onshore users of coastal shipping have been calling for changes to the *Coastal Trading (Revitalising Australian Shipping) Act 2012* to remove unnecessary costs and impediments to their business operations.

In late 2019, the Australian Government agreed to consultation on coastal trading reform. Consultation is ongoing and no decision of Australian Government has been taken. Consultation has included shipping providers, unions, onshore industry users of shipping, the cruise industry, and representatives from the rail sector. The Australian Government will take into account the information and the views of stakeholders in developing reform options for further consideration.

Proposed coastal trading reforms seek to address administrative inefficiencies and remove red tape within the current coastal trading framework that have been identified by existing users of coastal shipping and are expected to primarily benefit those engaged in the movement of bulk commodities.

The proposed changes are not expected to have a significant impact on containerised trade or fundamentally alter pricing structures or modal share. While it is a commercial decision for customers to determine the freight mode used to transport their goods, there are few shipping and rail lines that are in direct competition – and even where they are, direct rail is often faster, making it more suitable for time-sensitive freight.

As part of any reforms, protections for Australian-flagged vessels will be maintained, foreign vessels will continue to need licences, and impacts on other transport modes will be considered.

Recommendation 4: The committee recommends the Australian and state governments, in partnership with industry, integrate the Inland Rail project and associated intermodal terminals into the principles of the National Freight and Supply Chain Strategy, including:

- the development and adoption of the national urban freight planning principles; and
- the ongoing and expanded use of the Transport Network Strategic Investment Tool across the Inland Rail project to inform intermodal investment decisions.

The Australian Government **supports in principle** this recommendation.

Inland Rail is one of many Australian Government initiatives under the National Freight and Supply Chain Strategy (the Strategy) and contributes to all four critical action areas in accordance with the National Urban Freight Planning Principles (Principles).

In 2019, the state and territory governments agreed the Strategy, which outlines a national, holistic, coordinated and multi-modal approach to position Australia's freight and supply chains to face the challenges of the next 20 years and beyond.

The Strategy commits all levels of government and industry to action across all transport modes in four critical areas:

- smarter and targeted infrastructure
- enable improved supply chain efficiency
- better planning, coordination and regulation
- better freight location and performance data.

In May 2021, Infrastructure and Transport Ministers endorsed the Principles that are a key action under the Strategy and guide land use decision-making across all levels of government to improve Australia's freight planning.

The Principles recognise that the freight and supply chain sector moves this freight irrespective of transport mode – rail, air, shipping and road – across borders; connecting regions and cities; and beyond to international trading partners.

To assist businesses to understand the potential opportunities that Inland Rail may afford them, the Department of Infrastructure, Transport, Regional Development and Communications (Department of Infrastructure) has partnered with Australia's national science agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to map and analyse the current transport costs of supply chains that may use Inland Rail.

Applying the Transport Network Strategic Investment Tool (TraNSIT) developed by CSIRO, the Inland Rail Supply Chain Mapping Project investigates the potential transport cost reductions for supply chains that are currently primarily road-based, or already use rail as the main means of transporting freight. The final results of the Inland Rail Supply Chain Mapping Project, once completed, will be publicly available with the project's findings providing data on existing supply chains to assist businesses to understand how they may benefit from Inland Rail when it becomes operational.

The project results will also provide evidence to inform future public or private complementary investments to leverage the benefits of Inland Rail.[8]

[8] Australian Government, 2019; Information on the supply chain mapping Pilot Study for the now operational Parkes to Narromine section, available at, www.inlandrail.gov.au/for-business/transport-costs/CSIRO-supply-chain-mapping

Recommendation 5: The committee recommends that the Australian Government supports efforts to ensure intermodal freight planning applications demonstrate how intermodal terminals are linked to freight rail infrastructure, including Inland Rail.

The Australian Government **supports** this recommendation.

The Australian Government is already undertaking intermodal freight planning, currently working with the Victorian and Queensland state governments, through studies including the Brisbane Inland Rail Intermodal Terminal Business Case, to ensure that intermodal freight planning applications demonstrate how intermodal terminals are linked to freight rail infrastructure, including Inland Rail.

In Victoria, the Australian Government is committing up to $2 billion to deliver a new Intermodal Freight Terminal in Melbourne. Victoria is the largest generator and receiver of inter-capital freight and the Australian Government's investment will support both the Victorian and national freight networks.

The Australian Government's objective is to ensure all sectors are supported by a fair, efficient freight industry. Additional capacity to be delivered by these intermodal terminals is required to meet the future freight needs of Australia's domestic and international supply chains.

Further, the Australian Government is supportive of complementary investments including intermodal terminals established by private industry along the alignment, to leverage the benefits of Inland Rail and the availability of useable land and road links in regional areas.

The Australian Government's Inland Rail Interface Improvement Program (IIP) is also providing independent specialist business advisor support to local communities, industry and governments for them to develop business cases to assist them understand the costs and benefits of their proposed ideas and how these could enhance the benefits delivered through Inland Rail's development.

Upgrades to existing, or new, regional rail-based intermodal freight facilities or precincts along the alignment are amongst proposals being investigated through the Program. Some of these proposals are interlinked with Special Activation Precincts being delivered by the New South Wales Government in Moree, Narrabri, Parkes and Wagga Wagga – as dedicated regional locations identified to become thriving business hubs. (Refer to Recommendation 14 for further information on the IIP.)

