



**REGIONAL
AUSTRALIA**
at its best!

Inland Rail Alignment & Flooding Concerns

Macintyre Flood Plain



THE EFFECTS OF EXISTING STRUCTURES

Why GRC does not agree with ARTC findings and model study area

North Star to Yelarbon

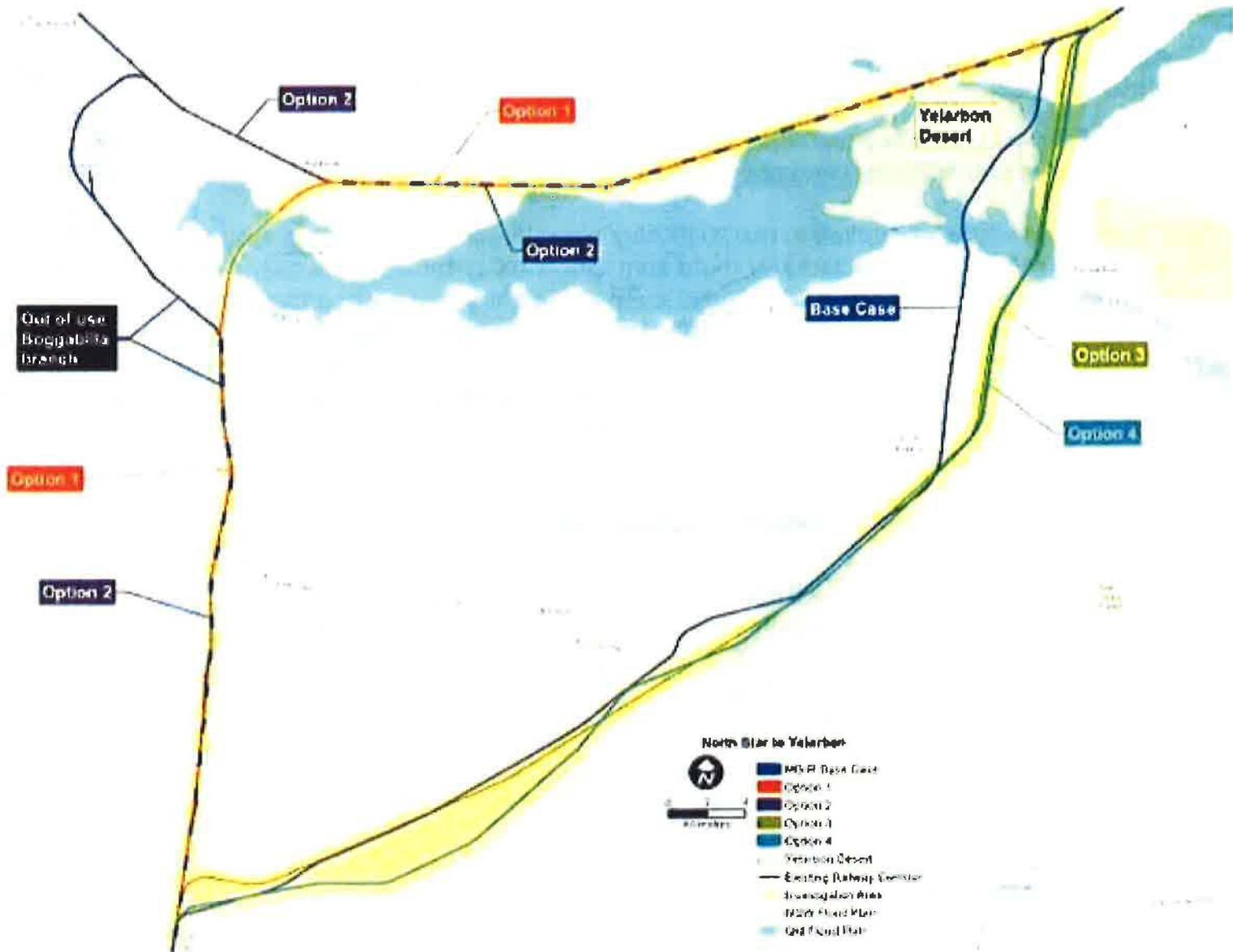
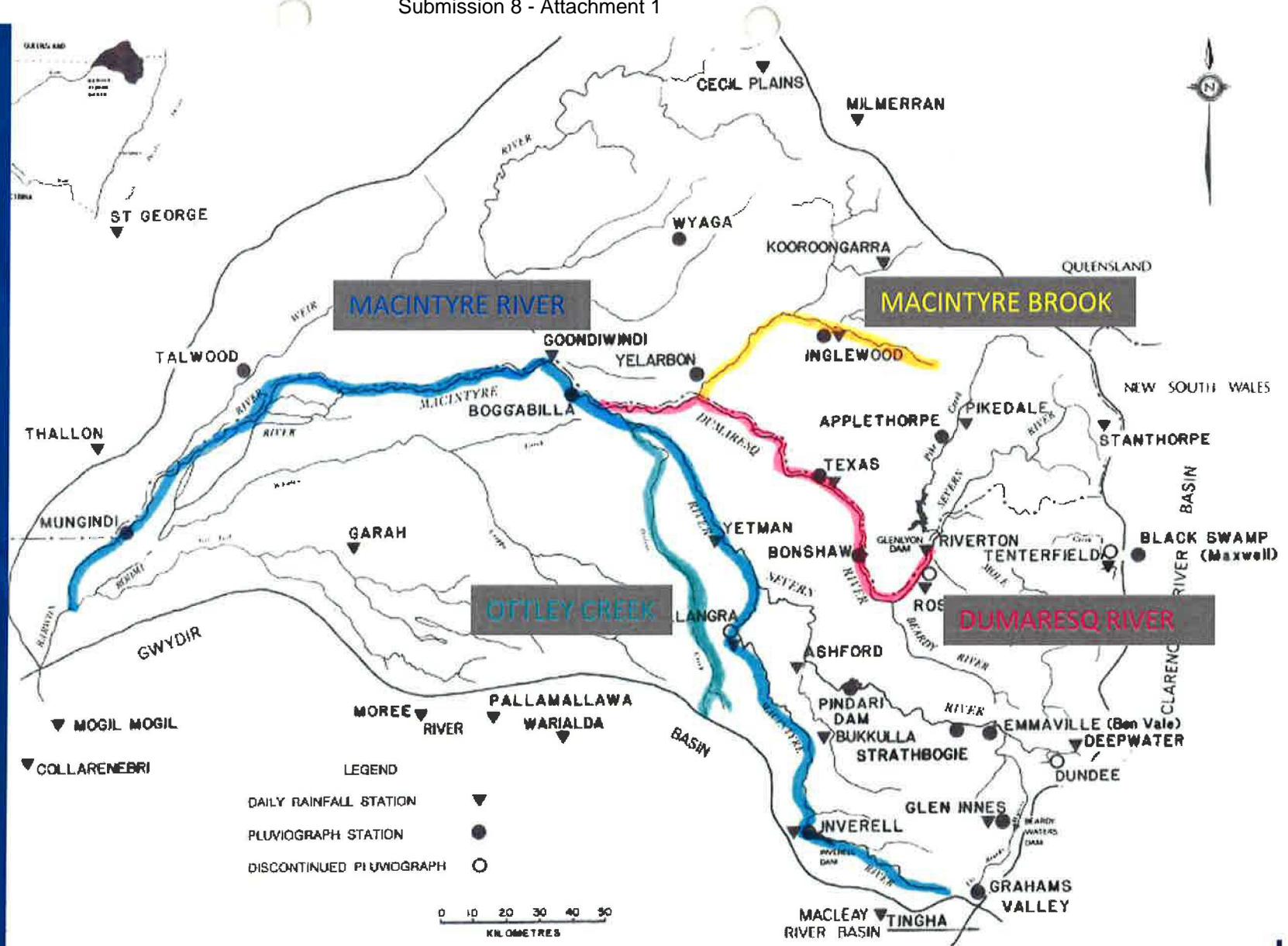


