

NARROMINE TO NARRABRI INLAND RAIL COMMUNITY CONSULTATIVE COMMITTEE

18 December 2020

Mr Andrew Bourne
Assistant Secretary
Major Transport Infrastructure Projects
Inland Rail Stakeholder and Regional Delivery
Department of Infrastructure, Transport, Regional Development and Communications
GPO Box 594,
Canberra
ACT 2601

Dear Mr Bourne

I write to you on behalf of the Narromine to Narrabri Inland Rail Community Consultative Committee (N2NCCC) in respect of concerns raised at a recent meeting in respect of increases in costs of the Inland Rail project, having regard to the capital costings contained in the Melbourne–Brisbane Inland Rail Alignment Study Final Report (IRAS) upon which the project's business case and overall development has been based.

By way of background, the N2NCCC has been appointed by the NSW Department of Planning Industry and Environment as a conduit for community consultation with Inland Rail in the development of the Environmental Impact Statement for the project and operates under three Sub-committees, given the linear length of the project, each based on the major centres along the proposed N2N alignment – Narromine, Gilgandra, and Narrabri. The most recent round of N2NCCC Sub-committee meetings was held from 7 to 9 December 2020.

At the meeting of the Narromine Sub-committee of the N2NCCC on 7 December 2020, Community Member Andrew Knop provided the following statement to the meeting:

'My issue is the exponential increases in the business case capital cost.

The business case uses the IRAS for the base cost analysis. The base cost is tabled in the IRAS final report:

Section B. Route development and costing
Appendix C - Design standards and
Appendix J - Capital cost and delivery program.

Each construction section has a cost estimate summary which makes up the base cost for the entire Melbourne to Brisbane project.

ARTC have lodged EIS and developed project maps for all sections as they enter advanced planning phases. I have evaluated these documents and found alarming

disparities between the 2015 base construction estimates and today's 2020 requirements.

Our N2N section is in its formative stage, however in one structure alone the entire N2N bridging allocation has been used with 3.9 km of bridging needed at Narrabri when only 3.7km was allocated to the entire N2N alignment by the business case. Based on flood plain modelling requirements the Castlereagh river bridging will likely be 3 to 4km long and our Macquarie/Backwater Cowal should be a similar length. The requirements of only 3 of the 73 N2N bridging structures have used almost 300% of the allocation. 70 structures are still required.

These figures are replicated along the entire Melbourne to Brisbane (M2B) alignment with many sections being 400% to 1000% over. In total, the 2015 M2B cost estimates allowed for 9,601m of bridging. ARTC's 2020 documents list current bridging requirements at 35,442m. An additional 100 unspecified structures are still to be included. This total will likely reach 45 km.

Tunnelling is another easily referenced cost overrun with 6.6km originally budgeted and 8.6km required in 2020.

In the N2N project, all listed base costs have escalated - culverting, excavation and fill, track length, land acquisition and impact mitigation costs - adding significantly to the projects financial risk.

The Australian Government Inland Rail statement of expectation requires the project to be delivered with transparency, probity, accountability, and integrity. I am concerned these key delivery objectives are not being met. To my knowledge ARTC has made no attempt to inform the Australian Government or the community that major increases to the project's infrastructure requirements are occurring even when questioned on these issues by Senate estimates or the Rural Regional and Transport Inquiry into the management of Inland Rail.

The Australian Government statement of expectations are crystal clear in their requirements:

"The Government expects that ARTC will provide all necessary information, as part of its reporting requirements, to enable Shareholder Departments to meet their assurance obligations under the PGPA Act."

"ARTC will advise risks to Shareholder Ministers and Departments on an 'early warning' basis (including significant lead time on sensitive delivery issues), and engage closely with them, including by providing monthly progress reports and immediate reporting on significant events."

ARTC will "promptly disclose to Shareholder Ministers and Departments any material variance from its Corporate Plan assumptions or forecasts, along with other material events. Should ARTC become aware that there is a substantial risk that it will be unable to complete Inland Rail, or a major component of Inland Rail, within the parameters set out in either the Corporate Plan or this Statement, it must advise Shareholder Ministers and Departments immediately."

Why do I bring this up? The statement of expectations also states, *“Shareholder Ministers expect ARTC will publish progress reports, release updated construction plans and deliver briefings to the public to ensure a high level of community confidence.”*

I have been to every N2N Narromine Sub-committee meeting. ARTC has never mentioned the ballooning base cost to our community. This massively increased base cost fundamentally impacts ARTC’s ability to complete the N2N, 310km greenfield section. Until these issues are transparently disclosed and evaluated how can the community have confidence that ARTC has the financial resources to complete this or any other financially compromised section.

I now bring this issue to the direct attention of ARTC, the Shareholder Ministers and Departments. If ARTC has disclosed these issues to the Shareholders Ministers and Departments then please brief our community as to the details and outcome of the findings. I have no confidence the project can finish what it has started and as such it places all our communities at significant risk.’

Similar comments to those made by Mr Knop were also expressed at the N2NCCC Gilgandra Sub-committee meeting the following day.

