MEDIA RELEASE

Inland Rail's role in the supply chain

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For too long we have put up with a sub-standard east coast rail network that just doesn't service the national interest. When you think about what the country needs in terms of infrastructure you will understand why it is important as a project and we are getting on with it.

ARTC

Since 2004 ARTC has invested around $6.5 billion upgrading the network across five states. This has occurred in partnership with the private sector with projects funded by our balance sheet but also the Federal Government.

Timing is everything. Inland Rail is being built at a time when the rest of the interstate network and the Hunter Valley has been substantially upgraded. So we can leverage off that investment when Inland Rail is commissioned in 2025.

What is Inland Rail?

Inland Rail is a new transport spine for the fast growing eastern seaboard where population centres are growing, 60% of the Australian economy is generated through the eastern seaboard.

For the first time double-stacked, 1800m trains will be able to operate across all the mainland states and the Northern Territory and that is a world –class standard. That is what Australia needs in terms of its rail infrastructure going forward.

Importantly, Inland Rail will reduce the transit time between Melbourne and Brisbane to 24 hours from 31-32 hours today, which makes it road competitive. Obviously that is an essential ingredient to improve the utilisation of the network.

It is of significant benefit that we can utilise 60% brownfield corridors, including the existing Interstate mainland, which forms part of the ARTC network.

Inland Rail isn't just about a single railway line that runs between Melbourne and Brisbane. What we are going to end up with on the eastern seaboard is a very resilient rail network with multiple pathways that will build contingency and flexibility.

Road has three major interstate freeways operating on the east coast, we have one, and that one is not even continuous because of the metropolitan network in Sydney.

So Inland Rail, given that we have a network of rail operations on that eastern seaboard, will provide that flexibility and contingency, and that shouldn't be underestimated.

Inland Rail is fully funded

The important thing to note is that this project is now fully funded. The federal government announced an additional $8.4 billion of equity into ARTC on top of $600 million that they committed to the previous year, and that was on top of $300 million that formed part of the grant funding to commence pre-construction works.

The second big announcement of the budget was that they wanted ARTC to deliver the project, in partnership with the private sector.

The Government also announced that due to the complexity of the project, and also to get the private sector to take some of the risk share, that they propose to implement a public private partnership for the section, 126km from Gowrie, near Toowoomba, to Kagaru on our existing Sydney to Brisbane main line.

Inter-capital Freight

67% of the inter-capital freight will be carried by Inland Rail, but that's not just Melbourne to Brisbane, a lot of the freight flows between Brisbane to Perth, Brisbane to Adelaide. Of course there is also significant volumes of agricultural products and coal.

Inland Rail is not just an engineering project - what it does is that it links together our ports, our regional areas and our capital cities and all our terminals with a backbone that is world class, that is efficient, and can deliver the benefits to our customers.

Freight Hubs

What we are beginning to see is the commencement of people starting to think about terminal developments, particularly around Parkes, which is a major hub. We've got Toowoomba and of course we've got the Wellcamp business park.

What rail needs to be doing a lot more is making sure that when rail infrastructure is built, that it is integrated with freight precincts that not only can handle the freight loading between road and rail, but provides facilities for freight to be distributed, all in one large footprint, to enable freight to be moved around in the most efficient manner.

Inland Rail Service offering

This (Inland Rail) was built with a purpose in mind, and it was to provide customers with a service offering they needed to encourage them to move freight from road to rail.

The outcome of those discussions was that they wanted trains that were similar to what was operated between the east coast and Perth. They wanted 21 tonne axle load at 115km/h, they wanted double stacking and they wanted full operability, so trains can run Brisbane-Perth, Brisbane-Adelaide, Melbourne-Brisbane and interchange freight at Parkes which will become a significant node on the corridor.

Future freight demand

I mentioned rail market share between Melbourne and Brisbane, well we expect in meeting those customer service characteristics that we can move from 25% market share to 60%.

If you're looking at the corridors Brisbane-Melbourne, Brisbane-Perth, Brisbane-Adelaide, rail has got 2 million tonnes of that freight and road has got 4.7 million tonnes. The freight demand will grow because of population growth and so on. And you'll see in 2030 with Inland Rail it will begin to overtake road in terms of market share, and then by 2050 the market share will probably be nearly reversed.

Just imagine in 2030 if rail freight can't go much above say 3 million tonnes per annum, how much of that freight that has to move will be undertaken by road?

And you go out to 2050, you can just imagine again rail carrying 2-3 million tonnes of freight because of those coastal route constraints and road having to pick up something like 12,13,14 million tonnes of freight, something like 3-4 times what it carries today.

Market Share

Customers are quite specific on what will move them from one mode to another. They want at least a service offering equivalent to what they have today, if not better. They want cost to reduce. They want transit time and delivery reliability to improve to match that of road.

It's not like we haven't got an example. East-West, Melbourne to Perth, Sydney to Perth, enjoys something like 82% market share, rail to road on land transport, and the cost of movement of freight is probably 30-40% cheaper than road.

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