Figure 1.2 2016 Alignment Options and Investigation corridor

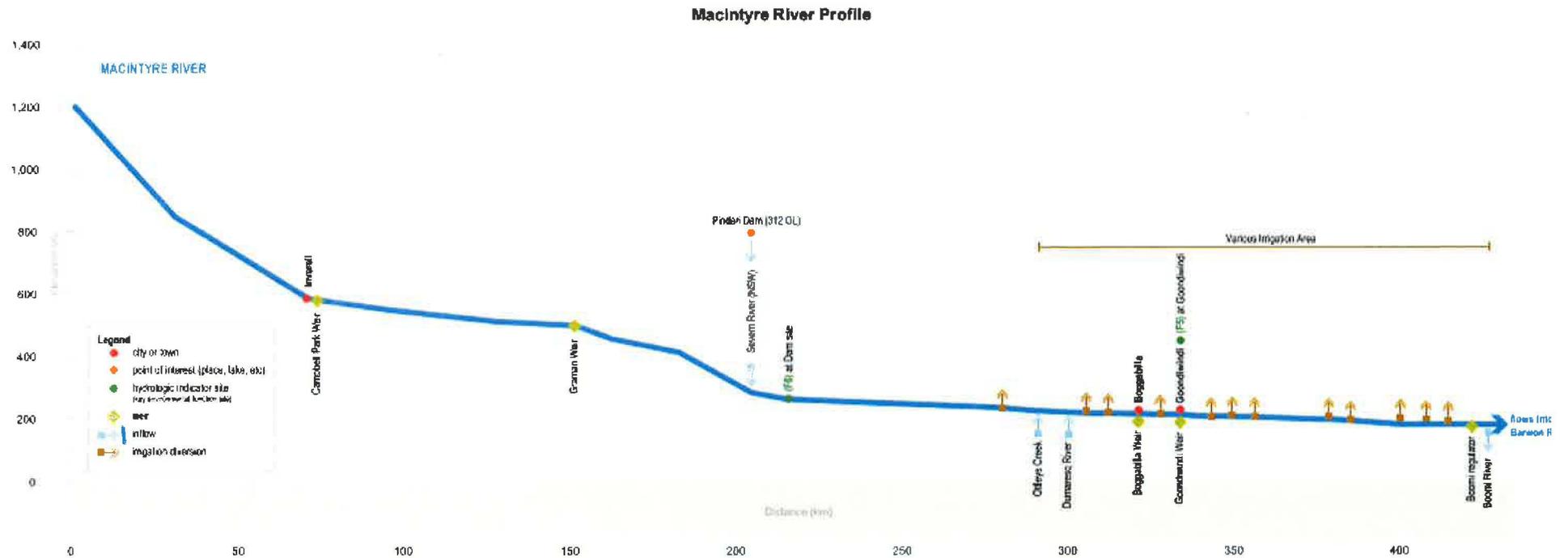
Border Rivers Basin



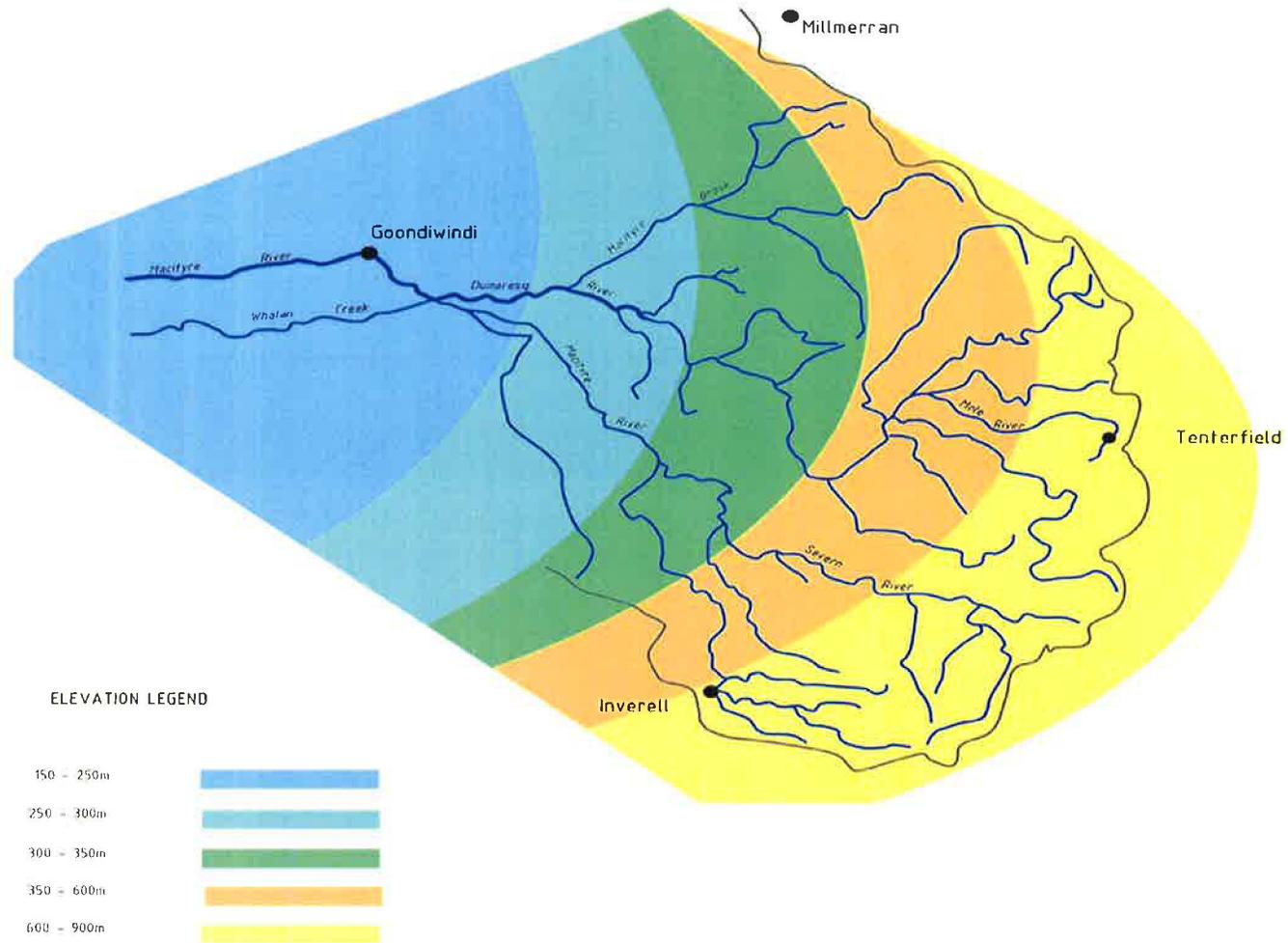
CATCHMENT AREA

- 4% of Murray–Darling Basin
- 45,675 km²

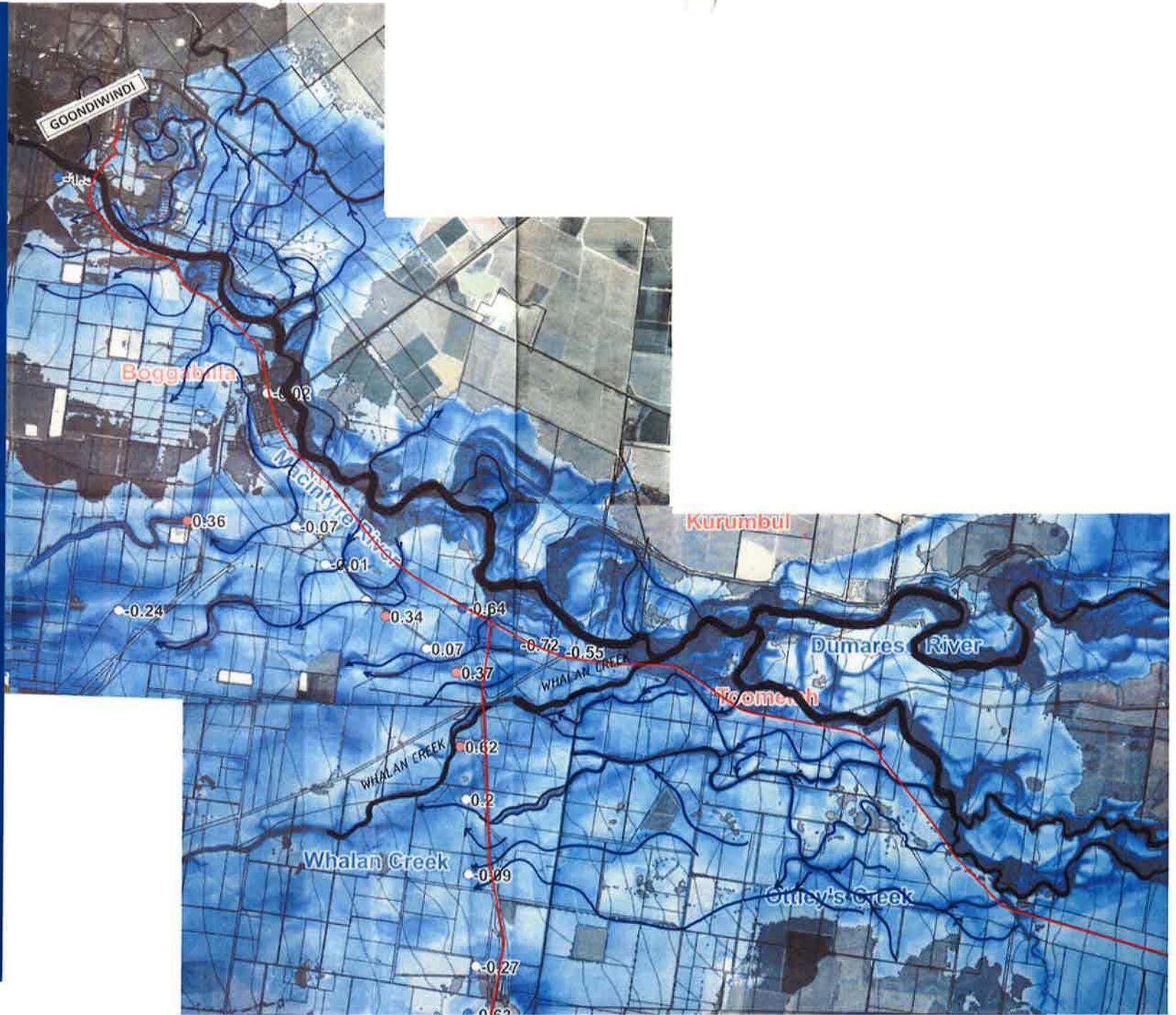
Macintyre River Elevations



Border Rivers Elevations



1976 Flow Paths



Historic Flood Heights - Goondiwindi



Macintyre River Flood Gauge January 2011

Local Disaster Management Group

Goondiwindi encountered one of the **highest flood levels ever recorded in 2011**. During that event, the western end of the levy bank had no free board or room for any increases. The previous photo indicates a slight tolerance; however, this photo is at one of the highest points on the 27km of levy bank and is not a true indication of the enormity of the concern. Having said that, it shows very little tolerance anyway.

Despite a much lower volume of water than previous floods such as 1976, Goondiwindi still recorded a record river height. This can only be attributed to **continuing development on both sides of the river**. With less floodplain available both sides, it is a given that the river heights must increase.

We are continually challenged with river flows west of Goondiwindi, and what is obvious, is that if a landholder in one position is receiving less water, someone somewhere is receiving more.

The concern I have as the Chairman of the Local Disaster Management Group (LDMG) in respect to potential flooding impacts, is that **any amount of earth mounds that causes any affect to the river** heights (large or small) whether it be by less escapeage through the Whalan Creek system or other developments like roads etc., this increase will magnify greatly by the time if reaches the township of Goondiwindi and create unwanted pressure on sections of the Goondiwindi levy bank - something that has never been breached.

I am seeking an assurance and evidence from the Australian Rail Track Corporation (ARTC) that, in the event of a flooding situation no greater than what occurred at Goondiwindi in 2011, their proposed rail infrastructure spanning the Macintyre River and associated flood plain, will not adversely impact the town or environs of Goondiwindi.

Cr WP (Rick) Kearney
Chair, Goondiwindi LDMG



Historic Flood Heights - Boggabilla



Wobbly Boot Hotel 1956, 1976 & 2011

Historic Flood Heights

Date	Gauge Reading		Peak Discharge ML/day Boggabilla
	Goondiwindi	Boggabilla	
January 2011	10.64m	12.56m	328,553
September 2010	8.83m	9.94m	72,509
August 1998	10.48m		164,788
January 1996	10.60m	12.51m	301,186
April 1988		10.88m	104,000
July 1984		11.60m	134,000
May 1983	10.40m	11.85m	148,500
February 1976	10.50m	12.80m	320,000
December 1970	10.34m	11.63m	138,000
January 1956	10.27m	12.53m	182,000
Q100 (Predicted)	10.68m	12.72m	

Recent Major Floods Compared to 2011

1976 328,553 MG PER DAY AT BOGGABILLA

1. Minimal floodplain development at time
2. Even flows from all four distributors.
3. Much more escape of floodwater through Whalan Creek & Otterley Creek floodplains.
4. Basically open flood plain with a possible third to a half of water not reaching the Boggabilla Flood gauge.

1996 301,186 MG PER DAY AT BOGGABILLA

1. Partially developed floodplain at time
2. Flows from all four distributors
3. More escape of floodwater through Whalan Creek & Otterley Creek floodplains.
4. Lesser flows than 1976 but similar heights attributed to confined floodplains.

2011 320,000 MG PER DAY AT BOGGABILLA

1. Fully developed floodplain
2. No Macintyre River water – River actually flowed backwards at peak. Limited flows in Macintyre Brook and Otterley Creek
3. Limited escape for floodwater through all systems causing higher flood levels at Boggabilla and Goondiwindi. Attributed to extra development and restrictions between Boggabilla and Goondiwindi and less escape behind saleyards and onto Alcheringa & Royston.
4. Restricted flood plain with obvious choke points at Whalan and beyond Boggabilla. More water going passed the Boggabilla Flood gauge

EXISTING RAILWAY & ROAD INFRASTRUCTURE



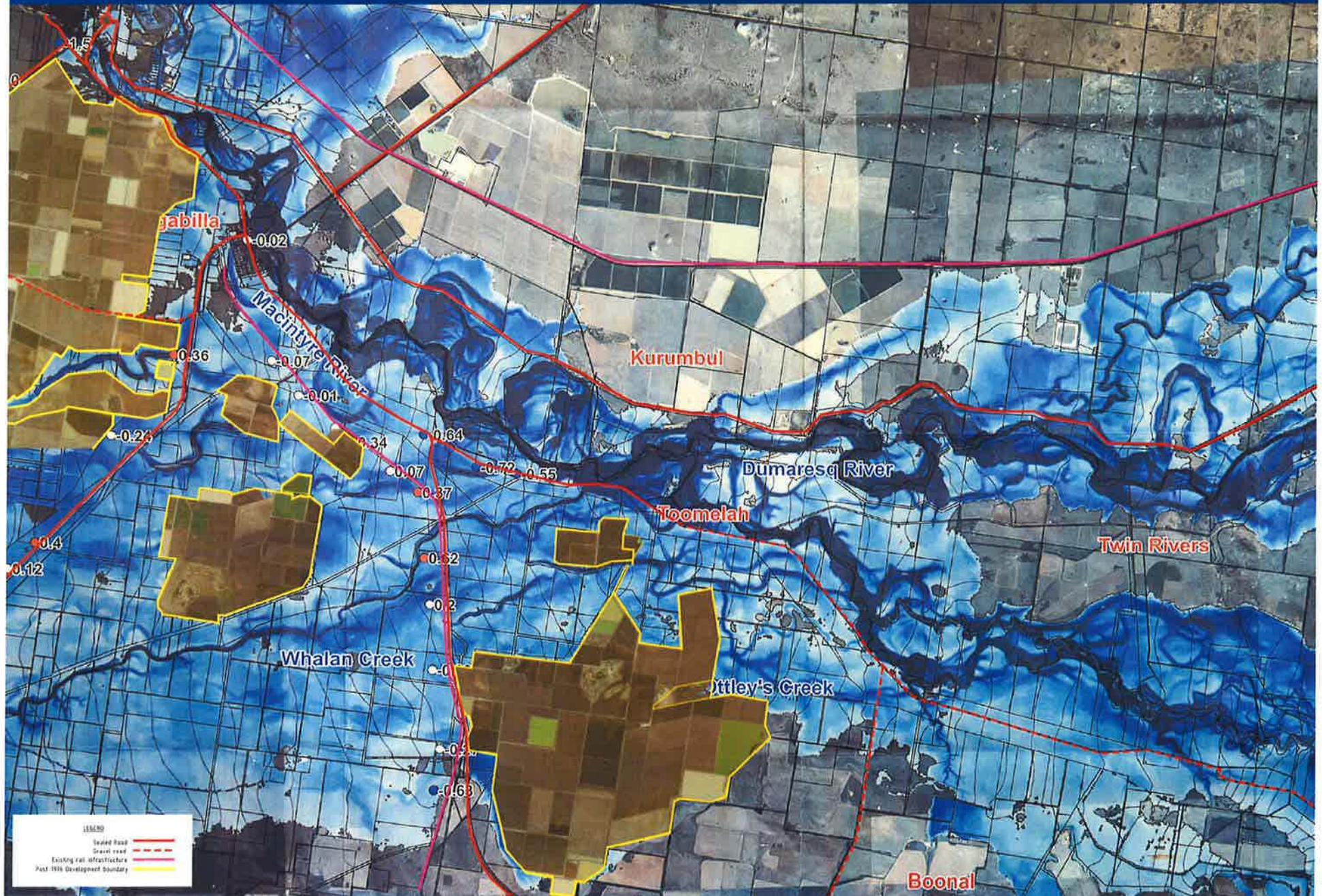
1976 FLOOD – OBSTRUCTIONS ON THE FLOOD PLAIN



1976 FLOOD – OBSTRUCTIONS ON THE FLOOD PLAIN



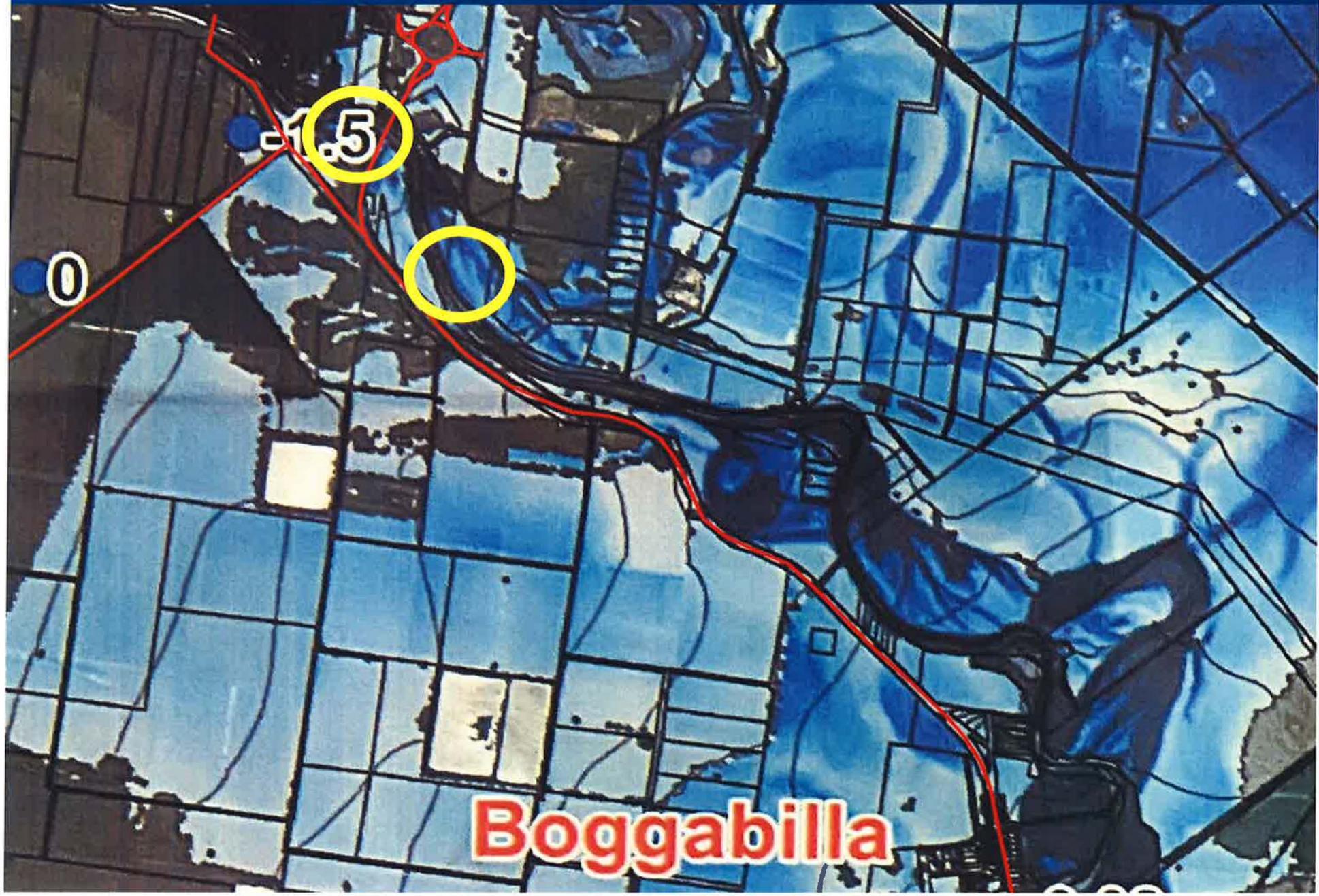
1976 FLOOD – OBSTRUCTIONS ON THE FLOOD PLAIN