Recommendation 6: The committee recommends Infrastructure and Transport Ministers, as part of the *National Freight and Supply Chain Strategy*, establish an Inland Rail working group to review and determine possible regulatory reforms to improve competitiveness, innovation, efficiency and use of Inland Rail.

The Australian Government **notes** this recommendation.

The Australian Government has made infrastructure investment a key national priority and has initiated and implemented a strategic approach to national infrastructure investment and development. The Australian Government supports a safe, streamlined and efficient transport across networks and borders.

The National Rail Action Plan (NRAP), agreed by Infrastructure and Transport Ministers in November 2019, seeks a collaborative approach between government and industry to identify opportunities to improve the efficiency and safety of Australia's rail system. Led by the National Transport Commission, the NRAP focuses on actions to align or harmonise standards and systems in infrastructure, rolling stock, control and communication systems; and meet the rail sector's critical skills and labour needs.

Infrastructure and Transport Ministers considered the first NRAP implementation report in November 2020 and in May 2021 committed to further work over the next three years to 2024, including:

- creating a National Rail Skills Hub to co-ordinate between state academies and industry initiatives to improve access and pathways to current and future rail skills needed to build and operate the national rail network
- priority rolling stock and infrastructure standards, a national rolling stock register and consideration of an approach to radio communications
- an interoperability framework to improve the productivity and safe running of the national rail network and assist the compatibility between different technological and communications systems.

Inland Rail, while a nationally significant piece of infrastructure, sits within the broader national network. Infrastructure and Transport Ministers have affirmed the importance of ongoing collaboration between governments and industry, to support longer term productivity and safety benefits for the entire rail sector.

Recommendation 7: The committee recommends the Australian and Queensland governments publicly release the business case study of a dedicated freight line to the Port of Brisbane upon its completion.

The Australian Government **supports** this recommendation.

The Australian Government supports this recommendation and has committed $20 million to fund the Port of Brisbane Further Planning work. The Australian Government supports the public release of the work, once completed, but notes that the Queensland Government must also consent to its public release.

The Australian and Queensland governments also jointly funded the Port of Brisbane Rail Access Study in 2019. The Port of Brisbane Further Planning work is intended to build on the findings of the Port of Brisbane Rail Access Study. The Australian Government supports the release of the findings of the Port of Brisbane Rail Access Study but as with the Further Planning work, notes that the Queensland Government must also consent to its public release.

Recommendation 8: The committee recommends the Australian and Queensland governments, in partnership with local governments, industry representatives and other stakeholders, conduct a thorough investigation into an extension of the Inland Rail project to the Port of Gladstone.

The Australian Government **supports** this recommendation.

The Australian Government has committed $10 million to fund a business case to assess the economic viability of extending the Inland Rail project from Toowoomba to the Port of Gladstone. This business case complements the Inland Rail route between Melbourne and Brisbane and will investigate an additional connection for Inland Rail to the Port of Gladstone, which could create new and significant opportunities for the freight industry.

The Australian Government is working with the Queensland Government to investigate how a rail connection to the Port of Gladstone could benefit people and businesses in regional Queensland along the new route. A number of stakeholders have expressed support for extending the Inland Rail project from Toowoomba to the Port of Gladstone including:

Central Queensland Regional Organisation of Councils and Regional Development Australia Central and Western Queensland (RDACWQ)[9] - on the basis that it will bring employment and business opportunities to the region and improve import and export option through to the Port of Gladstone.

The Gladstone Ports Corporation who believe that - a key component to growing industry in regional Queensland is the potential to link this current project (Inland Rail) to the future development of a Toowoomba to Gladstone rail line.[10]

Queensland Resources Council (QRC), Chief Executive, Ian Macfarlane who backs an extension of Inland Rail to Gladstone, arguing that - the project is just the kind of nation-building infrastructure the federal government should get behind.[11]

[9] RDACWQ, Submission 77 to Senate inquiry into Inland Rail, available at, www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/InlandRail/Submissions

[10] Gladstone Port Authority, Submission 117 to Senate inquiry into Inland Rail, available at, www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/InlandRail/Submissions

[11] CQ Today, available at https://cqtoday.com.au/news/2021/10/06/qrc-chief-backs-inland-rail/

Recommendation 9: The committee recommends the Australian and Queensland governments, in partnership with local resident groups, local governments, trucking and other freight and logistics companies, establish an Acacia Ridge and Bromelton working group to conduct an audit of existing road infrastructure of Acacia Ridge and other proposed intermodal locations in south east Queensland.

The Australian Government **notes** this recommendation.

The Australian Government committed $10 million towards a detailed business case to identify the locations for intermodal and freight-oriented developments in South East Queensland, which will support the Inland Rail project. The business case is exploring key locations in the region that are capable of accommodating present and future demand, including the full Inland Rail service offering.

The scope of the business case includes:

- defining the business need
- alignment with government objectives for Inland Rail
- integration with the broader transport network
- options for delivery of the terminal
- assessment of the economic, environmental, financial, technical and social impacts as well as risk management requirements for the proposed terminal.