It is acknowledged that post the N2NCCC meetings that the Deputy Prime Minister, The Hon. Michael McCormack MP advised in a media release on 16 December 2020 that the Federal Government would provide an additional injection of up to \$5.5 billion of equity into ARTC. It is also noted that Inland Rail CEO Mr Richard Wankmuller said “This further investment will enable us to deliver the project to its fullest potential” indicating that the project will now include an extra 4,500 culverts, nine additional viaducts, a further 6.8km of bridges, 10 extra grade separations, and 450km of fencing.

The N2NCCC forwards the above comments for your review and despite the most recent media advice would appreciate your response as to how the matters of concern raised by Mr Knop have been and will continue to be addressed.

I look forward to your advice.

Yours faithfully,

Michael J Silver OAM
Independent Chair



Australian Government

**Department of Infrastructure, Transport,
Regional Development and Communications**

Mr Michael J Silver OAM
Independent Chair
Narromine to Narrabri Inland Rail Community Consultative Committee (N2NCCC)
PO Box 37
GUNNEDAH NSW 2380

Dear Mr Silver

Thank you for your letter of 18 December 2020 passing on the concerns of Mr Andrew Knop regarding the developments on Inland Rail project construction estimates since the 2010 Melbourne-Brisbane Inland Rail Alignment Study (IRAS).

I apologise for the delay in my reply, it was important that I confirm the accuracy of our information and address Mr Knop's concerns regarding the financial resources of the Australian Rail Track Corporation (ARTC) and whether these are sufficient to deliver the project.

The construction estimates in the 2010 IRAS, as well as the 2015 Inland Rail Business Case, were largely based on desktop studies. You may be aware that the Australian Government's investment decision in the 2017-18 Budget was also based on this information. The Australian Government emphasised at the time that Inland Rail costs would not be finalised until procurements, alignment and reference designs were completed.

ARTC has now made significant progress in the design, planning and delivery of Inland Rail. Inland Rail's scope has been refined to enable the delivery of more culverts, bridges, grade separations and viaducts, many of which appear in the Reference Design for the Narromine to Narrabri (N2N) section. The Reference Design is informed by robust consultation with the community, which has included more than 1000 interactions between ARTC and local landholders and more than 40 community consultation sessions delivered over the past four years.

Extensive planning, engagement and numerous studies have informed the N2N design to the point where ARTC submitted the Environmental Impact Statement (EIS) and associated Reference Design for public exhibition. The EIS is a robust process conducted by the New South Wales Department of Planning, Industry and Environment that will consider the proposed design, assess the impacts of the project and seek community inputs. I note that the opportunity for community submissions in relation to N2N closed Sunday, 7 February 2021 and I understand a number of submissions have been received to inform this important process.

As you mention in your letter, the Government announcement of 16 December 2020 outlined the additional commitment of up to \$5.5 billion in Commonwealth equity for ARTC to deliver Inland Rail. This additional funding reflects the enhanced features and scope of Inland Rail and will support more than 21,500 jobs at the peak of construction.

Changes in Australian rainfall and runoff guidelines for infrastructure design, the requirement for additional earthworks and state government changes to biodiversity offsets have been

significant drivers in the enhanced design for the N2N project. The increased Government investment to ARTC will cover the enhanced features of Inland Rail including: the now identified and proposed 4 km long viaduct at Narrabri; the 1.2 km viaduct at Narromine and more than 70 additional structures required on N2N as listed in the EIS and depicted in the project fly-through available from the ARTC Inland Rail website inlandrail.artc.com.au/where-we-go/projects/narromine-to-narrabri/works-and-planning/.

Like other major infrastructure projects, the Inland Rail costs will evolve as planning, environmental approvals, detailed design and procurements are completed. ARTC reports regularly to Shareholder Departments through its Board and to the Australian Government. Robust governance and monitoring will continue to measure the delivery of Inland Rail against the program schedule and budget to manage risks.

While I note Mr Knop's concerns about the transparency of Inland Rail cost estimates, the Government is also cognisant that the early disclosure of detailed project cost estimates could adversely impact ARTC's ability to negotiate value-for-money terms as it establishes key contracts. Both concerns are legitimate and require judgment as to the appropriate balance in achieving the best public policy outcome. That being said, ARTC and the Commonwealth will continue to publicly report financial information regarding Inland Rail and the Commonwealth's investment in ARTC as part of their respective annual reports. Information regarding ARTC Inland Rail contract commitments are also published on their website at inlandrail.artc.com.au/opportunities/suppliers/awarded-contracts/.

In light of the Government's increased investment to deliver Inland Rail, stakeholders can be assured that ARTC is adequately resourced to deliver the program. I trust this addresses the concerns expressed by Mr Knop on this matter.

I would like to thank the N2NCCC's ongoing contributions to the community consultation process for the N2N section of Inland Rail. I appreciate the opportunity to continue working with the N2NCCC to support ARTC's delivery of the Inland Rail project and to maximise the benefits of this national infrastructure to the community and region.

Yours sincerely

Andrew Bourne
Assistant Secretary
Inland Rail Stakeholder and Regional Delivery Branch

12 February 2021