Floodwater Obstructions - Macintyre River Bridge



Floodwater Obstructions



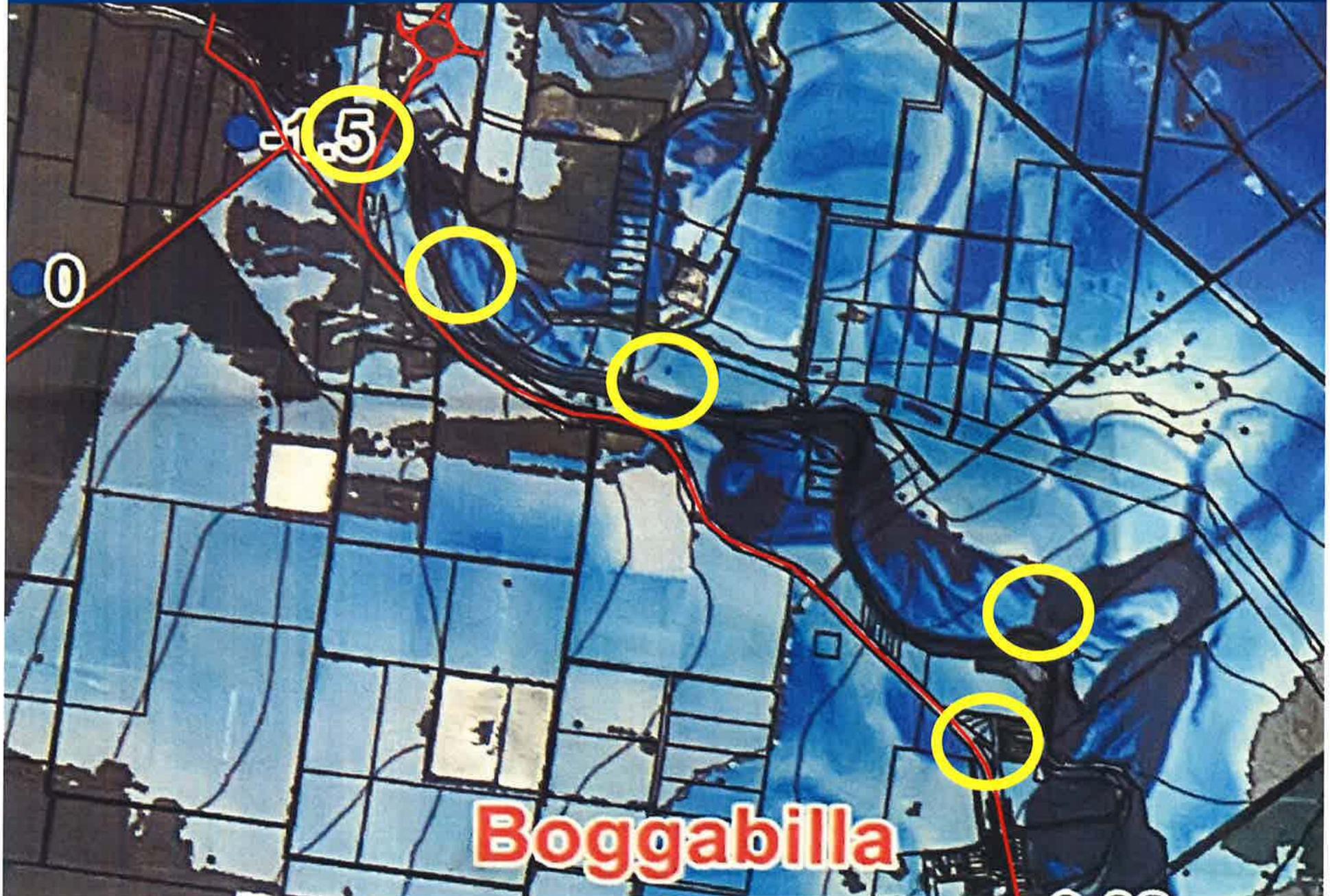
Floodwater Obstructions – Irrigation Development and Highway



Floodwater Obstructions – Boggabilla Weir and Associated Banks



Floodwater Obstructions



Modelled ARTC effects



Legend

- Cadastra
- Watercourse
- Roads
- Sensitive Receptors
- Proposed Rail Alignment

Afflux (m)

	< -0.50		0.01 to 0.05
	-0.50 to -0.20		0.05 to 0.10
	-0.20 to -0.10		0.10 to 0.20
	-0.10 to -0.05		0.20 to 0.50
	0.05 to 0.01		> 0.50
	-0.01 to 0.01		
	Was Wet Now Dry		
	Was Dry Now Wet		

Notes: Draft

Other Works in the Region

Work begins on \$122 million Newell Highway upgrade project, south of Boggabilla



Northern Tablelands MP Adam Marshall and local Aboriginal Elder Aunty Elaine Edwards turn the first sods of soil on the \$122 million Newell Highway upgrade project, south of Boggabilla.

IMPROVED safety and freight transport productivity are on the cards for Moree Plains Shire, with the start of the \$122 million Newell Highway upgrade project, south of Boggabilla.

Northern Tablelands MP Adam Marshall recently turned the first sod of soil on the project, which is officially the largest roads project in NSW west of Great Dividing Range.

He said both state and Commonwealth governments were investing \$61 million each in the road upgrade, which would see 18 kilometres of the Newell completely replaced and upgraded between Mungie Back Creek and Boggabilla, for the first time since 1973.

Local News



Summary

The earlier comparison's clearly show the influence that development has on river heights. Irrigation and especially road development has altered the flow patterns presenting a much different picture in 2019 than that of 1976.

In fact, floodwater only has two options these days. More water down the Macintyre River causing a higher level in Goondiwindi or break out into Qld and come around the north of the town into Brigalow Creek and present another flooding problem.

Pre 1956, the major floods of Goondiwindi came from the northeast and not originally from the river. In 1956 when the town had four floods in four weeks, the river most certainly maintained those flood heights for a much longer period.

The current development is existing and we must work with what is on the ground. **It is unfortunate for ARTC that this nation-building project is the last one off the platform but the planning around this project must work around the existing situation.**

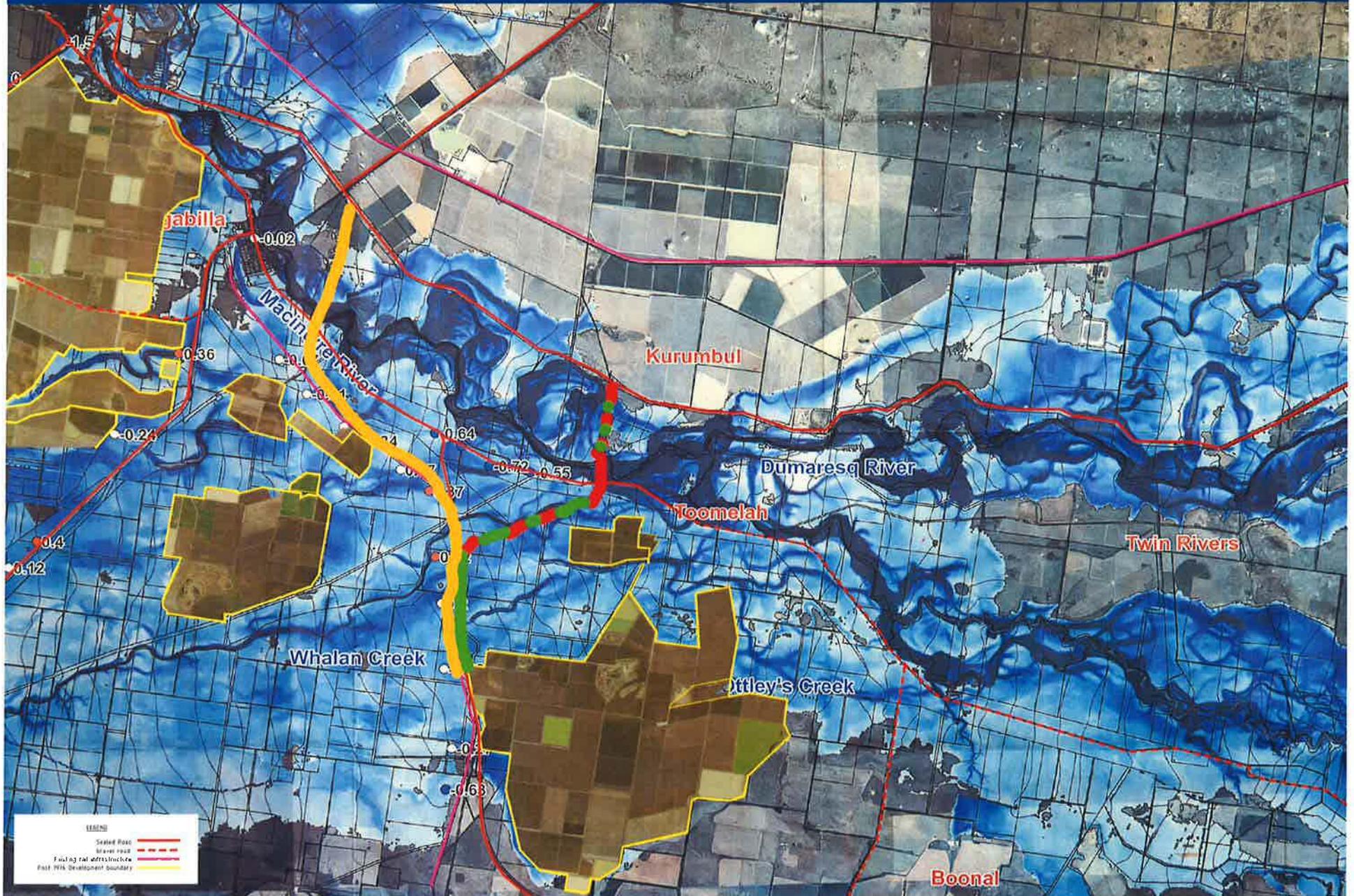
Goondiwindi cannot stand any increase in flows in the main river channel or an afflux on the existing Town Levy bank as has been described a number of times and reinforced by the local LDMG. There is **NO** freeboard to absorb.

Therefore, it is the opinion of GRC that the only solution is one of the following.

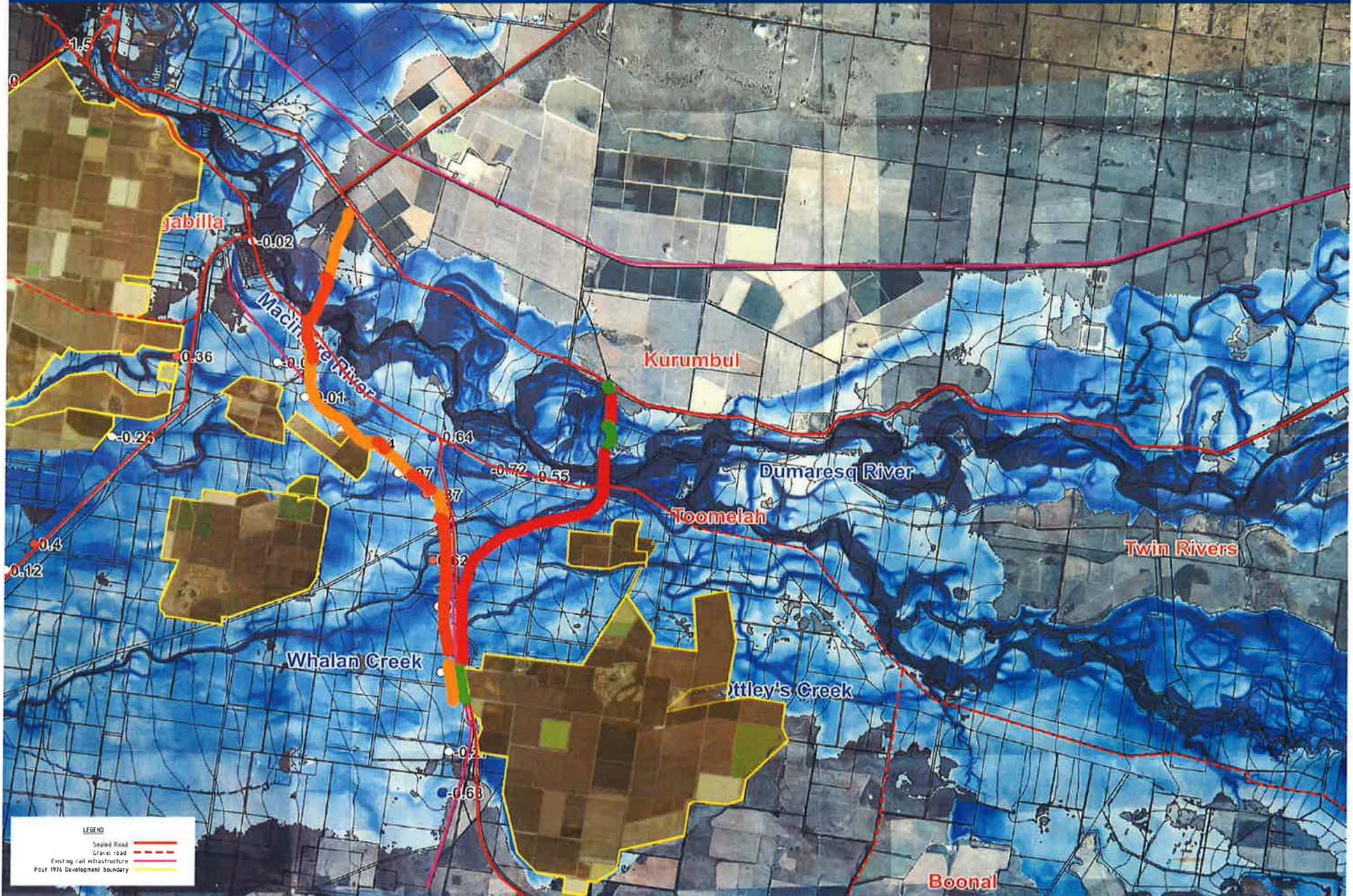
- (a) If D1 is the preferred option of ARTC, it must be a bridge over the entire floodplain and no obstructions or diversions are acceptable. This may be a major cost, which will require a reassessments of the MCA to look at the economic benefits to Goondiwindi, the very reason the original proposal was changed to the current route.
- (b) However, it is our opinion, that Option A, while still requiring a number of bridges over the choke point of the Whalan Creek, is by far the better option as it does not interfere with the overall flood plain and only crosses the floodplain to intermittent high points. It is already noted in the MCA report that the preferred crossing point of the Macintyre River is on Option A.

Attached is a rough sketch map of proposals.

Proposals – Current and Option A



Proposals – Indicative GRC Preferences



This is what we are trying to avoid!!!