The business case also investigates existing infrastructure and supply chain capabilities, mode share, and options for a new multi-use and open access intermodal facility. A thorough review of impacts arising from new freight infrastructure on the road network is within scope for the Brisbane Inland Rail Intermodal Terminal Business Case being undertaken by the Australian and Queensland Governments.

The joint Australian and Queensland Government project team for the business case has provided briefings to a number of key local governments and the Inland Rail Community Consultative Committees in South East Queensland.

The joint business case project team will also establish a stakeholder consultation framework as part of the detailed business case stage and prior to commencing work in late 2021.

Recommendation 10: The committee recommends the Australian and Queensland governments publicly release, upon its completion, the business case study into south east Queensland's Inland Rail intermodal terminals.

The Australian Government **supports** this recommendation.

The Australian Government supports the public release of the study into south east Queensland's Inland Rail intermodal terminals, once completed, but notes that the Queensland Government must also consent to its release.

Recommendation 11: The committee recommends the Australian Rail Track Corporation, in partnership with the Queensland Government, ensures the Kagaru to Acacia Ridge and Bromelton project is reviewed to the same level of transparency, stakeholder consultation and participation as other coordinated projects in Queensland.

The Australian Government **supports** in principle this recommendation.

The Australian Government notes that on 13 April 2021, the Queensland Office of the Coordinator-General decided not to approve the ARTC's application to have the Kagaru to Acacia Ridge and Bromelton (K2ARB) section declared a coordinated project for which an Environmental Impact Statement is required under the *Queensland State Development and Public Works Organisation Act 1971*.

In deciding not to declare K2ARB a coordinated project the Coordinator General noted that the project is located in an existing Queensland Rail corridor for which the Queensland Department of Transport and Main Roads has the legislative power under the *Transport Infrastructure Act 1994* to plan for and develop as a project.

The Australian Government, however, welcomes the ARTC's commitment to undertake the public consultation for the design and delivery of the K2ARB section in an equivalent manner to that required for a coordinated project. The Australian Government understands that the ARTC is engaging with Queensland's Department of Transport and Main Roads to determine the required approval process.

Recommendation 12: The committee recommends the Australian Rail Track Corporation and the Australian and Queensland governments prioritise the development of the Inland Rail Bromelton intermodal terminal.

The Australian Government **does not support** this recommendation.

The Brisbane Inland Rail Intermodal Terminal Business Case will recommend the most suitable location and characteristics of any additional terminal. The business case is considering additional terminal capacity to complement the existing terminals at Acacia Ridge and Bromelton at locations in South East Queensland including Ebenezer and Toowoomba. The work is underway and is due for completion in mid-2022, allowing sufficient time to deliver the selected terminal in time for Inland Rail operations between Melbourne and Brisbane in 2027.

Recommendation 13: The committee recommends the Australian, Queensland and Victorian governments, in partnership with the ports of Melbourne and Brisbane, consider measures to implement and upgrade Inland Rail's intermodal freight terminals to facilitate an international freight capability.

The Australian Government **notes** this recommendation.

Inland Rail is a key piece of the Australian Government's $110 billion infrastructure investment pipeline that will build a strong and resilient supply chain network that supports Australia's future freight demands. Inland Rail will provide new and more direct inter-capital freight capacity, helping move white goods, food and furnishings, more efficiently between domestic markets in South East Queensland and the Melbourne metropolitan area. But with Australia's domestic and international freight task expected to increase by more than 35 per cent over the next 20 years, integration of Inland Rail, with intermodal terminals and the ports will be critical.

That is why the Australian Government has committed up to $27.5 million to examine ways to improve connectivity to the ports of Melbourne and Brisbane. The Australian Government committed $7.5 million towards a business case to consider connections from the Port of Melbourne to the future Melbourne Intermodal Terminal. In addition, the Australian Government has also committed $20 million to the Port of Brisbane Further Planning work. The latter work will consider options for alignments, costs and benefits of a potential dedicated rail freight route to the Port of Brisbane, allowing future proofing of the corridor.

In addition to work focused on port rail connectivity, the Australian Government also committed $10 million towards another business case that will identify the location of the Brisbane Inland Rail Intermodal Terminal. This business case will take into consideration issues including the provision of a multi-use and open access facility to maximise the benefit from the terminal, promoting competition in the freight sector. The process will also consider the need for an import-export facility within the same, or at an associated site.

The Australian Government has also committed up to $2 billion to deliver a new Intermodal Terminal in Melbourne for the commencement of full Inland Rail operations in 2027. The new terminal will support around 1,350 jobs during peak construction and a further 550 jobs during peak operation. This commitment is further supported by the Australian Government's commitment of $61.8 million as an early investment to kick-start further planning and development activities.

The Australian Government investment towards the Melbourne Intermodal Terminal project is contingent on a matching contribution by the Victorian Government. A decision on the terminal location is subject to further planning and negotiations between the Australian and Victorian governments.

Recommendation 14: The committee recommends the Department of Infrastructure, Transport, Regional Development and Communications enhances transparency and accountability of the Inland Rail Interface Improvement Program by publishing:

- the selection criteria and assessments made by the department; and
- successful proposals that may result in material changes and/or additions to the Inland Rail project.

