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Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Submission - Inland Rail project by the Australian Rail Track Corporation (ARTC) and the Commonwealth Government

SCT is a national, multi-modal transport and logistics company. We are the largest privately owned rail company in Australia and operate Independent Interstate, regional and Port rail services throughout Australia as well as providing bulk rail haulage services. We own and operate major Rail Intermodal facilities in Brisbane (Bromelton), Parkes NSW, Melbourne (Altona), Wodonga (Barnawartha), Horsham, Adelaide and Perth. The company was established in 1974 and is a private rail operator moving general freight on the east-west and north-south interstate rail network. The company supports significant regional employment and economic activity in Australia, employing over 400 people in regional towns and 1,200 management and staff nationally.

Getting a Move On: Inland Rail critical to rail freight industry

The Inland Rail project is a piece of infrastructure that is critical to Australia in so many ways. The 1,700 km rail freight network servicing our eastern seaboard is a vital piece of Australia's National Freight and Supply Chain Strategy. It provides the arterial connection between Melbourne and Brisbane, intersecting the rail network into Sydney, Adelaide and Perth. In travelling distance alone, Inland Rail will save 500 kilometres in distance for freight trains travelling between Brisbane to Adelaide and Perth and around 300KM between Melbourne and Brisbane. Whilst we see significant investment in our road and highway systems year after year, much of our national rail system has languished in comparison.

A number of issues influence the decision for customers in which mode of transport they choose to send their freight. Factors including Cost, Environmental impact, Reliability and Safety all play a hand in these decisions. Government policy around freight directly influences market share. For example, decisions to relax legislation around foreign shipping companies moving domestic cargo or to leave the road industries diesel fuel tax credit untouched continue to erode the competitiveness of rail in Australia.

Having commenced running interstate trains between Melbourne and Brisbane in 2017 we are acutely aware that Inland Rail is an essential infrastructure project for the survival of interstate rail in Australia. It ensures that rail is provided an opportunity to compete with the road industry on a more equal playing field. For too long there has been a commitment by governments largely on the back of serving passenger cars and voters to invest in our road networks, often to the detriment of rail. We know that by 2050 we will need to move more than 16 million tonnes of freight on our highways and railways between Melbourne and Brisbane and Adelaide to Perth. Should Inland Rail not proceed a dedicated truck Highway costing 4-5 times more than Inland Rail will most likely be required.



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Trucks are a vital part of the supply chain, however we recognize that we must consider the right mode choice for the right task. More trucks will not address the broader challenges and long-term freight needs we have as a nation and the suggestion of encouraging more road freight vehicles to the detriment of rail goes against every green energy emission reduction policy that our governments endorse.

Fundamental to the future supply Chain

A modal shift to rail, supported by bipartisan policy and regional infrastructure investment decisions is critical to re-balancing Australia's supply chain. Reliance on road comes at a cost to the nation today and will have a lasting impact on future generations. Projections show the current road and existing rail will be unable to keep up the growing population and, with it, growing freight demand. With the cost of road congestion projected to grow by \$18.9 billion to \$38.7 billion in 2031, it's about adopting the right modal mix for freight delivery across Australia.

Inland Rail also plays an important role in providing the missing piece to our national supply chains and, with it, driving national productivity. It connects regional and rural communities, enabling the growth of grain and other primary produce that will strengthen the supply chain. Continued regional investment in terminals and intermodal hubs in and around these precincts will strengthen local, regional and state economies.

We need to ensure that major freight precincts of the future are rail-enabled with intermodal terminal capability and either direct rail connections or land and corridor preservation. For high volume bulk minerals, rail is the best option to achieve low cost, community friendly, safe and reliable transport services to export markets.

The Inland Rail project represents a significant infrastructure opportunity for Australia during the construction phase as well as in post-construction transport and logistics hub opportunities.

Working closely with ARTC and Inland Rail specifically, we recognize that building large-scale linear infrastructure is very complex and challenging. This inquiry should be focused on how supporting the acceleration of Inland Rail and acknowledging the project is an economic enabler for the nation – at a time when the national discourse is focused on how governments can secure productive infrastructure investment.

Construction / Service Offering

SCT has been part of extensive consultation, including project design, with government, ARTC and industry to ensure the project is done right. SCT was pleased with the outcome from these consultations which continue today, and the progress now being made beyond planning and design to pre-construction, and construction works in some parts. SCT would like this inquiry to support the acceleration of works.

Over the years we have seen demand for greater efficiency (both cost and service) of the north-south corridor and as a result an increase in traffic. Our customer base has evolved their supply chains to a point where the vast majority of the general freight market operates 'just in time' inventory levels. Service delivery of products to retailer shelves and ultimately the end consumer is paramount. The use of the rail network is a key component to achieve this. As such, the service offering by Inland Rail is important and should not be changed needlessly. SCT need a fast and



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reliable freight backbone to allow rail to service its customers and be able to operate with greater agility. SCT recommends the inquiry ensure the project's service offering is protected to allow for freight to be moved in less than 24 hours between Melbourne and Brisbane. SCT needs a straight route for the true benefits of Inland Rail to be realised as we seek to provide excellent service at the most competitive price for the consumer.

SCT acknowledges the work currently underway between the Commonwealth and Victorian governments to investigate options for a major terminal in Melbourne. As part of Inland Rail, SCT will require clearance enhancements for operations for both double stack containers and high-cab vans to its terminal at Laverton, Victoria.

Investment Certainty

SCT has invested significantly in rail intermodal terminals over the past 20 years that continue to support our interstate rail industry. In recent times, we have also acquired a number of new age technology locomotives and additional rolling stock to accommodate our growth and increased rail services including our commencement on the North South rail corridor.

As a result of the Inland Rail project, SCT has already undertaken projects and investments to prepare for future delivery on this network. The capital required to invest in rail operations is significant and as such our company, and others in the industry, require certainty that commitments for national projects like Inland Rail will not change. SCT's significant investments in major Rail Terminals at Wodonga, Parkes and Bromelton, the hundreds of people we employ in those terminals and our investment in locomotives and rolling stock are all jeopardized by Inland Rail not proceeding or being slowed. For reference, our investment in these regions is in excess of a 150 Million to date.

While SCT have seen various concerns raised relating to the funding of Inland Rail, we stress that there needs to be a continued focus on investment and support of rail infrastructure by governments. The skew of funding to road is not sustainable and not in the nation's best interest to meet the freight task. SCT sees Inland Rail as a first step to addressing Australia's rail infrastructure backlog and providing the opportunity for our industry to lessen the burden from our highways.

Growing our regions

An important element of Inland Rail is its regional focus, as the only major transport infrastructure project that benefits Regional Australia today. Inland Rail re-balances Australia's freight future – shifts volume onto rail and caters for future growth. You can see first hand what SCT alone has been able to achieve through its investments in Wodonga, Parkes and Bromelton.

Inland Rail provides the perfect opportunity for not only exporters, but also manufacturers who wish to position themselves in reducing supply chain costs. SCT believes this project will be a catalyst for attracting potential importers and manufacturers into the regions, and SCT is continuing to advocate and work with local council and regional development boards to see this occur.



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Conclusion

SCT Logistics supports the inquiry if it is focused on how it can help support ARTC and the government in the delivery of this transformative project. There has already been a significant level of consultation with industry and community to get this project right. SCT is a prime example of a company that will be taking full advantage of Inland Rail to grow more freight on rail and help drive economic growth in the regions.

Yours sincerely

Geoff Smith
Managing Director