GOONSWINDI CBD

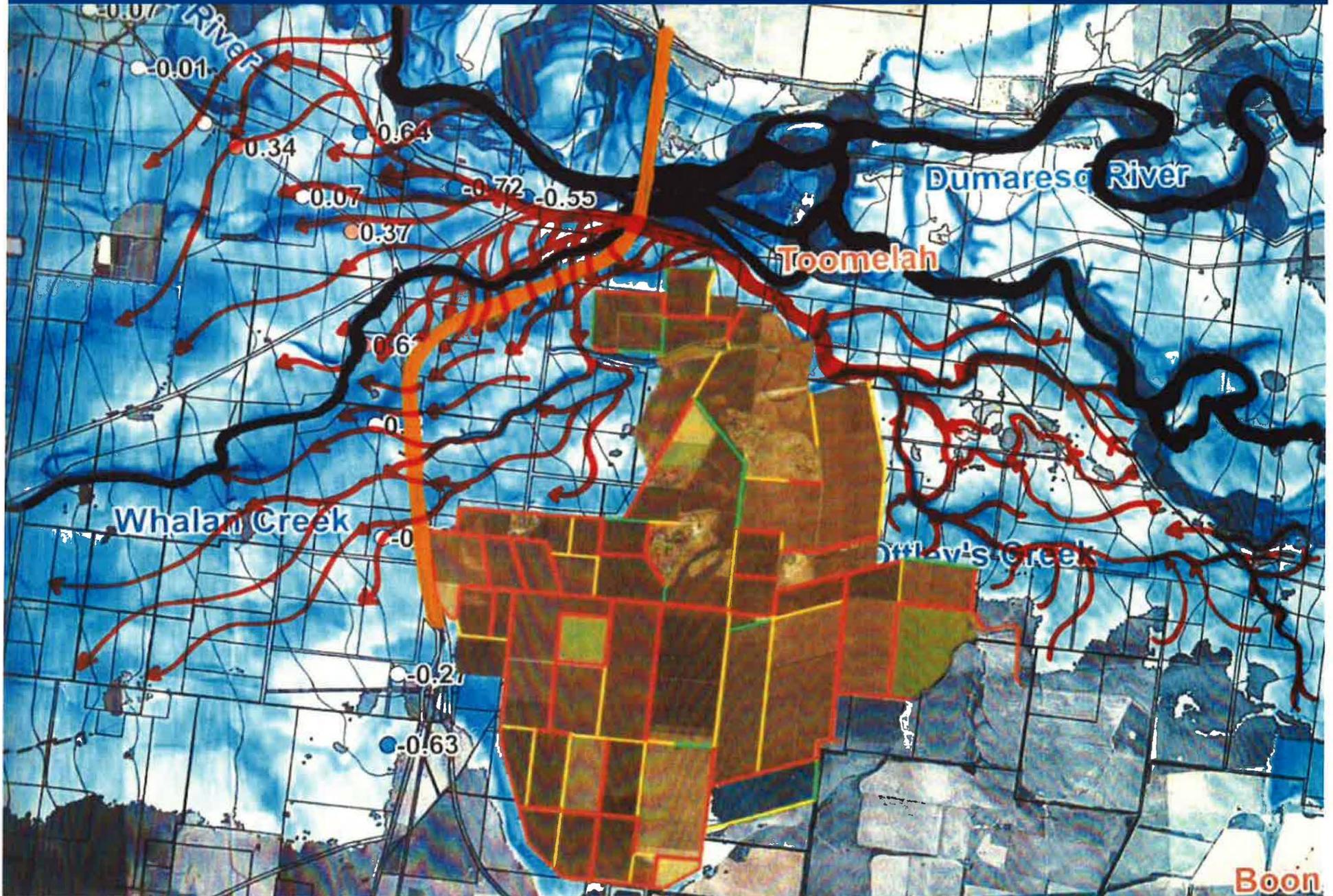


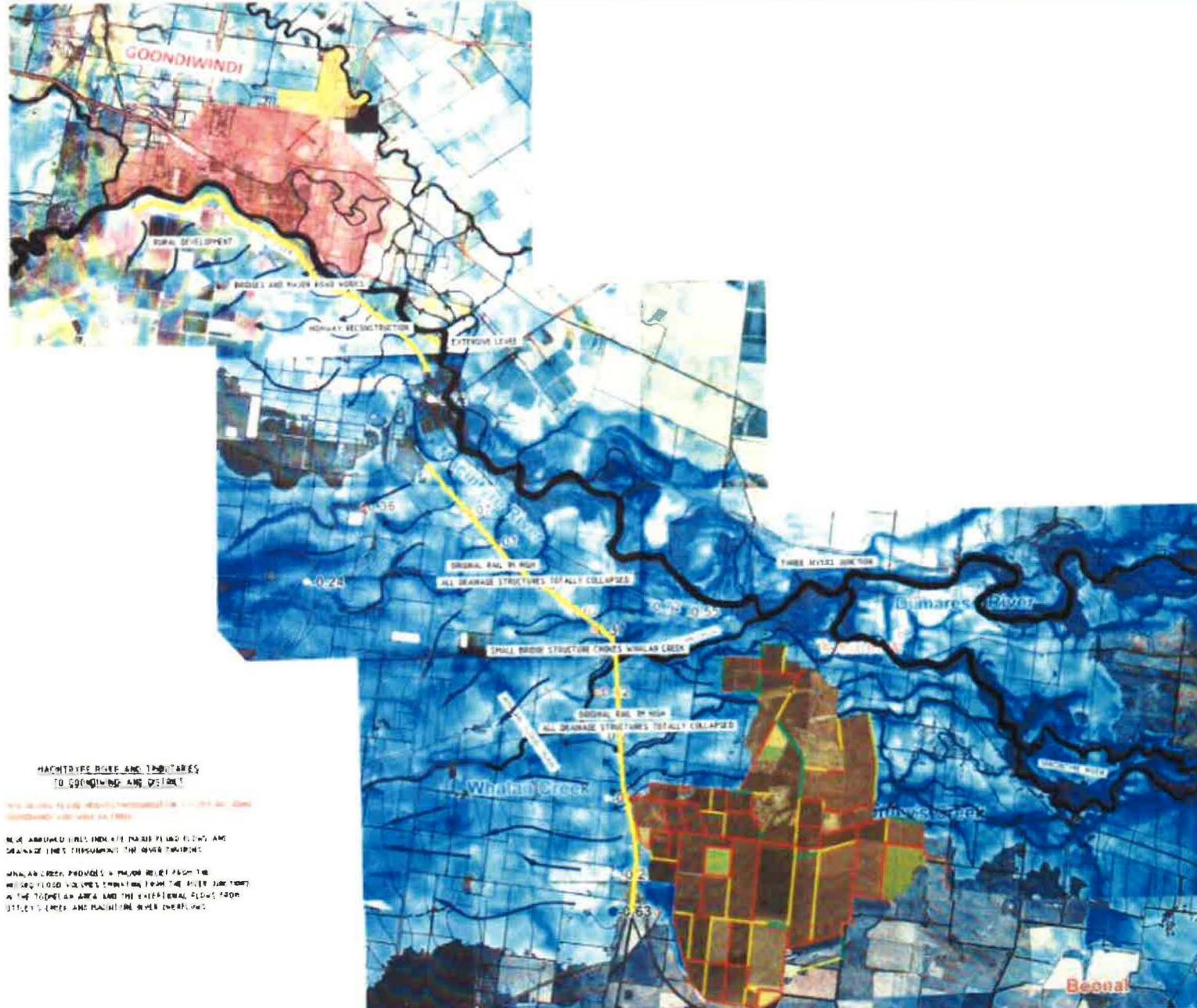
Dick Sudholz



Dick Sudholz has spent a lifetime in earthmoving and floodplain development, particularly in the border rivers. During this time he has been a developer, contractor, landholder, irrigator and consultant. This work has given him wide ranging experience and understanding of the floodplain including how it works, how it behaves, how it has changed over time and what little it takes to effect it.

Dick is a member of the North Star to Border Consultative committee.





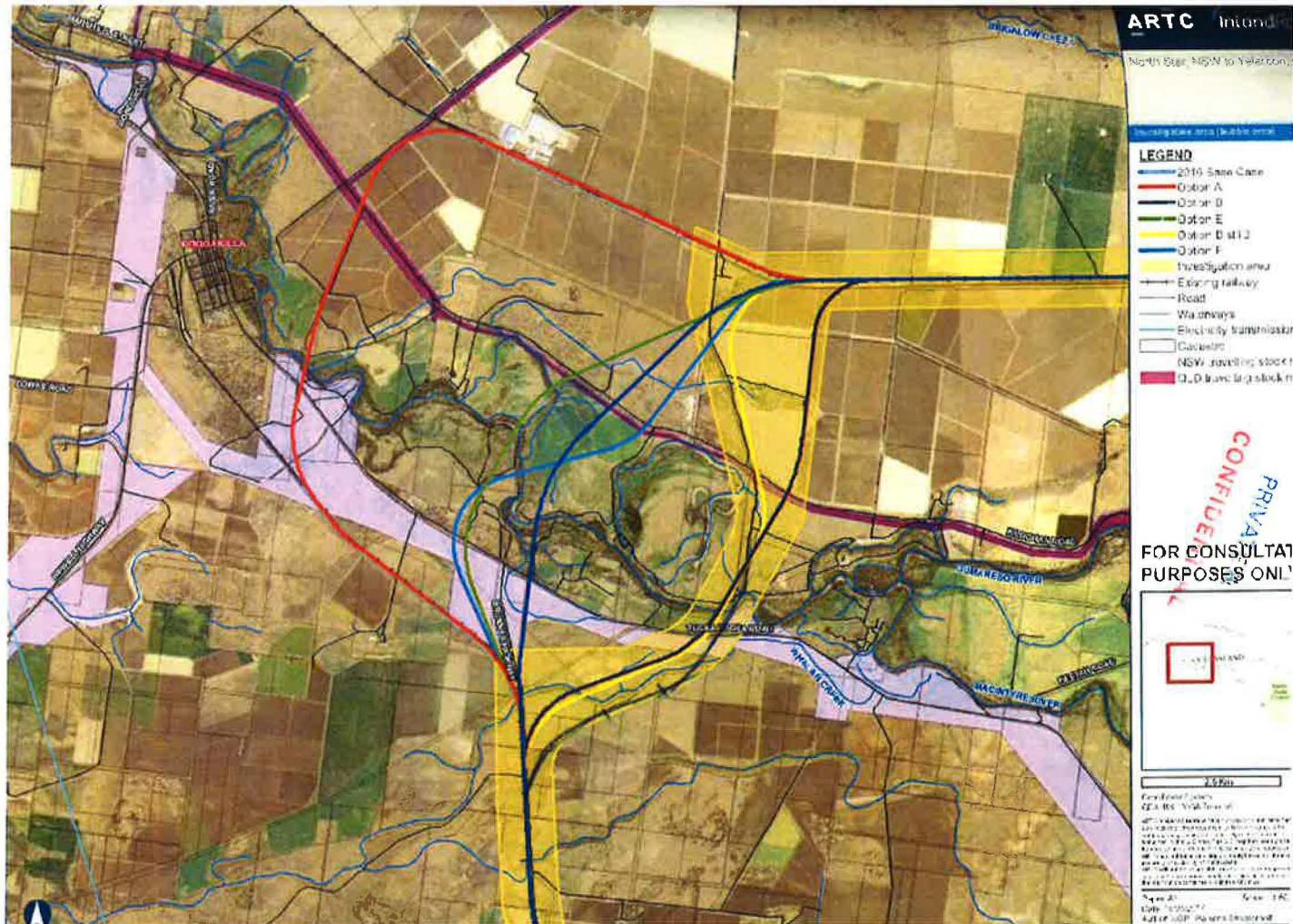


Inland Rail Alignment & Flooding Concerns

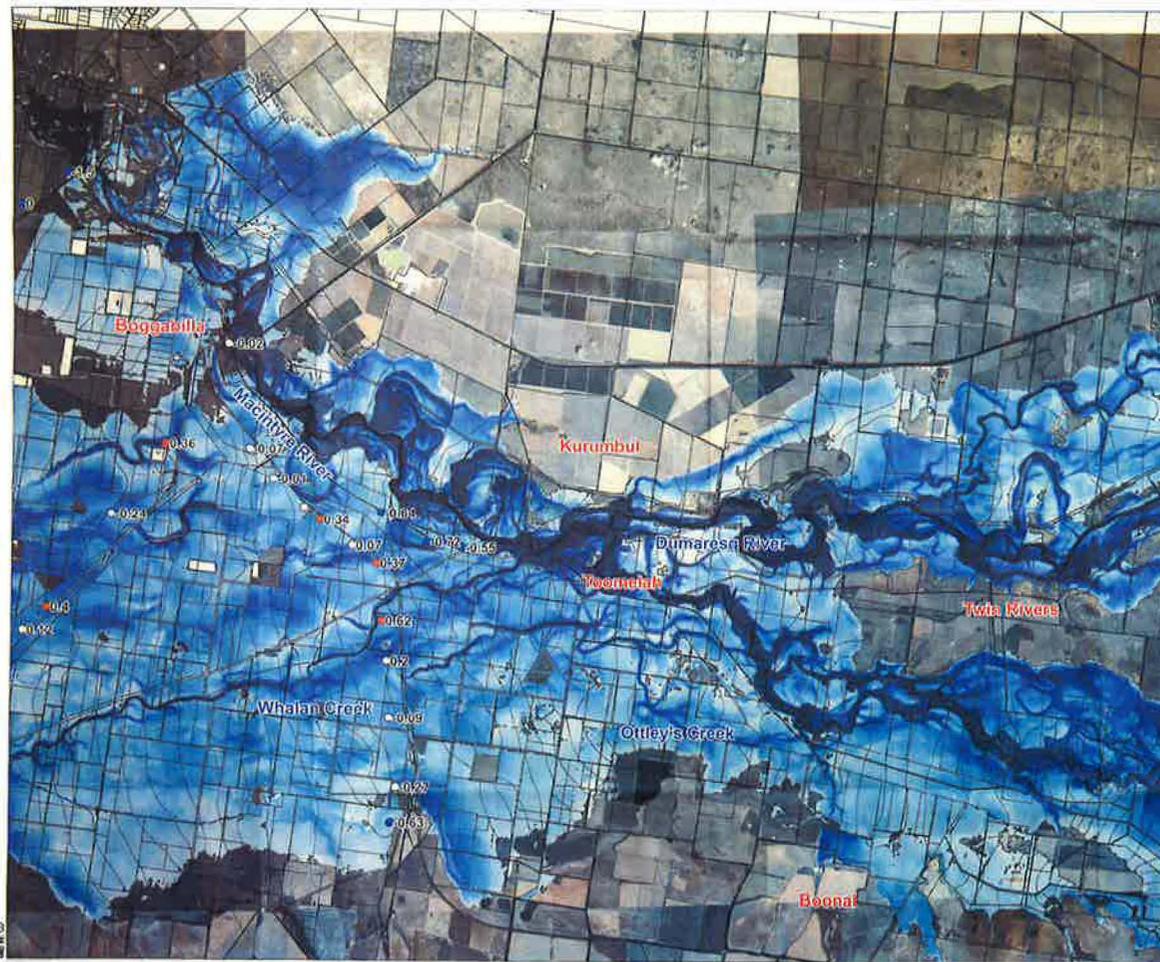
Alignment Options



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1976 Floodplain Coverage



Legend

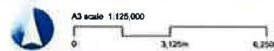
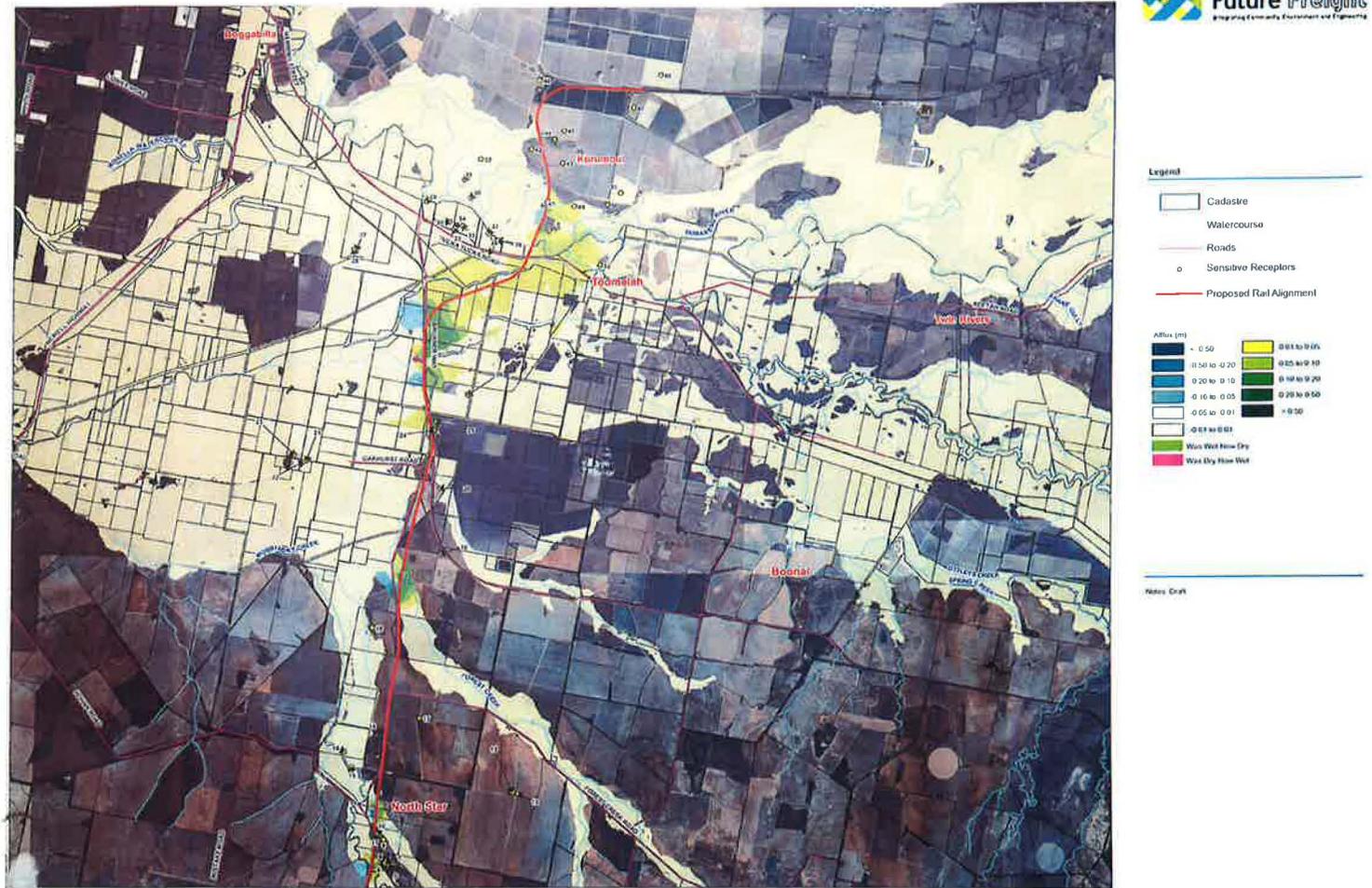
- 0.5m Contours mAFID
- Cadastral
- Flood Mark Locations
 - Modelled with in 0.3m or N/A
 - Modelled > 0.3m
 - Modelled < -0.3m