In addition, the committee recommends the department ensure the Inland Rail Interface Improvement Program interlinks with NSW infrastructure under the Special Activities Precincts, such as those already connected to Inland Rail at key regional consolidation centres such as Moree, Narrabri and Parkes.

The Australian Government **supports in principle** this recommendation.

In the 2019-20 Budget, the Australian Government committed $44 million to the Inland Rail Interface Improvement Program (the IIP).

The IIP provides support to local communities, industry and governments (the proponents) through independent specialist business advisors to assist the development of business cases to understand the costs and benefits of their proposed ideas and how these could enhance the benefits delivered through Inland Rail's development. Through the IIP, proponents for the 38 eligible proposals are receiving support to develop pre-feasibility, feasibility and strategic business case studies.

The Department of Infrastructure, Transport, Regional Development and Communications (Department of Infrastructure) procures and manages the business case advisor support provided to proponents. The business cases are not owned by the Commonwealth or Infrastructure, nor does the IIP provide or guarantee funding to implement any of the proposals.

Information on IIP eligibility, requirements for developing business case studies, and proposals found eligible for support continue to be publicly available[12]. Eligibility criteria and guidance for proponents on how to address the IIP application criteria were published on the Department of Infrastructure's IIP website prior to the opening of the Expression of Interest rounds in October 2019 and August 2020.[13]

The Australian Government supports the public release of business case studies completed through the IIP, but notes that commercial interest in the final business case proposals rest with individual proponents. The decision to release the findings of studies and business cases funded through the IIP is at the discretion of proponents.

Through assessment processes put in place by the Department of Infrastructure for the development of business case studies under the IIP, state government departments in Queensland, New South Wales (NSW) and Victoria are required to be consulted, as appropriate, to inform the development of proponent proposals. As with other organisations, state government departments were also able to put forward proposed ideas for business case support through the program. The Department of Transport for NSW is receiving business case support for multiple proposals found eligible under the program.

[12] Australian Government IIP eligibility criteria, available at, www.inlandrail.gov.au/for-business/interface-improvement-program/II-program-information-requirements
[13] Australian Government, Assessment outcomes on proposals found eligible for business case support, available at, www.inlandrail.gov.au/for-business/interface-improvement-program

Proposals receiving business case support through the IIP that interlink with the Special Activation Precincts announced by the New South Wales Government are:

Proponent	Proposal	Special Activation Precinct
Wagga Wagga City Council	Riverina Intermodal Freight and Logistics Hub - Enhancements to Terminal Operations	Wagga Wagga
Wagga Wagga City Council and Riverina Oils and Bio Energy	Grain terminal and dedicated rail siding at Riverina Intermodal Freight and Logistics Hub	Wagga Wagga
SCT Logistics	Parkes Intermodal and Refrigeration Hub	Parkes
Narrabri Shire Council	Northern NSW Inland Port Interface Connection	Narrabri
Moree Plains Shire Council	Moree Intermodal Park and Regional Activation	Moree
Louis Dreyfus Company	Louis Dreyfus intermodal facility upgrades	Moree

Recommendation 15: The committee recommends the Australian Government supports state and local government's efforts to prioritise and expedite planning approvals for intermodal terminals that have clearly demonstrated a capacity to efficiently link Inland Rail to other key rail and road freight routes.

The Australian Government **supports in principle** this recommendation.

The Australian Government notes that the responsibility for planning approvals primarily lies with the states and their local government organisations.

However, the Australian Government is committed to working with all jurisdictions to streamline approval processes under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). In December 2020, National Cabinet reaffirmed its commitment to implement 'single-touch' environmental approval processes under the EPBC Act to speed up projects, support economic recovery and create jobs.

Single-touch environmental approvals will enable the relevant state jurisdiction to approve actions that may have a significant impact on matters of national environmental significance. This means many projects will no longer require separate approval under the EPBC Act. Single-touch will complement existing bilateral assessment agreements that have been in place with all jurisdictions since 2015, to improve environmental outcomes while reducing unnecessary duplication.

New National Environmental Standards will underpin single-touch approvals. Consistent with the decision of the National Cabinet, the first National Environmental Standard for matters of National Environmental Significance will reflect the existing requirements of the EPBC Act.

These reforms are aligned with the recommendations of the ten yearly Independent Review of the EPBC Act undertaken by Professor Graeme Samuel AC, and completed in October 2020.

In addition to streamlining the Commonwealth's environmental approval process, the Australian Government is working with jurisdictions to streamline the delivery of infrastructure projects including through the National Cabinet Reform Committee for Infrastructure and Transport (Committee). The Committee was tasked in November 2020 with developing proposals to streamline planning and approval processes across all levels of government to support faster and more efficient delivery of infrastructure projects.

The Committee reported back to National Cabinet on 9 July 2021 advising that all jurisdictions had made progress to streamline the infrastructure pipeline within their jurisdictions, including through improving planning systems, reviewing and simplifying procurement processes and practices, improving project approvals and delivery, engaging and supporting industry, and investing in training and skills.

The Australian Government supports continued actions by the jurisdictions to expedite planning approvals for all infrastructure projects including intermodal terminals that will enhance the benefits of the Inland Rail project by providing new or increased capacity to efficiently connect Inland Rail to other key rail and road freight routes.

