

Eastern States' Inland Rail Corridor

- 9.1 During this inquiry, the Committee was told that several consortia are examining the feasibility of an inland rail freight corridor, to link Melbourne with the Queensland ports.
- 9.2 The concept of an inland freight route has been seriously discussed for at least a decade. Each time it has been brought forward, however, any real progress has been stopped by a combination of factors, such as: high infrastructure cost, different rail gauges, the need for close co-operation between the State governments and with the Australian Government, and doubts about the level of demand.
- 9.3 In the last few years, the intensity of discussion has increased. The rapid expansion of minerals exports, in particular, has brought the weaknesses of the current rail infrastructure to public attention. Adding to the public disquiet has been a rapid increase in the number of large trucks on the roads, due to the growing share of the freight task held by road transport.
- 9.4 The Committee heard evidence from two of the consortia: the Australian Transport and Energy Corridor Ltd (ATEC) and the Great Australian Trunk Rail System (GATRS). Each group is keen to see the proposed rail system completed as soon as possible. Their main differences lie in the routes proposed. ATEC also envisages the link being continued to join the line first to Gladstone through the Surat Coal Basin, and on to Darwin at some future stage.
- 9.5 Mr Everaldo Compton of ATEC, in his evidence to the Committee, claimed that the rail line from Melbourne to Toowoomba could be built for \$800 million. He said the problem lay in getting from there to

Brisbane, through the ranges. That section, he said, would cost another \$2 billion.¹

- 9.6 ATEC favours taking the line from Toowoomba through to Gladstone. That section could be built for another \$800 million, Mr Compton said. In addition to the lower cost, it has the advantage of providing a direct link to a major port for the Surat coal basin.²
- 9.7 In December 2006, the Queensland Government granted a mandate to an ATEC-led consortium to build or upgrade 700km of rail line from Toowoomba to Gladstone. ATEC said the new line would give sixteen coal mines in the Surat Basin a rail link to Gladstone – and a minimum of twenty million tonnes of additional coal exports through that port.³
- 9.8 Toll Holdings, owners of Pacific National, said that the project could only work if the major stakeholders worked together on it. The company said that :

It cannot be done without the federal government, it cannot be done without Queensland and Queensland Rail and it cannot be done without Pacific National. We are looking for an environment in which we can bring those key parties together and make sure that we do get the right outcome – so it will work like a Swiss watch and serve us well into the next 20 years. ... We want to try to work this thing forward methodically with the main stakeholders, which are the parties I mentioned.⁴

- 9.9 Toll Holdings also said that the link to Brisbane is an essential part of the concept:

The largest cost in the inland railway project, the infrastructure project, is creating that link into Brisbane. I have heard numbers in the order of \$1 billion, and it is probably more given the way infrastructure costs are rising so dramatically at the moment. By the time we get to it, it might

1 Australian Transport and Energy Corridor Ltd, Transcript, 9 November 2005, Canberra, p.6.

2 Australian Transport and Energy Corridor Ltd, Transcript, 9 November 2005, Canberra, pp. 6 and 8.

3 Australian Transport and Energy Corridor Ltd, *Policy for an Inland Railway*, February 2007, pp.2-3.

4 Toll Holdings, Transcript, 1 August 2006, Sydney, p.39.

be \$2 billion. The railway simply will not work without that connection.

There has been talk in the past of terminating south of the border and running road into Brisbane but it does not make sense at all. We have to come to grips with the need for that connection to be made. That is why I say that this project cannot be completed and it can never work without the support of the Queensland government. I do not necessarily mean by that financial support, but it needs their support and Queensland Rail's support to succeed.⁵

- 9.10 GATRS sees the north-south link as very important, but only a part of the concept of an Australia-wide trunk rail system. In examining the alternatives for the Melbourne to Queensland route, GATRS applied a basic principle, the aim was to have the:

...fastest, flattest and straightest line we could put in because the best lines in the world are fast, flat and straight. We did not want to have to run over hills or a huge number of coastal rivers. ...There have been small changes to what we proposed, but that was based again on being the flattest, fastest and straightest. For instance we did propose to go from Inglewood towards Warwick and Toowoomba initially but then found if we go from North Star to Millmerran it is a straight line. It is flat, straight, out of flood water and out of the hills and would save probably a couple of hundred million.⁶

- 9.11 Mr David Marchant, of the ARTC, acknowledged the difficulty of the problem of access to Brisbane. However, he said that the planners will also have to take into account access to Sydney:

We can never run away from the fact that Sydney and Melbourne are the two largest logistical centres in this country. It is not possible just to ignore Sydney and say we will go from Melbourne to Brisbane and pretend Sydney is not there. It is just not possible to do that. No matter what result comes about, Sydney has to be addressed.