Depth (m)

0.0 to 0.5	3.0 to 3.5
0.5 to 1.0	3.5 to 4.0
1.0 to 1.5	4.0 to 4.5
1.5 to 2.0	4.5 to 5.0
2.0 to 2.5	> 5.0
2.5 to 3.0	

Notes

1976 Floodplain Coverage

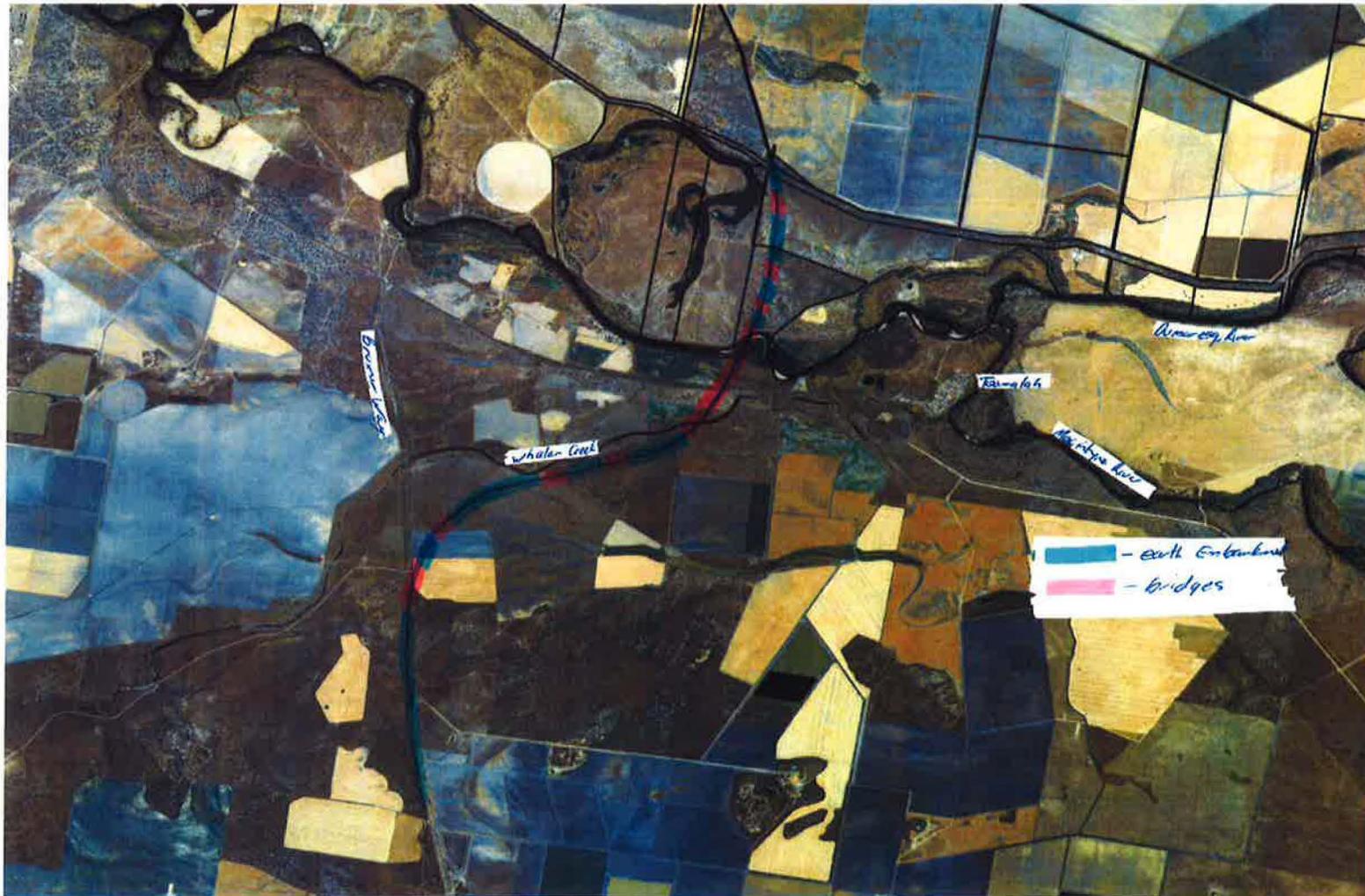


Date 15/12/2018 Version 0 Job No. 007068
 Projector MGA Zone 55

Inland Rail - North Star to Border

Figure 5a - 1% AEP Afflux 100% Design

Proposed Design



Senate Estimates Transcript

April 2019



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Senator McCARTHY: Was ARTC made aware of the concerns of council and landholders in relation to the 2½ per cent weighting for flooding in the MCA?

Mr Wankmuller: Yes. We had quite a bit of discussion with both the council and the landowners about the initial flood modelling, and we have revised it based on some of their estimations. That discussion is still ongoing. They've nominated some experts in their area, who we're working with directly.

Senator McCARTHY: Were any of those concerns relayed to the minister prior to his signing off?

Mr Wankmuller: I wouldn't be able to answer that question directly in terms of what was relayed to the minister. Which minister? If you're talking about—I know that he visited the area first, but I don't know what was conveyed.

Senator McCARTHY: Mr Fullerton, have you been made aware of the use of 1976 pre-development flood mapping for the development of the MCA?

Mr Fullerton: No, I am not aware of that. Richard can comment.

Mr Wankmuller: I would have to take that on notice.

Senator McCARTHY: Was ARTC advised many times about local knowledge that would be invaluable in assessing the flood management problem?

Mr Wankmuller: Yes, we were. And I was advised personally, which is why I am jumping in.

Senator McCARTHY: I'm aware that ARTC did not make contact with some of these people until April 2019. Is that correct?

Mr Wankmuller: I know that I personally met with them in December 2018.

Senator McCARTHY: So you have made contact with all of the local people now?

Mr Wankmuller: Yes, we have.

Senator McCARTHY: Okay. Do you acknowledge that a fatal flaw exists with the NS2B sector of the MCA assessment?

Mr Wankmuller: No, I don't acknowledge that. I'm concerned that there could be one, and that's what this analysis is about—to determine whether there is a fatal flaw. What we've made very clear is that if there is a fatal flaw we may have to look at another alternative.

Inland Rail border route is set in steel



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It's time to lobby Inland Rail

THE Inland Rail will offer business and work opportunities long before it makes its way into Queensland.

"The Inland Rail is coming and there will be opportunities, some that we can see and other which may depend on the entrepreneurial skills of local businesses," Project Director Robert McNamara said.

"We will be providing the 'highway' and it is up to the market to drive what benefits there can be," he said. He was responding to whether a "terminal" would be built near Goondiwindi. What there will be is a 200-250-strong construction campsite. While the exact spot is to be determined it will most likely be near North Star.

A major boon for Goondiwindi and the region is a "provisioning centre" which could provide up to 30 full-time, long-term jobs. If we get one. "These sites haven't been determined yet," he said. And his tip for the GRC and local businesses owners etc: "They need to lobby us now" and tell us why Goondiwindi should have one.

- IAN JONES



The "train" is coming and it's all good news for Goondiwindi and the district according to Project Director, Rob McNamara.

Inland Rail border route is set in steel

BY IAN JONES

DESPITE concerns of landowners and the preference of the Goondiwindi Regional Council, the Inland Rail route across the Queensland border is set in steel.

And it won't change. Project Director, Robert McNamara was in Goondiwindi last week.

And while he appreciates landowners and the Council have a different view, he's confident the Australian Rail Track Corporation has come up with the best route using the best possible "science and modelling" and taking

into account all possible impacts on communities and landowners.

He said there would be no negative impact on Goondiwindi.

"There'll be no impact on Boggabilla. No impact on Toomelah. No impact on the Whallan (Creek)," he said.

However modelling has shown that 12 properties on the southern side of the Macintyre River will be affected. ARTC has begun discussions with these landowners.

Mr McNamara said where modelling showed a major impact ARTC would look at a number of "mitigation"

options such as constructing levee banks or raising or moving homes of sheds.

He said the discussion process would hopefully resolve any concerns. However if the "worst happens" post construction, "while too late" ARTC would negotiate with the landowner.

"But I have full confidence in the modelling," he said. Mr McNamara said "a lot of work has been done over many years to get it right and all that work has only reaffirmed our findings".

ARTC used information from the NSW Government to come up with its model-

ling. It has also added information after talking to local landowners.

While "the decision has been made" as far as the route, it's not too late to ask for an independent review of flood data.

"If they (local consultative group) asked for that I think we would look at that quite positively," he said.

Last week Australia Agriculture Minister, David Littleproud said the ARTC had to not just say they were using the best science, "they had to prove it", urging a peer review of findings.

Mr McNamara believes it

has been doing that. He said the Condamine Consultative Group had asked for an independent review.

"The consultant represented the local community not the ARTC he said." (However) Some people didn't like the answers they got," he said.

But that's no longer a possibility when it comes to the Inland Rail route across the Macintyre River.

The route will head from North Star, crossing the border between Boggabilla and Toomelah heading to Kildonan before moving on to Kurrumbul and then east.

Landowner hits back over rail



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Mayor, Cr Graeme Scheu says the Inland Rail is good for the region. But there's a big "but" due to flood fears.

Problems with decision making process of alignment



- The decision to put a rail corridor through the middle of one of Australia largest flood plains when options exist is unbelievable.
- The fact that the MCA allowed a weighting of 2.5% for initial flooding and in total after engineering still only came to 5.9% is unexplainable. It may have been suitable if crossing the Nullarbor but the Macintyre Flood Plain, not really.
- The MCA recognised the crossing point of Option A to be the superior point to cross the Macintyre River.
- The original decision when signed off was based on 1976 NSW flood plain info which was pre any development. That in itself was the first flaw.
- Since the announcement by Minister Chester, GRC has continually asked for the details of the MCA and the cost comparison of the base case for D1 and Option A. Eventually, we were given the MCA details, but to date, we have not been advised the cost comparison between the two options. ARTC where happy to release the time differences but to date have not released any cost comparisons.

Problems with decision making process of alignment



- Another flaw appears from when GRC submitted the names of local flood experts in the early piece and I have consistently asked the question, “*Why where they not included in the original conversation*” which lead to the decision by Minister Chester. Not until April 4, 2019, where the group consulted, and not surprisingly, a number of faults where unveiled.
- Richard Wankmuller agreed to the requests of GRC and indicated in Senate estimates that there was a possible flaw, which was to be investigated, reviewed, and reported back.
- In a real slap in the face, local project manager Rob McNamara posted the article in the local paper headed “Set in Steel”. This was before any findings had been reported back. This is the sort of attitude exhibited by ARTC to our council on the NSW approach to Queensland and the arrogance with which we are facing.
- We understand that the flood modelling does not include accurate flood flows nor does the modelling acknowledge any unapproved obstructions that are clearly in the flood plain.

Problems with decision making process of alignment

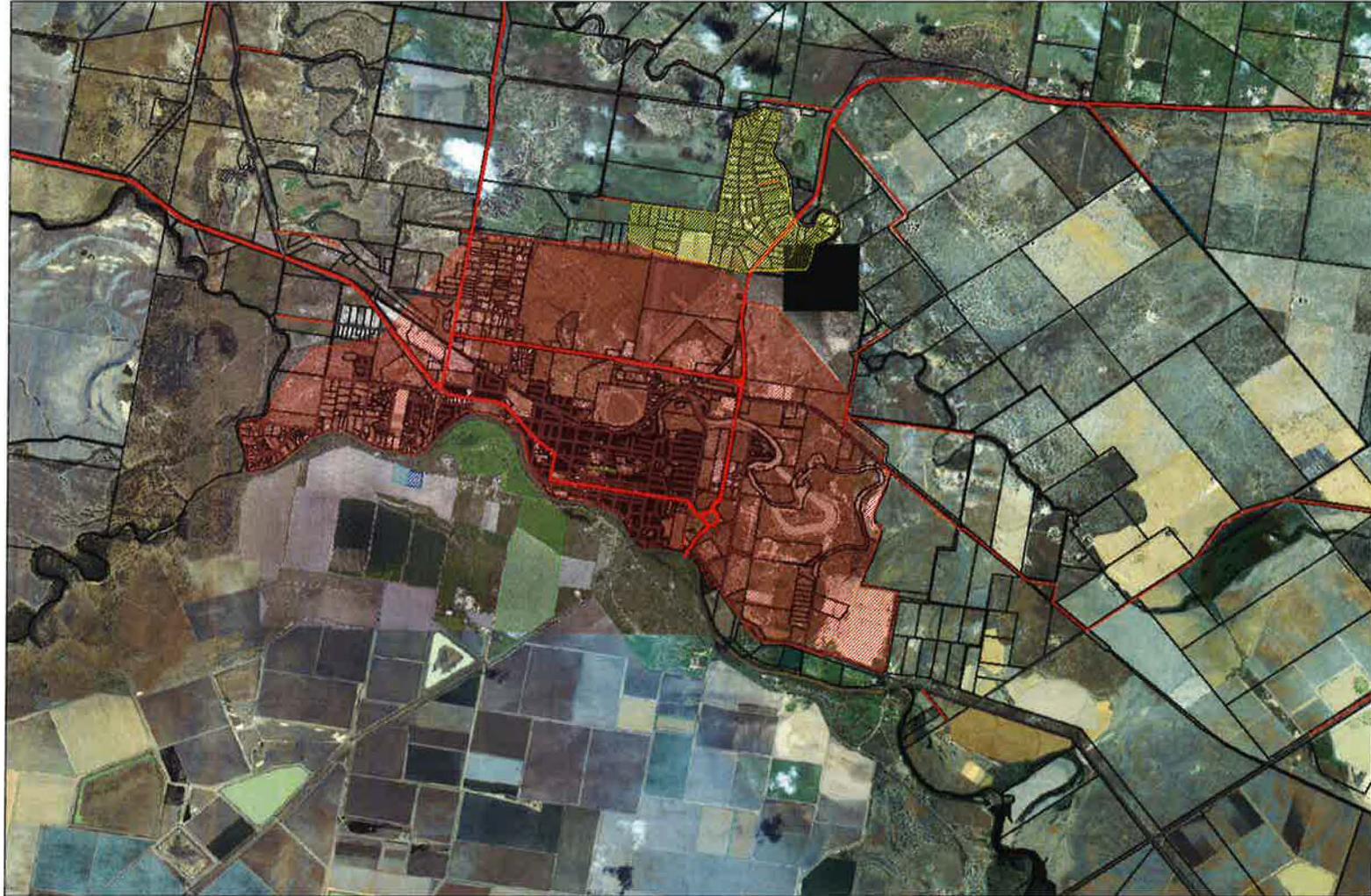


- The effect of the flood modelling is limited to the junction area of the three rivers and does not address the concerns of GRC in regards to downstream flooding at Goondiwindi. There are two danger areas for the town of Goondiwindi: the western end of town, and any floodwater that enters the Brigalow Creek above the Boggabilla Weir, which is more common than ever before. This can only be attributed to the accumulative construction on either side of the river from Boggabilla to Dingo Creek. ARTC modelling maintains there is no issue with the downstream area, which is completely a myth. It is widely acknowledge that flood levels close to Goondiwindi are much higher these days than larger floods with bigger volumes in the past. Highways, banks, orchards, housing developments and obviously the Boggabilla Weir itself have a major effect on this section of the river and Goondiwindi.
- Basically, GRC does not believe the concerns of our council have been accurately relayed to the relevant Ministers by ARTC executive which is evident when questioned in Senate Estimates.