Recommendation 16: The committee recommends the Australian Rail Track Corporation engages an independent mediator to facilitate an improved working relationship with the NSW Farmers Association and the Country Women's Association of NSW.

The Australian Government **supports** this recommendation.

The Australian Government acknowledges that consultation and local knowledge are important to the success of Inland Rail – helping the ARTC to understand and develop solutions to address local concerns as it plans, designs and delivers the Inland Rail project.

The Australian Government welcomes the ARTC's advice that it is working with the NSW Farmers Association and the Country Women's Association of NSW, to appoint an independent mediator to facilitate its future engagements with these associations and in addressing their members' concerns.

Recommendation 17: The committee recommends the Australian Rail Track Corporation fosters improved local government consultation through regional forums aimed at generating community support for Inland Rail.

The Australian Government **supports** this recommendation.

The Australian Government welcomes the ARTC's renewed commitment to consult with local governments, communities and stakeholders to explore better ways to build public support for the Inland Rail project, including through supporting alternative design options that provide improved local outcomes for communities.

The Australian Government welcomes the fact that the ARTC, after hearing feedback from the community earlier this year is committed to carrying out broader and more meaningful community engagement across the Inland Rail program.

This renewed commitment has been demonstrated by the ARTC's recent engagements with the communities of Euroa and Benalla in Victoria. Taking on feedback from these communities with regard to how they would like these important precincts to look and function, the ARTC has developed and consulted on multiple new design options.

In Benalla, the ARTC has consulted with the community, including a feedback process on the draft design options for the proposed modifications to the station precinct and the replacement of the existing overpass. As a result of this consultation, the ARTC has now received support from the Benalla community for the proposed station precinct upgrade which it has announced it will now recommend and seek approval for from the Victorian Government.

The Government notes that the ARTC engages with communities through a range of forums including the 12 regionally based and independently chaired Inland Rail Community Consultative Committees; seven in New South Wales and five in Queensland, and two working groups in Victoria that it has established and supports. These groups bring together representatives from across communities with a broad range of interests, including local government matters, to consult on the design and delivery of Inland Rail.

In addition to these groups, the ARTC has recorded more than 15,000 interactions with stakeholders and members of the public in the past 12 months to November 2021, including: stakeholder briefings and meetings; one-on-one discussions with landowners, in person and online; community forums; meetings with advocacy groups; industry consultations; workshops; door knocks; telephone calls; community information sessions as part of notification of Environmental Impact Statements; as well as stands at local shows and pop ups on main streets.

The ARTC also continues to engage with regional councils and chambers of commerce, including business opportunity briefings, to advise on the planning for Inland Rail to assist them to support local communities and business to engage with Inland Rail both during its construction and once operational.

The ARTC acknowledges that open and timely consultation is critical to building public understanding and support for Inland Rail and that this consultation needs to be tailored to local needs as each section of Inland Rail progresses from design to construction to operation.

Recommendation 18: The committee recommends the Australian Rail Track Corporation conducts biennial independent reviews of its stakeholder engagement and consultation processes to ensure relevancy is maintained throughout all stages of the Inland Rail project.

The Australian Government **supports** this recommendation.

The Australian Government considers positive stakeholder engagement to be critical to the success of the Inland Rail project and notes the ARTC's advice that independent reviews of its stakeholder engagement and consultation processes were undertaken in 2015, 2018 and 2020.

As a result of these reviews the ARTC has made a number of changes to its engagement processes and continues to monitor and report on its engagement processes. Changes included diversifying the skills make-up of its Inland Rail Stakeholder Engagement team, including employing regionally based staff along the alignment.

The ARTC has publicly acknowledged that its initial engagements about the project and proposed route did not always meet the expectations of landowners and the community. As the project has progressed including the commencement of environmental assessments and the development of the reference designs for Inland Rail, the ARTC has been able to better address and respond to concerns from landowners and the community.

The ARTC continues to monitor and evolve its engagement and consultation process, including adapting to COVID-19 restrictions that have necessitated increased use of online meetings to engage and consult with stakeholders over the 18 months from March 2020.

The ARTC will continue to further monitor and review its stakeholder engagement and consultation processes, including through biennial independent reviews to ensure that its engagement with stakeholders is relevant and meeting their information needs throughout all stages of the Inland Rail project.

Recommendation 19: The committee recommends the Australian Rail Track Corporation, in partnership with the Australian and state governments, establish a broader consultation and engagement framework to address community concerns for matters that extend beyond, but are interconnected to the Inland Rail project.

The Australian Government **notes** this recommendation.

The Australian Government has tasked the ARTC to deliver the Inland Rail project consistent with the scope of works set for the project. Consistent with this objective, the ARTC is working with communities to identify where a variation to the scope of works can provide mutually beneficial outcomes for both the community and Inland Rail.

This includes work the ARTC is doing to explore opportunities to improve regional telecommunications services for communities along the alignment as it considers operational enhancements to its National Train Communications System.

The benefits of this work are now being realised. As announced by the Australian Government on 15 October 2021, the ARTC would be improving mobile telecommunications coverage along the Narrabri to North Star section in NSW of the alignment. These improvements are required for safe working systems and rail control for Inland Rail operations and will provide enduring communications benefits to the community.