The [DoTARS] report indicates that in the early term there would be substantial expenditure on an inland route between Melbourne and Brisbane and suggests that it would be some

5 Toll Holdings, Transcript, 1 August 2006, Sydney, p.40.

6 Great Australian Trunk Rail System, Transcript, 1 August 2006, Sydney, p.50.

time before the capacity was utilised against the degree of capital spent. There is obviously some risk about whether that would bear fruit for a long period – that is, it would need to be subsidised for operating costs for a long time.⁷

- 9.12 Mr Marchant also indicated that the option of by-passing Brisbane held similar problems:

It would be fair to say, on the market research, that the Toowoomba-alone option, without going into Brisbane, would not attract the same revenue base as the proposal to go to Brisbane. It [the DoTARS report] does not canvass what would happen to the roads if you went to the Toowoomba-alone option, but a previous report mentioned that the number of trucking movements between Toowoomba and the coast would be very significant.

Basically, if you do not go to Brisbane then you are going to have another problem. Firstly, Toowoomba on its own will not attract as much on rail and, secondly, even if it does attract it, the number of road movements between Toowoomba and Brisbane would require a very substantial road program. And you would be dealing with a massive number of B-doubles per hour, which I expect would have some reaction from the community there as time moved on.⁸

- 9.13 The Committee agrees that whatever solution is finally adopted for the inland freight line, it will only be successful if it caters for the substantial Sydney and Brisbane freight traffic.
- 9.14 The projects emphasised by this Committee on the East Coast route, are seen as critical and complementary to the operation of the Inland Rail Corridor.

The DOTARS Study

- 9.15 The Minister for Transport and Regional Services announced on 17 September 2005, that a detailed study of the proposed north-south rail corridor would be carried out:

7 Australian Rail Track Corporation, Transcript, 6 September 2006, Canberra, p.17.

8 Australian Rail Track Corporation, Transcript, 6 September 2006, Canberra, p.17.

...the study will comprehensively examine future freight demand and capacity, and options for the vital Melbourne-Sydney-Brisbane rail corridor.⁹

- 9.16 The study was commissioned by the Department of Transport and Regional Services and was carried out by Ernst & Young, Hyder Consulting Pty Limited and ACIL Tasman Pty Limited (the Study Team).¹⁰
- 9.17 Under the Terms of reference, the Study Team was required to examine:
- route options;
 - environmental issues;
 - market assessment;
 - projected demand;
 - other transport infrastructure requirements; and
 - financial and economic impacts.¹¹
- 9.18 The Study Team's report was released by the Minister on 7 September 2006.
- 9.19 While not making recommendations to the Government, the study examined a wide range of route options. It commented on the advantages/disadvantages of the various options and estimated the costs required to complete them.
- 9.20 The report included an extensive Executive Summary, and a shortened version of it is attached as Appendix A. In essence, the report found that the inland route would need to be in operation by 2019 if Australia was to keep pace with the rapidly growing freight task. It proposed four main alternatives for the route to be followed, with local variations examined for each one.¹²
- 9.21 In the southern section there are two specific alternatives, to go through Shepparton or through Albury. The Albury route would give

9 The Hon Warren Truss MP, Minister for Transport and Regional Services, *Project Manager Appointed for North-South Rail Corridor Study*, Media Release 022WT/2005, 17 September 2005.

10 Ernst & Young, et al, *North-South Rail Corridor Study Executive Report*, 30 June 2006, p.3.

11 Ernst & Young, et al, *North-South Rail Corridor Study Executive Report*, 30 June 2006, p.3.

12 Minister for Transport and Regional Services, The Hon Warren Truss MP, *North-South Railway Corridor Study Released*, Media Release 146WT/2006, 7 September 2006, p.1.

a faster transit time (about $\frac{3}{4}$ of an hour) and cost about \$500 million less than via Shepparton.¹³ Shepparton on the other hand, although slower, would allow the use of longer trains and double stacking of containers. On the Albury line, double stacking could only begin at Junee. Either of the two routes would have a problem in the Bunbury Street tunnel in Melbourne, and this would need to be addressed.¹⁴

9.22 The four main alternative routes are:

- Far Western – via Junee, Parkes, Narromine, Coonamble, Burren Junction, Moree, North Star, Goondiwindi and Toowoomba. Cost is at least \$3.1 billion (of which, \$2 billion is for Toowoomba to Brisbane) and transit time about 21 hours.
- Central Inland – via Junee, Parkes, Dubbo, Werris Creek, Armidale, Tenterfield, and Warwick. Cost about \$8 billion, transit time 24 hours.
- Coastal – following the existing coastal route. Cost \$10 billion, transit time just under 22 hours.
- Hybrid Route – combining elements of the inland options to Muswellbrook, through to Maitland and then joining the coastal route. Cost would be \$6.8 billion, transit time around 26 hours.¹⁵

9.23 The study found that a considerable contribution from government will be needed to enable the project to be completed. Financial analysis carried out as part of the study indicates that subsidies will also be needed.

13 Minister for Transport and Regional Services, The Hon Warren Truss MP, *North-South Railway Corridor Study Released*, Media Release 146WT/2006, 7 September 2006, p.1.

14 Ernst & Young, et al, *North-South Rail Corridor Study Executive Report*, 30 June 2006, p.11.

15 Minister for Transport and Regional Services, The Hon Warren Truss MP, *North-South Railway Corridor Study Released*, Media Release 146WT/2006, 7 September 2006, pp.1-2.