Goondiwindi existing & proposed development



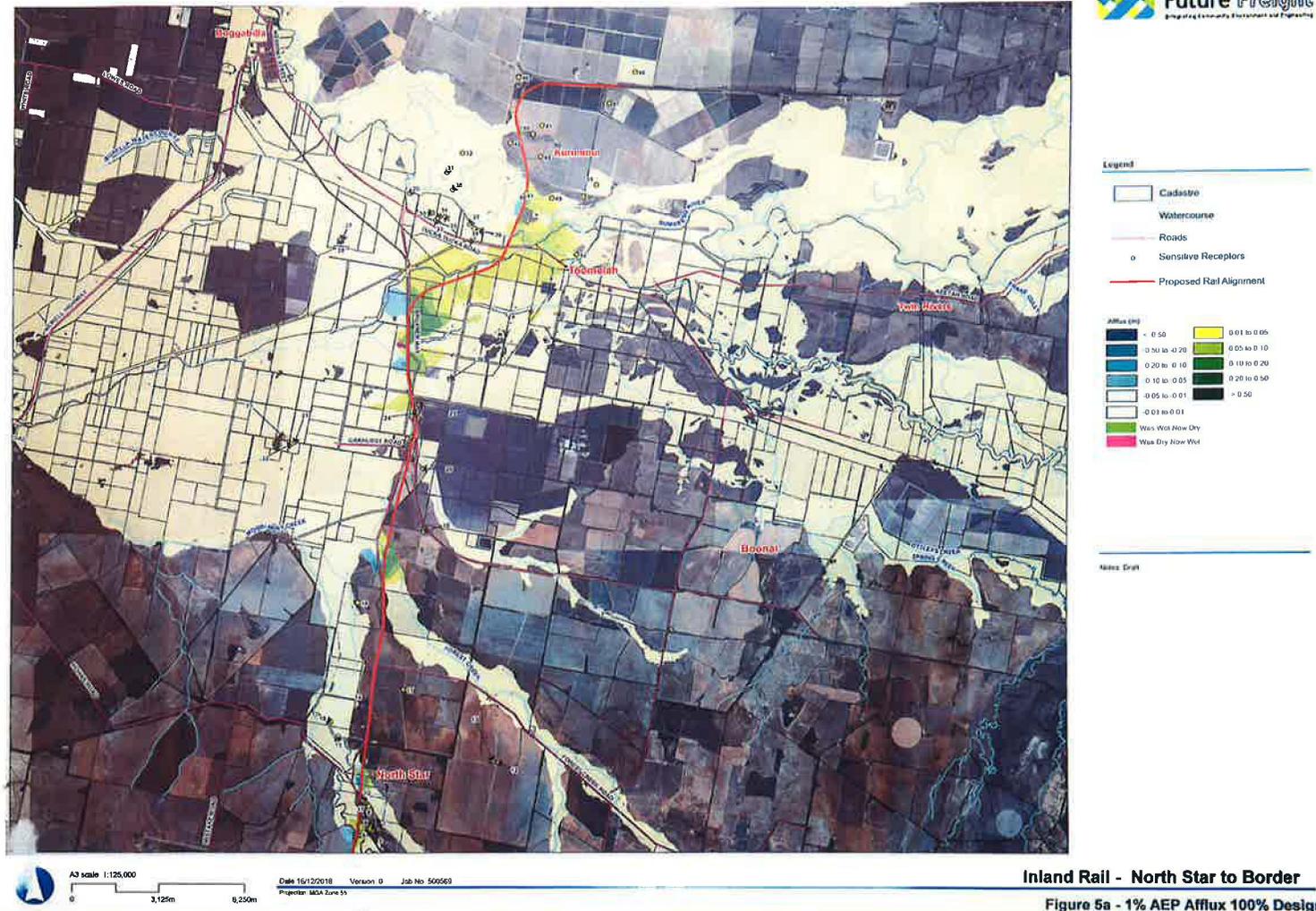
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Investigation & Non Investigated Areas



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Australian Rail Track Corporation

CHAIR: Welcome. Would anyone like to make an opening statement?

Mr Fullerton: Chair, I would like to make an opening statement.

CHAIR: Please proceed.

Mr Fullerton: I have with me today, sitting next to me, Richard Wankmuller, who is the CEO of Inland Rail.

CHAIR: And, can I say, much respected up in my neck of the woods.

Mr Wankmuller: Thanks, Chair.

Mr Fullerton: Richard reports to me and he is responsible for the delivery of Inland Rail on behalf of ARTC. Richard joined the company in April 2018 and has over 35 years of senior management experience in the private and public sectors, including fulfilling CEO and managing director positions with some of the world's largest engineering and construction companies. Richard's mandate is getting Inland Rail on a clear path to success through close engagement with all stakeholders, particularly the communities and landowners impacted along the corridor, and to establish the capability to deliver this vital piece of infrastructure. Community and landowner engagement is a central consideration to the success of this project, in particular as you work to settle the final alignment. ARTC does recognise that there is still much work to do to address the concerns of those who will be impacted. This is a priority for us as we refine the alignment, develop the final engineering designs and meet the environmental approval conditions required at state and federal level. If I may, I might just ask Richard to add to my opening statement.

CHAIR: Thank you. Mr Wankmuller, you have the floor.

Mr Wankmuller: I'll take less than three minutes. I wanted to point out to everyone that, while I've only been here a little less than a year, I have taken the time to get out in the community and to look at what the issues are out there and meet with the most impacted people—and I do have to say that the issues are real. There are some very scared people out there in the floodplains in particular. We understand that, and we are trying to work with them. There are places where we come right through the homes and operations of people that are also very concerned. So I do get out there. I do sit at the kitchen table and I do have the cup of tea or a cup of coffee and a piece of cake and we do talk through what those impacts are and how we can mitigate them. Those have been very worthwhile discussions.

I also have quite a bit of empathy in doing that, and where we can change things we do—and I'm happy to give you some examples of that if you ask for it later; I won't go into it now—but I also understand that this country committed a number of years ago to a process that I think is very good on a global stage, which is the need for a business case to do public infrastructure projects. In doing so, that is the justification, and in my opinion it needs to be upheld; otherwise the process is disingenuous. In this case, there was a very robust business case. It was put forward, as many of you are well aware, Infrastructure Australia, who reviewed it and said, 'This isn't just a good project; it's a great project and it is one of national priority'—unlike some others that are being delivered elsewhere in the country.

Senator STERLE: Sorry, I missed that.

Mr Wankmuller: A national priority listed by Infrastructure Australia.

Senator STERLE: You said 'unlike others'. I just didn't hear you; sorry.

Mr Wankmuller: Some other infrastructure projects haven't reached that status. When delivering something this complex, there is a balance that has to use judgement across a lot of issues—judgement across social, economic, technical, environmental, landowner impacts and many, many things. I have to say that a lot of work has been done over a lot of years, and I take some comfort in seeing that that judgement hasn't been provided just by ARTC; it's been provided by a lot of great minds in this country across both sides of the aisle and parliament and a number of very good engineering and management firms that this country has to offer.

However, in the end, no matter how good the judgement is, it will affect someone. I do have empathy for that, because I wouldn't want to be that someone in a number of these cases, and we try to work with them to mitigate it. But I also realise that we either do this or we don't. The impact to the country, the impact to the economy, the impact to everyday life in terms of the cost and availability of essential goods and products, is too great to ignore. We all realise the cost structure here in Australia—a great country to live in—a slightly high cost structure. It is too high, and this is one of the things that will help get it under control right across the patch. So I would say: let's do this. Let's not slow down unless we absolutely have to. And I would be happy to answer any direct questions that you have in that regard.

CHAIR: Thank you for that. Senator Wacka.

Senator WILLIAMS: Thank you, Chair Sully. Mr Wankmuller, have you spent much time in Goondiwindi? The reason I ask the question is that the Goondiwindi Regional Council has issued a release

expressing concerns that the criteria used to determine the inland rail route through the northern New South Wales and south Queensland regions is flawed and the result may be unprecedented floods. We are talking North Star, Goondiwindi region. Tell the committee the story. What's happening? You know of the concerns of people.

Mr Wankmuller: I'd love to. I've spent a bit of time in Goondiwindi. I spent what I call 'corporate Christmas Eve' there, this year. Corporate Christmas Eve is the last Friday before everyone goes on vacation. It was 42-44 degrees in Goondiwindi. I spent the day with a number of the impacted landowners and I spent the day with the mayor of Goondiwindi on that day, before heading home to my family. We made a very good tour of the alignment and looked at some of the concerns—and they're real. The flooding in that area is more significant than we thought it would be, so we've backed up. We've actually slowed down in that area and said that we're going to take a harder look at this. We're looking again at the two options that we were looking at before to make sure the process is valid and the costs are still current, because with more flooding you have to put in more robust structures, and that increases your cost. We are looking at that to make sure that the decision is still correct, given that new information. We are trying to make sure that we understand whether there is what I call a 'fatal flaw', because when you backup in a process like this there should be a fatal flaw that causes you to do that. This is one of the areas where there might be, and we're taking our time to evaluate it.

Senator WILLIAMS: Is it true that initial route was chosen, using 1976 flood maps—old, outdated flood maps?

Mr Wankmuller: There was a lot of previous data used. All of that has been updated recently. You're right. Some of the early data in the early decisions needed to be validated, including the rainfall data and making sure that we get all the maps corrected, and we're going through that right now.

Senator WILLIAMS: So, you will continue to consult with the Goondiwindi region and the council and the landowners concerned, et cetera?

Mr Wankmuller: We will, sir.

Senator WILLIAMS: I went through this when they built the Indian Pacific train line. It went straight through the middle of our farm in South Australia, where my great-great grandparents settled. It was inconvenient at first, but when it was finished they were the best fences on the place, the best watering system on the place, and all went well from then on—but we were concerned at first. I hope those people who concerns have their concerns looked at and solved and that the project goes ahead, without causing too much disruption. Thanks, Chair.

CHAIR: Talk about paid advertising! How much did you give him for that final say, Mr Fullerton—'better fences and better circumstances'.

Senator WILLIAMS: It is just a fact!

CHAIR: Let me continue on with the government theme. To you, Mr Wankmuller—and Mr Fullerton knows—I raised issues about the Condamine floodplain. I understand there has been a hydrologist engaged with you, Mr Wankmuller and your people. You're exchanging information. I understand he lodged a submission with you 10 days ago—and I want to come back to that. In my very much layman's terms—I don't have any engineering experience or anything in that range—what they explained to me—'they' being this collection of people that Mr Fullerton and I've agreed on, and we've got some answers on notice that sort of identifies them; it was a data question—was that your people said—and you will have been to this house, you will have gone up these steps—that your data comes to this bottom step. And they said, 'No, no, no in some year past!—1994 or whatever it was—'Here is a photograph showing you that it got to the top step.' They talked to me about a 20-centimetre difference in the base reference point.

Mr Fullerton quite properly explained that floodwaters can be temperamental. The thought that water finds its own level probably does work when water stops running and settles and it's not inhibited by coming around a corner or going over a levy bank or something of that nature. But I want to go with the step question, because they tell me that they had a number of examples of this. With some of them they'd marked up a pole, where your people thought it was here, and they said, 'No, it was here.' They've got videos, photographs, chainsaw marks on a pole, or however they've marked the pole. I'm concerned about this 20-centimetre difference. Are you, from a professional engineering point of view, purely satisfied that this difference doesn't exist? That's at the heart of many of their concerns.

Mr Wankmuller: The only thing I'm purely satisfied of is that we need to listen to local residents and that their data is real. So, when they point out something that's different than what our engineers point out, we ask them to recalibrate it based on that data, because when you're there and living it and you're taking photos, that's a lot better than sitting behind a computer screen.

CHAIR: Sure.

Mr Wankmuller: In that particular case, I know that couple reasonably well at this point. I've met with them a couple of times. The engineer was with me and I asked him to rerun the models with this new information to see what locally might be causing that condition that they saw and the computer model didn't.

CHAIR: I don't want to use the word 'anomaly' loosely, and I don't want to put words in your mouth, but if there was no anomaly around the performance of the water for a particular period of time that we spoke about—there's a big gumtree and it's going around it and it's going fast or something—the possibility is: if the raw data was 20 centimetres out, then that could have an impact right across the flood plain, possibly.

Mr Wankmuller: Yes, possibly.

CHAIR: Have you ruled that out, or are you still in the act of due diligence of this information? You've now got their hydrologist report. Is the question still alive in your mind as to whether

Mr Wankmuller: Yes, it's still very much alive. There's more than one independent hydrologist. We have our own team of worldwide experts who have done the model. A number of property owners, one in particular, have hired their own expert, and we work very closely with them. I think his name came up in these proceedings last time. But there's also another independent expert, hired directly through our CCCs. We actually have two independent experts looking at the modelling in that area.

CHAIR: When I say that I don't know anything about engineering, I've hired a lot of civil engineers over my time. And I don't want to reflect on them as a general body of people, but they're painful bastards, really, when it comes to getting precision into decisions. And I'm trying to send signals out to these good people at the same time as trying to get to the bottom of this. It just doesn't fathom to think that engineers in a back room would know that they had a flawed level, in their mind. They may have a flawed level, but they're satisfied that the reference point is the appropriate point. They will use that, won't they, to build a design in relation to the project?

Mr Wankmuller: Correct. It's the only way you can do it. You need local information to build the model, and then you calibrate it to make sure it's right. And you don't do your design until you get the model right, because first you have to know where the water is and how fast it flows, because that creates the forces. That determines what structures you design. So, you've got to get the model right first, and then you design the structures.

CHAIR: Yes, and engineering is an exacting science, whereas hydrology is probably not as exacting. Is that a fair comment?

Mr Wankmuller: That is a fair comment, and that's why you have to do so much calibration to get it right.

CHAIR: Do you think that the hydrologist representing the members on the flood plain and your people are getting closer to sort of agreeing on a satisfactory position?

Mr Wankmuller: Yes, I do. I sat with Dr Sharma and made sure he got the information he needed. He brought up some good points, and the teams are working together to resolve the issues.

CHAIR: All right. So, let's pretend that that's capable of being resolved—what I call the 20-centimetre problem, which is in the minds of many who think that the water's going to be higher and have some other effect on their property other than the one that they think you're exposed to. And some people just wouldn't want this to cut their property in two. We were always going to deal with that. But apart from that, is there any other significant submission from them that is a challenge for you around the social impacts, the environmental impacts or the engineering impacts, other than the 20-centimetre problem? Are there some other things that you—

Mr Wankmuller: Well, there are some very big issues that are not within my expertise, except for family experience, around mental health on a flood plain, and some of the posttraumatic stress disorder that takes place. I'm very familiar with that within my own family, and I do see evidence of that as I go and talk to people.