The Australian Government is pleased to note that communities on the alignment, industry and relevant local governments have generally embraced the Inland Rail project and are seeking to leverage long term opportunities, including by developing complementary investments that will create new job opportunities and amenities in regional communities. Key examples include:

- investments in intermodal terminal and freight precinct facilities and connecting transport infrastructure along the alignment
- Special Activation Precincts being delivered by the New South Wales Government in Moree, Narrabri, Parkes and Wagga Wagga to establish thriving business hubs.

However, it must also be recognised that the ARTC’s primary role is to build Inland Rail, and it is not responsible for, or able to accommodate or fund, the many complementary investment opportunities being identified beyond the scope of building a modern and efficient rail line between Melbourne and Brisbane.

At the same time, through a range of other programs, the Australian Government is supporting many new project ideas and investments along the alignment to enhance growth and support jobs. These programs may be better positioned to support projects that are beyond the scope of the Inland Rail project but could build on the opportunities and benefits the project is bringing.

These programs and initiatives include the Government's:

- $4.9 billion Roads of Strategic Importance Program[14]
- $2.5 billion Local Roads and Communities Infrastructure [15]
- $1.38 billion Building Better Regions Fund[16]
- $1.2 billion Black Spot Program[17]
- $760 million Bridges Renewal Program.[18]
- $380 million Mobile Black Spot Program[19]
- $150 million Grade Separation Program for NSW[20]
- $44 million Inland Rail Interface Improvement Program[21]
- $1.7 million CSIRO Inland Rail Supply Chain Mapping study[22]
- $0.35 million EY Australia Inland Rail Regional Opportunities study[23]

Many of these programs and initiatives are already supporting local projects to improve community and business connectivity and transport logistics by enhancing communications and transport links across regional Australia.

In addition to these funding programs and initiatives, the Australian Government has a network of eight dedicated Inland Rail Regional Liaison Officers based in Wodonga, Dubbo, Moree and Toowoomba who are available to assist communities to seek information on or raise matters of concern that are interrelated to, but outside of the scope, of the Inland Rail project.[24]

[14] Australian Government, Roads of Strategic Importance Program, available at: investment.infrastructure.gov.au/about/national-initiatives/roads-of-strategic-importance.aspx

[15] Australian Government, Local Roads and Community Infrastructure Program, available at: investment.infrastructure.gov.au/about/local-initiatives/local-roads-and-community-infrastructure/index.aspx

[16] Australian Government, Building Better Regions Fund, available at: www.infrastructure.gov.au/territories-regions-cities/regions/regional-community-programs/building-better-regions-fund

[17] Australian Government, Black Spot Program, available at: investment.infrastructure.gov.au/about/local-initiatives/black-spot-program

[18] Australian Government, Bridges Renewal Program, available at: investment.infrastructure.gov.au/about/local-initiatives/bridges-renewal-program

[19] Australian Government, Mobile Blackspot Program, available at: www.infrastructure.gov.au/media-technology-communications/phone/mobile-services-coverage/mobile-black-spot-program

[20] Australian Government, Grade separating road interfaces, available at: www.infrastructure.gov.au/projects/ProjectDetails.aspx?Project_id=110486-20NSW-NP

[21] Australian Government, Inland Rail Interface Improvement Program, available at: www.inlandrail.gov.au/for-business/interface-improvement-program

[22] Australian Government, CSIRO Supply Chain Mapping Study, available at: www.inlandrail.gov.au/for-business/transport-costs/CSIRO-supply-chain-mapping

[23] Australian Government, Inland Rail Regional Opportunities by EY Australia available at: www.inlandrail.gov.au/understanding-inland-rail/publications-and-reports/inland-rail-regional-opportunities-ey-australia

[24] Australian Government, Inland Rail Regional Liaison Officers, available at www.inlandrail.gov.au/benefits/regional-liaison-officers

Recommendation 20: The committee recommends the Australian Rail Track Corporation and the Australian Government establish a key industry stakeholder group to formalise ongoing discussions with industry about the Inland Rail project specifically**.**

The Australian Government **supports** this recommendation.

The Australian Government will work with the ARTC to develop an appropriate forum to formalise discussions that are already occurring with key industry stakeholders. The forum will bring together key industry stakeholders to address matters of interest to industry regarding the delivery and future operation of Inland Rail and its role in the movement and distribution of freight in Australia.

The Australian Government is aware that the ARTC is a member of the Freight on Rail Group, the Australian Logistics Council and the Australasian Railway Association, among other supply chain and logistics organisations. The ARTC is also a member of the Infrastructure Association of Queensland, Toowoomba-Surat Basin Enterprise and Roads Australia. In addition to maintaining existing relationships, the ARTC is committed to further engaging with other stakeholders such as the Victorian Transport Association and the Queensland Trucking Association, to both provide information relating to and seek industry views on Inland Rail. The Department of Infrastructure and the ARTC are also active participants in relevant industry events and conferences, including the Australasian Railway Association Inland Rail Conference.

Recommendation 21: The committee recommends that the Australian Rail Track Corporation addresses all issues identified by the Queensland independent flood panel's findings and ensures all modelling and design issues identified are rectified as a matter of priority.