CHAIR: That can happen whether it's on a legitimate basis or not. A person can be affected by that.

Mr Wankmuller: Right, and we have an obligation to help them through that side of it too, so we have hotlines and we have information that they can reach out to, but it's a very real piece of the overall puzzle. Working through that, having an understanding in a very complex environment and having a very technical discussion in a very emotional environment is pretty difficult to do, so you have to spend a lot of time there and you have to go back and back and repeat. We have to get better visualisation. We have to get better models and pictures—that's what we're going through today.

CHAIR: My main interest—and I'll remain interested until they kick me out of here in a month or two—is in relation to this 20cm differential, because I do understand water will find its own level, and that's important. I do want to say this: often at times we stick it into you fellows here at estimate, but you have developed a very, very good reputation on the Downs. These people trust you. They think you're—and you

are—a decent fellow who is working hard to close the gap on their problems, so it's important that we publicly recognise the confidence in your work there.

Mr Wankmuller: Thank you very much.

Senator McCARTHY: Mr Fullerton, I'm just going to go to your responses to us in our questions on notice last week. I, unsurprisingly, want to go to the issues surrounding the Narromine to Narrabri section of the rail, especially the area between Narromine to Curban. It's question on notice No. 2, related to consultation in the community regarding the Burroway to Curban section. You claimed that 58 of 64 land owners were contacted between February to March 2017.

Mr Fullerton: Yes.

Senator McCARTHY: And that the project team met face to face with 56 of the land owners. I'd just like to go to a few questions around that. Were these one-on-one meetings

Mr Fullerton: My understanding is that they were, but Richard is probably more involved in the details. I understood they were one-on-one meetings.

Mr Wankmuller: When we use the term face to face, that's normally one on one, but I'd like to get back to you to make sure that that's 100 per cent correct.

Senator McCARTHY: Thank you. How are the views of the land owners collected and aggregated?

Mr Wankmuller: We have a process where we'd sit down with everyone and we'd load it into our database. We have a database called consultation manager that records the interactions with each of the land owners so that everybody can see what their input was and they can pull it up and look at it.

Senator McCARTHY: Given the final decision on option B was not made until May 2017 when the MCA report was completed, what exactly were your staff asking land owners to consider?

Mr Wankmuller: They would have asked them their preferences, what works well for them—given they know their land and the way that they work it and live on it—and whether it's better to be along the boundaries of their property. Assuming it was going to be on their property, was there a preferred location. Are there things about the way they operate their property that we should know to help make a decision with them about where the line should go? Once again, I can give you some examples of that later, if you'd like.

Senator McCARTHY: Thank you. Noting that you admit the land owners did not support option B, how did the department come to the view, as we discussed last time, with the then, brief Minister Chester in November 2017, that this section of rail was relatively uncontroversial?

Mr Wankmuller: Are you asking ARTC or the department? I heard you say the word 'department'. I just didn't want—

Senator McCARTHY: I'm asking you.

Mr Wankmuller: You have to remember that what we're talking about here is this alignment along what's referred to as Gilmours Road, where the base concept is the Gilmours Road option. That's the concept alignment. There was some discussion previously about another area that was looked at, which was called the Gilmours Road alternative. The reality of what happened there is there's a study corridor set around the base concept alignment. That study corridor was set wide enough to go ahead and include that Gilmours Road alternative so that it could have additional investigation and direct face-to-face meetings with the community.

Senator McCARTHY: Mr Fullerton, in October last year you told the committee that the multicriteria analysis, the MCA process, was a well-accepted standard for assessing corridor alignments. Do you still stand by this view?

Mr Fullerton: Yes, I do.

Senator McCARTHY: In response to question on notice No. 129 in last October's estimates, the department wrote:

In addition to the studies and in consultation with the community, a number of sections underwent multi-criteria analysis to compare route options, examining environmental impacts, community and property impacts, technical viability, safety assessment, operational approach, constructability and schedule, approvals and stakeholder engagement. The results of these multi-criteria analyses, along with an assessment of each route's ability to meet or advance the Inland Rail Service Offering and associated financial information, informed decisions that culminated in the selected study area.

That's what the department wrote. Do you endorse the department's view about MCA being used to compare route options?

Mr Fullerton: Well, what you described is the standard process, so we would endorse that approach.

Senator McCARTHY: Back in February you described the MCA process as 'a process that we've used to compare one option against another'. Do you continue to stand by this position?

Senator Scullion: Mr Chair, I know there's no mischief in this, but we're asking the ARTC to have an opinion about the department's submission. I think the convention about asking officers at the table for opinions is something that should be adhered to. I'm not suggesting there's any mischief in it. They're quite long questions, but they're asking for an opinion of what the ARTC thinks about the department. I just don't think that's something we should ask of the officers at the table.

Senator McCARTHY: No, we're asking the officers about their own positions.

Senator STERLE: That's right.

Senator Scullion: But the question—perhaps not this last one but certainly the question before—was asking for an opinion about a submission by the department on this matter. As I said, I know there's no mischief in this, but we have to be cautious about what we're asking.

CHAIR: I haven't been listening as much as I should, but my understanding is that the basis of the questions is that at some stage Mr Fullerton or his agency have said or done something and the senator is seeking whether what they said or did still holds for them. Is that right?

Senator McCARTHY: That's correct.

Senator Scullion: In so much as that relates to the ARTC, I have no problems with it. But one question ago it was a matter of: what do you think about what the department has done?

CHAIR: Yes, I'll pay particular attention, Minister.

Senator Scullion: It's all right. I wasn't suggesting any mischief; I just wasn't sure if were entering a particular line of questioning there.

CHAIR: One would never anticipate any mischief in this building.

Senator Scullion: Indeed!

Senator McCARTHY: How many different people were involved in preparing the three MCA reports for the Narramine to Narrabri section of the corridor?

Mr Fullerton: In terms of ARTC Inland Rail staff?

Senator McCARTHY: Yes.

Mr Fullerton: That's something I'd need to take on notice. Obviously quite a number of people would have been involved in that exercise, given the nature of it. But I'd need to take it on notice in terms of the numbers that were involved.

Senator McCARTHY: All right. I've got a couple of questions that follow on from that, so let us know how we go. How many people were the same across all three reports? And how many of the people involved were either selected or employed by the ARTC?

Mr Fullerton: In terms of the MCA, we were assisted by GHD, who were the consultants involved in that process. But, in terms of who was involved in that process from ARTC, I'd need to take it on notice.

CHAIR: Do you want the numbers or do you want the—

Senator McCARTHY: How many—yes, absolutely.

CHAIR: You don't want the identity of these people at this point?

Senator McCARTHY: No.

Mr Wankmuller: I know, on the surface, it seems like it makes sense to have the same people involved in all MCAs, but normal practice is that it wouldn't necessarily be the same people, because each MCA is a process unto itself, comparing an option against a base case. Each one is separate, and you're looking for good engineering and scientific judgement by the people that are available at that point in time.

Senator McCARTHY: Thank you. That's really what we're looking for, in trying to understand that. Can I take you to question on notice No. 12, which deals with how option 109 was disregarded and replaced by option B, despite there being no community consultation? Have you got that with you, Mr Fullerton? It's just where I'm going to go with some of my questions, that's all.

Mr Fullerton: Yes, I've got question—what number was that, again?

Senator McCARTHY: Twelve.

CHAIR: Do you understand the premise of that question, that a decision was taken without consultation? You don't object to that? That's what happened?

Mr Fullerton: Yes. I might ask Richard to give a response to that, because there was quite a clear process that went through in finalising that alignment.

Mr Wankmuller: I would object to the exact words, that no consultation was undertaken. There is a different level of consultation that's done, at different levels, in making these decisions.

Senator STERLE: Why don't you walk us through the consultation process that you did?

Mr Wankmuller: I'll do that. At a high level, when you're trying to make a decision between relatively distinctly different options, the level of consultation with the community is one piece of the overall puzzle. There's a whole bunch of factors that are looked at, which include technical viability, safety, operational,

constructability, environmental, stakeholder engagement, in terms of environmental approvals—so there are a number of things that are looked at. Community consultation is one piece. It's called the balance scorecard way of looking at things. You look at all the factors at once.

When you're doing broad options against each other, that's at a pretty high level. It's often done on desktop studies. It's often done on data where you can't really get on the ground. You're either not allowed to be there or it's just too expensive. You can imagine, across 1,700 kilometres, if you look at 100 different options, the cost of getting detailed information. The first time it's done, it's cut through at a reasonably high level. Option 109 was looked at against the concept alignment with some of that consultation, some of the broad consultation. The kind of input you would get is, 'Please stick to boundaries,' or 'If you can use paper roads, use paper roads.' You get some relatively broad statements.

After that consultation was done, and there was an attempt to get to a final study corridor, it was realised that option 109 was really going to be longer and more expensive than the concept alignment, which is called Gilmores Road. It was discounted as it didn't stand up to the concept alignment. So the study corridor was set up around the concept alignment. Where it got confused was that in that study corridor there was this other option, called 'Gilmores Road alternative option B' and people started to think that was a comparison between that option and the concept alignment, when, in reality, it was just part of the study corridor for the base.

Senator STERLE: I just want to clarify this, for my own head. What community consultation was there?

Mr Wankmuller: On the broader one, the community consultation was public meetings. There were public forums where people were asked for their input. When we get down into the study corridor, which we're in now, that's when you do the face to face, one on one, to really understand, because now you know who might be impacted. They are different levels.

Senator McCARTHY: I might flesh this out a bit. You say in your response, 'It should be noted that option 109 and the Gilmore's Road alternative were assessed in different MCA workshops,' in December 2016 and May 2017, respectively. 'Scoring relativities in each MCA workshop are particular to that workshop.'

Mr Wankmuller: Correct.

Senator McCARTHY: 'As such, it's not possible to compare MCA results for option 109 and the Gilmores Road alternative, as these were assessed in different workshops.'

Mr Wankmuller: Correct.

Senator McCARTHY: What are you saying there?

Mr Wankmuller: I agree that that is a little complicated. What it is, is an MCA compares one alternative back to a baseline. That's what each one does. Each alternative is very different. It compares back to that baseline in a different way, because you're comparing the alternative to the baseline, and you go to another alternative and compare it back to the baseline. So they're very different, the conclusions that you come up with, because it's a relative judgement by the experts in the room.

Senator McCARTHY: But does it mean that each MCA workshop is not required to reference what has gone on before it?

Mr Wankmuller: Not required to? No, but often there is some like-input, in terms of preferences. People would start to understand that in 'Let's move to boundaries; let's move to paper roads,' there would be some commonalities of thought.

Senator McCARTHY: Does it mean that they're not iterative?

Mr Wankmuller: No, they're not iterative amongst each other.

Senator McCARTHY: But standalone processes?

Mr Wankmuller: They're standalone.

Senator McCARTHY: We heard in your earlier statements about the robustness and necessity of MCA reports: 'What's now changed that means that scoring relativities in each MCA workshop are particular to that workshop; and, as such, it is not possible to compare MCA results?'

Mr Wankmuller: To each other? Once you get through the MCA, you then get to what we call the 'study corridor'. You've picked an option, you go through the MCA process and that comes up with the selected option, which we call in that period of time the 'concept alignment'. Then you say: 'We're on the concept alignment. It's time to get detailed. Where exactly we are going to put this?' So we put a study corridor along that option and we say: 'Now let's get on the property, look at the geotech, look at what's there. What does flooding really look like and how do these people operate their properties?' Within that study corridor, you then come up with what we call the 'narrowed corridor', which then starts to say, 'Where are you going to actually put this selected option?' But it's a matter of placing that selected option and not about comparing it to other options within the study corridor.

Senator McCARTHY: This committee is just trying to understand. We've received different responses over time. Certainly Mr Fullerton has given evidence to us. In terms of making your case to government to select a preferred corridor—I'm just trying to get some clarity around consistency—you've told communities that the multicriteria analysis reports are the basis upon which you've provided advice to government about the preferred route corridor and made decisions about the time it would take to undertake the journey on one alignment compared to another, yet in your response to this committee of just last week, you tell us that the results can't be compared against other reports.

CHAIR: Once again, do you agree with the initial characterisation of those statements—that you told public hearings, 'This is the basis upon which we give advice to government'? Do you accept the parameters or the rules that the senator laid down there?

Mr Fullerton: If I can just reflect back on what the senator raised initially, the decision on determining one alignment over another is built around the MCA process that considers eight factors. I think we've talked about the four non-technical and the four technical factors that are looked at, in addition to the compliance of that particular alignment against the service offering and also the construction cost. They were the criteria that were supplied throughout in determining the preferred study area.

Senator McCARTHY: Minister, can I just put a couple of questions to you in relation to some of the responses we have received, not just today but previously. We have a situation where the ARTC seems to have ignored the advice of independent consultants regarding building a stronger case in support of option 109, to save just two minutes on a roughly 1,400-minute-long journey, and instead misled the minister of the day that the option you preferred was widely supported in the community when you had no evidence in support of that claim.

CHAIR: Hold on, before you answer. That's a particularly serious allegation to put to these officials, and could I—

Senator McCARTHY: It is to the minister.

CHAIR: No, no. Ah well, to the minister. The question had about three elements in it. Could I ask you to break them down into one element at a time so we don't assume—

Senator McCARTHY: Okay. Maybe if we go to the supporting of option 109 to save just two minutes on a roughly 1,400-minute-long journey.

CHAIR: I suppose the best way to deal with that is: is that correct? Would option 109 have saved two minutes on a 1,400-minute journey? Mr Fullerton, or—

Mr Fullerton: I think in that response there—as is mentioned in that fourth dot point—effectively option 109 became gilded based on GHD.

Senator STERLE: No. Would it save two minutes?

Mr Fullerton: I was about to say there, we did talk about it being shorter and faster, but I'd need to come back with the specifics.

CHAIR: All right, and that's the way to deal with it.

Senator Scullion: Just in that context, what I've heard is that there are a number of criteria of which that's one. It may have saved only two minutes, but it might also have driven around the tufted tree frog or something similar. It might also have been engineered to ensure that the people in adjacent properties were able to manage their property in a particular way. There are a number of parameters I understand that would have been taken into consideration as well as time.

Senator STERLE: Minister, there have been a lot of emails in the last three or four Senate estimates around this from people in that area. What has come out quite clearly is that the preferred option, after consultation with the mob, was disregarded.

CHAIR: The most serious allegation you could make here to these officials is that they have misled the minister or the government. That allegation has been made, so what we need to do in fairness to them is unpack it one point at a time upon which you rely to make the assertion that they have misled. That gives them a fair and reasonable chance to respond.

Senator STERLE: Sure. Can we get back to how many minutes would be saved?

CHAIR: Mr Fullerton has taken that on notice. He said he didn't have it if you wanted a specific

Senator STERLE: Mr Wankmuller, you're out there. How many minutes is it going to save? Surely you would know.

Mr Wankmuller: How many minutes would what save, sorry?

Senator STERLE: The preferred option of the locals.

Mr Wankmuller: Compared to what though? I didn't hear what you were comparing it to.

Senator McCARTHY: We just want to know if option 109 is saving two minutes.

Mr Fullerton: We've taken on notice option 109 compared to the Gilmores option B. We'll come back with that response.

Mr Wankmuller: We'll come back, but I'm reasonably confident that it doesn't save time. We'll come back with the exact detail.

Senator McCARTHY: It doesn't save time?

Mr Wankmuller: It does not save time, depending on what you're comparing it to. If you compare it to another option that wasn't selected that took a lot longer then, yes, it saves time to that—but that wasn't selected anyhow.