The Australian Government **supports** this recommendation.

The Australian Government is committed to ensuring that the ARTC develops world-leading engineering solutions for Inland Rail that take into account historic flood events, the local geology and present land use patterns.

The Australian Government is working with the Queensland Government to ensure that the flood modelling and designs developed by the ARTC for Inland Rail in Queensland meet both national guidelines and industry best practice for infrastructure in floodplain environments.

The Australian Government welcomes that the ARTC has publicly acknowledged the findings of the Independent International Panel of Experts for Flood Studies in Queensland's (the Panel) draft reports for the Border to Gowrie, Gowrie to Helidon, Helidon to Calvert and Calvert to Kagaru sections of Inland Rail and has committed to addressing the Panel's findings as it designs and delivers Inland Rail.

The Australian Government also welcomes the findings of the Panel's draft reports that the ARTC has undertaken substantial work to identify, assess and mitigate potential flooding impacts associated with project alignment and design, with this work being predominantly in accordance with both national guidelines and current industry best practice.

The Panel also acknowledges in its draft reports that[25]:

- it is entirely normal at this stage of a significant infrastructure project, such as Inland Rail, for some issues to still need to be addressed
- it is normal design practice for such issues to be addressed iteratively as a project progresses through its various design and approval stages
- the issues it has identified can be resolved through either adjustment to the ARTC's existing flood models or refinements to the design as the project progresses through its detailed design stage.

The Australian Government looks forward to receiving the Panel's final report and will, subject to the agreement of the Queensland Government, publish the report, noting that the implementation of the Panel's recommendations will be through the relevant Queensland regulatory planning and environmental approval processes.

Recommendation 22: The committee recommends any lessons learnt from the Queensland independent flood panel's findings are used to inform all floodplain modelling across the entire Inland Rail project.

The Australian Government **supports** this recommendation.

The Australian Government is conscious that decisions about the design of Inland Rail, where it crosses waterways and floodplains, raise legitimate concerns about the potential for its structures to change the impact of flood events.

The Australian Government welcomes the ARTC's advice that it is taking on board the lessons learnt from the findings of the independent flood panel in its ongoing design and delivery of the Inland Rail project.

This is further supported by the ARTC's assigning its existing service providers, responsible for the flood modelling, to work with the ARTC's appointed construction partners in developing the detailed design for the Narromine to Narrabri and North Star to NSW/Queensland Border sections in NSW and Border to Gowrie sections in Queensland of the Inland Rail project.

Recommendation 23: The committee recommends the Australian and Queensland governments publicly release, upon its completion, the business case study into a future passenger rail pathway between Toowoomba and the Brisbane rail network.

The Australian Government **supports** this recommendation.

The Australian Government supports the public release of the study, once completed, but notes that the Queensland Government must also consent to its release.

[25] Independent Flood Panel, draft reports are available at, www.tmr.qld.gov.au/projects/inland-rail/independent-panel-of-experts-for-flood-studies-in-queensland

Recommendation 24: The committee recommends the Department of Infrastructure, Transport, Regional Development and Communications ensures a requirement is applied to the Public-Private-Partnership agreement that local suppliers, when practicable, are utilised throughout Inland Rail's construction.

The Australian Government **notes** this recommendation.

The Australian Government supports the application of the most appropriate and efficient procurement models for the delivery of major projects, including for Inland Rail. The Government also supports the use of local suppliers for major projects where practicable, and competitive procurement processes that achieve value for money.

For the Inland Rail project, including Public-Private-Partnership (PPP) arrangements, the ARTC is implementing procurement strategies that create opportunities for local suppliers and contractors. This includes alliance procurement models for major contracts along the alignment that promote lower tier contractor participation, while achieving program delivery and value for money objectives. These alliance contracts (covering sections other than those to be delivered through the PPP) are likely to be worth close to $3.6 billion, and provide valuable opportunities for local business to benefit from Inland Rail construction.

The ARTC's Inland Rail Australian Industry Participation Plan requires that the ARTC and its contractors and suppliers provide Australian entities with full, fair and reasonable opportunity to bid to supply goods or services to the project. Furthermore, the ARTC works with its construction contractors to establish targets for procurement from local and Indigenous businesses.

As at 31 October 2021, the ARTC Inland Rail has awarded more than $2.2 billion in contracts to over 400 businesses, stimulating new revenue and growth opportunities for businesses in every state and territory of Australia. This investment has seen contracts awarded to companies and individuals, supporting work for engineers, surveyors, fitters, electricians, plumbers, concreters, construction machinery operators, traffic managers, cultural heritage and environmental advisers, works caterers, cleaners and mechanics across the nation.

Australian manufacturers are also benefiting as a result of contracts to manufacture and supply goods and material for the construction of the Inland Rail project including:

- $80 million for turnouts to be manufactured primarily at Vossloh Cogifer's facility in Castlemaine, Victoria
- $80 million in concrete culverts (98,625 tonnes) manufactured by Humes in Tamworth, New South Wales (NSW)
- $51 million in steel rail (38,000 tonnes) manufactured by Liberty OneSteel in Whyalla, South Australia
- $25 million in ballast and capping (800,000 tonnes) supplied by Calvani Crushing and Ausrock Quarries in Parkes, NSW
- $32 million for 316,396 concrete sleepers manufactured by Rocla in Mittagong, NSW
- $22 million for 224,939 concrete sleepers manufactured by Austrak in Wagga Wagga, NSW

Local people and suppliers in the regions where Inland Rail is under construction are also benefiting significantly. To date, construction activities on the first two sections of Inland Rail – Parkes to Narromine and Narrabri to North Star in NSW – have seen more than $130 million spent with over 200 businesses based in the towns and communities where construction is taking place, and providing work for more than 1,000 local residents.

Recommendation 25: The committee recommends the Australian and NSW governments establish an independent international flood and hydrologist panel to conduct a review of the flood modelling and design features of the Inland Rail project in NSW. This panel should consider the findings of pre-existing reviews, including the findings of the WRM Water and Environment *Independent Review of the Flood Modelling: Narromine to Narrabri Inland Rail Project*.

The Australian Government **does not support** this recommendation.

The NSW Government's environmental approval process for Inland Rail already includes the independent review by a hydrologist of the ARTC's flood modelling as a mandatory requirement of an Environmental Impact Statement (EIS). This requirement includes that the independent expert's report forms part of the EIS documentation released for public comment. These reviews include an assessment of the setup, calibration and application of the flood models to assess potential changes to flood impacts as a result of the proposed Inland Rail reference design.

The Australian Government notes that the Queensland Government's EIS process does not require an independent expert review of flood modelling, which is why the Australian Government and the ARTC supported the establishment of the independent flood panel in Queensland to provide assurance to communities that the flood models developed by the ARTC were in accordance with national guidelines and industry best practice.

The Australian Government welcomes the ARTC's advice that it is taking on board the lessons learnt from the findings of the independent flood panel in Queensland as it designs and delivers the Inland Rail project.

Recommendation 26: The committee recommends the Australian Government establishes an independent comparative review of the current Narromine to Narrabri alignment with the proposed Dubbo-Coonamble line and alternative routes around Narrabri, taking into account both the impacts and potential broader economic benefits for regional economies and communities.

The Australian Government **does not support** this recommendation.

In setting the Inland Rail route, the Australian Government has taken into careful consideration the findings of a range of studies undertaken in 2006, 2010, 2015, 2016, 2017 and 2020 to ensure that the route selected can meet business needs as defined by the Inland Rail Service Offering.

To fully realise the operational benefits of Inland Rail, the project needs to provide an inter-capital freight service between Melbourne and Brisbane that meets the needs of businesses in terms of cost competitiveness, transit time (less than 24 hours), and availability and reliability (98 per cent), so that goods reach their destination at the right time. Even a small increase in distance and transit time translates into an increase in operational costs for Inland Rail users. The transit time of 24 hours or less allows for an effective utilisation of rolling stock and reduces crewing costs, while a shorter route reduces fuel and track and rolling stock maintenance costs. The transit time also generates 'a value of time' saving for freight customers as goods are available at the point of pickup and delivery quicker than by existing road and rail routes. The ARTC 2015 Public Program Business Case for Inland Rail identified that the value of freight time savings associated with the 24 hour transit time accounts for 15 per cent of the total benefits of Inland Rail.

To achieve the Inland Rail Service Offering, each of the 13 sections that make up the over 1,700 kilometre Inland Rail route must optimally contribute to the service offering and as such each section needs to take the most direct route practical in terms of distance, engineering requirements and cost.

Where appropriate, Inland Rail has used existing rail corridors, but for some sections like the Narromine to Narrabri section in New South Wales a new and more direct route is needed to ensure that Inland Rail can meet its service offering.

The approved Narromine to Narrabri greenfield alignment is a key component of Inland Rail's achieving its service offering as it both reduces the distance by rail between Narromine and Narrabri by 167 kilometres and the transit time by 5 hours and 30 minutes as compared to using the existing rail corridors via Dubbo and Werris Creek.

In selecting the Narromine to Narrabri route the Australian Government considered the findings of a number of detailed studies in 2010, 2015, 2016, and 2017[26]. The 2016 and 2017 studies included Multi Criteria Analysis (MCA)[27] to compare the multiple alignment options considered via Dubbo, Gilgandra, Curban, Gulargambone, Coonamble, Mt Tenandra to the north of Baradine, Gwabegar and through the Pilliga State Forest.

In undertaking these studies the ARTC consulted with a broad range of stakeholders including landowners, communities and regional councils to identify and consider local alignment preferences. The studies also considered a range of other factors including the hydrology, constructability, cost and potential social and environmental impacts of the various alignments in determining the approved route.

The studies resulted in the selection of the approved Narromine to Narrabri study area as the best route between Narromine to Narrabri as it provides both the shortest distance and transit time and would cost less overall to build than the other alignment options examined.

[26] ARTC, *Inland Rail Route History 2006-2020* report, available at, www.inlandrail.artc.com.au/route-history-of-inland-rail-2006-2020

[27] The MCA reports and other documents published by ARTC in relation to the assessment and selection of the N2N route are available at, www.inlandrail.artc.com.au/where-we-go/projects/narromine-to-narrabri/info-hub/