Senator Scullion: If I can get clarification off Senator McCarthy. Is the question in the context with option 109 next to Gilmores option B? I need clarification because it is going to be very hard to do a comparison of time. It has to be with a specific option. I made that assumption.

Senator McCARTHY: Sure. That's where the questions have gone, Minister, so, yes.

Senator Scullion: Thank you.

CHAIR: Are you guys satisfied that you understand what the senator—

Mr Fullerton: Yes, we are clear about the question.

Senator McCARTHY: The second part of that is that you have said that you preferred it because it was widely supported in the community. We would like to see the evidence that shows it was widely supported in the community in terms of the consultation that you say took place.

Mr Fullerton: Okay. We'll take that on notice.

Senator STERLE: Why can't you answer it now? You said it was widely supported. The evidence has come back that it is not supported. The other option—option 109—was preferable. We were of the belief from evidence from you, Mr Fullerton, that there was much consultation and everyone supported it, but what is coming back to us is that there was not that consultation. Emails have come through to us. People were listening out there. I didn't know about this thing until it popped up three estimates sessions ago. People are livid that they weren't listened to. I don't think you need to take it on notice.

Senator Scullion: If the question was intended to be, 'Can you please walk us through the consultation process that allowed you to come up with that?' I think it's something that the officers could deal with now. But the question was a fair bit broader than that. I suspect that's why they took it on notice.

Senator STERLE: It is our third go too, Minister, but fair enough.

CHAIR: Guys, would you like the officers to walk you through the consultation process within their scope of knowledge?

Senator STERLE: Yes.

CHAIR: Who wants to have a crack?

Senator McCARTHY: With the dates.

Senator STERLE: Yes, dates and who turned up. You can always redact names and all that.

CHAIR: They may not have all of that with them, Glenn.

Senator STERLE: I'm sure they haven't got it.

Mr Wankmuller: No, we wouldn't have all the names in front of us here.

CHAIR: No, but do you want to talk about the public meetings, the ads that were put in the paper, going on radio and giving free lollies to anyone over 15 to tell you what they thought? Just tell us what generally happens with this due process.

Mr Wankmuller: Generally we have public meetings. We advertise them, we send out emails to the extent that we have emails, we drop flyers in mailboxes and we talk about the meetings. We try to get as many people to public meetings as possible. Obviously, we're only subject to those who decide to come to the public meetings. Because of that we know that we don't necessarily get all of the landowners, so we try knocking on doors and we try to meet with them face to face.

I think a piece of this process that's been lost is the focus on the MCA. The MCA is only one piece of the overall decision process. The MCA just looks at options and says if you should look at something in more detail. Ultimately, you compare that against the service offering for the business case as to whether it helps or does not help meeting the business case. When you have a couple of options and the MCA says, yes, you should look at it, then you say: how does this meet the service offering—does it add time or subtract time, does it increase reliability? Those are the driving factors for the service offering for the customers. And, then once you've done that, if two options are still similar you look at the cost of that and you do a cost-benefit analysis. So there are really three pieces to the overall comparison. A lot of people have summarised that into the term MCA, but the actual decision process has all three components to it.

Senator STERLE: Sure, but coming back to—and we're talking about between Narromine and Curban, aren't we? What I'm trying to establish here is: how many landowners are there in that section, and how many did you speak to?

Mr Wankmuller: We have answered it in terms of what we think the effective landowners would be but again, the broad population, we don't know. We ask them to when they come to these—

Senator STERLE: No, sorry Mr Wankmuller, I'll just try and make this as easy as possible: someone would know how many affected properties are on this track or that track—and this is what we're talking about. I know you've put out emails and where you've had emails. You've had public consultations, and the local postmaster, the schoolteacher or flying doctor might have popped in and had a listen. I don't know, but I want to know how many actual landowners because they're emailing us. They email me, and I don't know them from a bar of soap. They've just picked up on what they've heard here, and good on them. I want them to keep the emails coming because they're quite livid. They're saying they're not being consulted, they haven't had consultations and they haven't had the chance to be listened to. And, if that's not true, you need to lay that out because I have no reason to doubt them. So where I am at the moment, with the greatest respect, is: I'm doubting the quality of the evidence being given by ARTC about full consultation with all affected landowners. So, please, I'll come back to you: how many are there and how many have you actually consulted with?

Mr Wankmuller: Again, there is no definitive answer—

Senator STERLE: If you don't know, Mr Wankmuller—

Mr Wankmuller: There's not a definitive answer because—

CHAIR: Hold on!

Mr Wankmuller: there's a reason, and that is that we have logs when people sign in. If they don't sign in, we don't know—we don't know who was there. We can't force them to sign these—

Senator STERLE: You don't know, so you can't come in and say that you—

CHAIR: Oh!

Senator STERLE: Chair, don't turn into a Jane Hume!

CHAIR: No, I don't want to have a match with you.

Senator STERLE: These are your people that vote for you mate, not me.

CHAIR: I understand that, and you'd have to know, Glenn, that I will never abandon them but I think it was unfair for you to draw that broad inference from that official's answer. They can do no more than make it available for them to register if they attend a public meeting and, if they don't, indeed they don't know that Fred was there because Fred didn't fill the register in.

Senator STERLE: Chair, with the greatest respect, your people in Queensland have had Mr Wankmuller's opening statement where he sat down and he's had a cup of tea, a scone and a piece of cake and met with them. I don't know why there's an imaginary line on a piece of paper that says: 'Goodbye, Queensland. You're now entering New South Wales.' There should be a different process. That's all I'm asking, and I think that's fair of me to ask that.

CHAIR: Have we established that there is because the people in Queensland are not complaining about the consultation process? They've had—

Senator STERLE: I didn't mention the Queensland people because they've had a cup of tea, cake and a scone and Mr Wankmuller's sat down with them. You know that those people—and you know this—in New South Wales in that area we're talking about have said the opposite: that they haven't been consulted. I understand that if you have a public forum and you don't say, 'We're Fred and Mary Jones, and this is my property, Come-along!—or whatever it's called; I don't know—you don't know, but you haven't followed up and gone—

Mr Wankmuller: If you could help me because here's where I'm confused. We do have an answer: it was provided from the last senate estimates for a specific question which specifically says 58 out of the 64 landowners were contacted. It specifically says that we met face to face with 56 of them, so I'm assuming your question's broader than that. That's why I'm confused, okay? But if your question is that specific, I think we've given you a pretty detailed answer.

Senator STERLE: And what I said to you: have you consulted every single person? That was my question. That's how it all started, and you haven't. Just say, 'No, you haven't.'

CHAIR: Whoa! Minister, let me, otherwise there'll be—

Senator STERLE: You don't have to get your jocks in a knot. You haven't consulted everyone.

CHAIR: My jocks take two men to get into a knot, mate, they're that big. Mr Wankmuller, as I understand it, and Senator McCarthy will correct me as I go forward, the burden of their question relates to those landowners who are affected by the alignment—that are touched. Is that a fair appraisal, Glenn?

Senator STERLE: Yes.

CHAIR: Okay. How many landowners there are touched?

Mr Wankmuller: Sixty-four.

CHAIR: Of those 64, how many have you had the opportunity to consult with?

Mr Wankmuller: Fifty-eight.

Mr Fullerton: Fifty-six face-to-face.

CHAIR: Is it possible that there were multiple engagements with them—face-to-face exchanges, correspondence, telephone calls and the like?

Mr Wankmuller: Yes.

CHAIR: Is that logged somewhere?

Mr Wankmuller: It would be, yes.

CHAIR: Senator Sterle, it might assist here if they take on notice the logs, the frequency and the nature of the engagement. At the end of that, this committee will be able to form a view on whether the consultation process has been adequately extensive enough or inadequate?

Senator STERLE: On that, all I was asking was: there were 58 out of 64, so what happened to the six? All you've got to say is, 'They didn't want to talk' or 'They weren't at home'.

CHAIR: I'm with you there. What happened to the other six?

Senator STERLE: I don't know what's so hard.

Mr Fullerton: The answer to that question is: of the remaining six, Inland Rail was unable to locate contact details or the landowners chose not to engage with Inland Rail for whatever purpose.

CHAIR: There you go.

Senator STERLE: But you can break that up.

CHAIR: They did. That's an answer they've given you. You've already got that.

Senator STERLE: Yes, but what I don't know is: of the ones who said they didn't want to talk to you—I need to know. It's not a hard question. It's not a hangable offence.

CHAIR: Glenn, you want to break the six down to find out who couldn't be—

Senator STERLE: I think it's—

CHAIR: No, I'm trying to get clarity here, otherwise we just come back and back. You want to know, of the six, how many couldn't be contacted and how many refused to have contact—is that correct?

Senator STERLE: That's right.

CHAIR: That shouldn't be too hard.

Mr Fullerton: We can break that down, Senator.

Senator STERLE: And then it goes to how many were in favour and how many weren't in favour.

CHAIR: Well, that hasn't been your line of questioning.

Senator STERLE: Not yet. I'm getting there.

CHAIR: Your line of questioning has been about consultation. Now you want them also, to the extent that they can, indicate, of the 58, how many of them were thumbs up and how many were thumbs down.

Senator STERLE: Yes, that's what I'm trying to lead to.

Senator Scullion: It depends on the point in time. It changed.

Mr Fullerton: I think that's an important point. The preferred study corridor is two kilometres wide—

Senator STERLE: Which you then narrowed down.

Mr Fullerton: and in some areas it's even wider than that.

Senator Scullion: It slowly comes down.

Senator STERLE: That's right.

Mr Fullerton: The consultation process is still at the early stages, as we refine that alignment down to those 40 to 60 metres.

CHAIR: What impact will that have on the 64 landowners? It will reduce it to—

Mr Fullerton: It certainly won't go up; it will reduce it, but to what extent it will be reduced—whether down to 40 or 60 metres—we'd have to work out who owns the land and what the—

CHAIR: Okay. You've agreed to take it on notice. I know what Glenn's looking for, and I think it's hard to determine whether they're happy or not when you've got a process that's a moving, living, breathing process.

Senator STERLE: But, if there is consultation with 58 out of 64 and only two or three said, 'This is a good idea,' and the others went, 'Boo—

CHAIR: I appreciate that.

Senator STERLE: That's where we need to get to. While we're at it, Mr Fullerton, I'm going to commend you here. You corrected the record and you wrote to the chair. This is good. You gave us some information

which wasn't correct but you did the right thing—you wrote straight back to us. Congratulations. It's a shame other agencies—

CHAIR: I think it's a fundamentally honest—

Senator STERLE: They're decent. I could talk about others—but that's maritime—when we get to that.

Senator McCARTHY: Mr Fullerton, flyers that were handed out in 2015 projected that two million tonnes of agricultural freight would be attracted from road. In later versions of the flyer, that figure went up to nine million tonnes. I'm just wondering where the extra seven million tonnes came from.

Mr Fullerton: Nine million tonnes of agricultural product is in the 2015 business case. That's the number that we have used in our publications more recently.

Senator McCARTHY: The 2015 business case. That's available where?

Mr Fullerton: It's published on our website.

Senator McCARTHY: Thank you.

Mr Fullerton: I think the number is around 8.9 million tonnes of agricultural product.

Senator McCARTHY: I'll have a look at that; thank you. Have you ever visited the subject site of NS2B?

Mr Fullerton: Yes, I have.

Senator McCARTHY: Have you been invited by any of the concerned stakeholders to attend?

Mr Fullerton: We've visited those sites to meet a number of those stakeholders. I think I've been invited by some councils but not specifically by landowners, no.

Senator McCARTHY: Are you aware that there was dissatisfaction around the New South Wales-Queensland border area with the ARTC preferred alignment?

Mr Fullerton: Yes, I am.

Senator McCARTHY: Are you aware of the five options and how the current alignment was decided?

Mr Fullerton: Yes, I'm familiar with those options.

Senator McCARTHY: How many landholders are affected by alignment option D1?

Mr Wankmuller: There are two options we're talking about presently: D1 and A.

Senator McCARTHY: Option D1.

Mr Wankmuller: On option D1, I've met with about 10 of the residents in that area. Through that area, there are less than 20 residents in total who are impacted. Just as a sidenote: that was the trip on 'corporate Christmas Day' that I mentioned. We went and actually had lunch with them.

Senator McCARTHY: You said that at the beginning to Senator O'Sullivan. How many landholders are affected by alignment option A?

Mr Wankmuller: I think, between the two, it's roughly the same number. I'll have to take it on notice to get you the exact number, but it's that order of magnitude.

Senator McCARTHY: Was ARTC made aware of the concerns of council and landholders in relation to the 2½ per cent weighting for flooding in the MCA?

Mr Wankmuller: Yes. We had quite a bit of discussion with both the council and the landowners about the initial flood modelling, and we have revised it based on some of their estimations. That discussion is still ongoing. They've nominated some experts in their area, who we're working with directly.

Senator McCARTHY: Were any of those concerns relayed to the minister prior to his signing off?

Mr Wankmuller: I wouldn't be able to answer that question directly in terms of what was relayed to the minister. Which minister? If you're talking about—I know that he visited the area first, but I don't know what was conveyed.

Senator STERLE: How many ministers do you think we might be talking of in this area?

Mr Wankmuller: I assumed you were talking about the infrastructure.

Senator STERLE: What a silly response! Is there someone who can answer that?

Mr Wankmuller: Sorry, that was a truthful response. My job is not to advise the minister.

Senator STERLE: If you can't who can? 'How many ministers'—what a stupid response!

CHAIR: Steady, Senator Sterle.

Senator STERLE: We are in infrastructure, for crying out loud! I know we have been through many ministers—I think we have been through about seven since 2013.

Mr Wankmuller: If I could clarify why I answered the way I did: I don't advise the minister, the department does. I advise the department; that's all I was saying.

Senator STERLE: And you said you don't know and then I said is there someone who could—and then you threw up that other one.

Senator Scullion: I have indicated to the department that they would have known, it would have gone through. I wonder if they have something to add.

Senator STERLE: Thank you, Minister.

2 **Mr Yeaman:** Certainly when we provided our advice to the minister to approve the study corridor we raised the stakeholder concerns at that time and noted that there were stakeholder concerns in that particular part of the region. So yes, we would have done that as a matter of course in advising the minister based on advice from ARTC and our own discussions.

Senator McCARTHY: Mr Fullerton, have you been made aware of the use of 1976 pre-development flood mapping for the development of the MCA?

3 **Mr Fullerton:** No, I am not aware of that. Richard can comment.

Mr Wankmuller: I would have to take that on notice.

Senator McCARTHY: Was ARTC advised many times about local knowledge that would be invaluable in assessing the flood management problem?

Mr Wankmuller: Yes, we were. And I was advised personally, which is why I am jumping in.

Senator McCARTHY: I'm aware that ARTC did not make contact with some of these people until April 2019. Is that correct?

4 **Mr Wankmuller:** I know that I personally met with them in December 2018.

Senator McCARTHY: So you have made contact with all of the local people now?

Mr Wankmuller: Yes, we have.

Senator McCARTHY: Were you made aware of the possible redirection of irrigation water out of the Macintyre River system?

Mr Wankmuller: We were made aware of their concerns at that, yes.

Senator McCARTHY: Has that concern been relayed to the minister's office?

Mr Yeaman: I could take those specific details on notice. Certainly in our briefing to the minister we raised concerns about the floodplains and the hydrology issues. On that very specific issue, I could take that on notice and get back to you.

Senator McCARTHY: When will ARTC be in a position to present a true-cost analysis on both options?

Mr Wankmuller: We are doing that presently and will certainly have it done within the next six weeks. What is involved in that is looking at all the engineering and coming up with all the quantity analysis, so there is quite a bit of work. But we have committed to the individuals that we are talking about that we will get back to them within six weeks.

Senator McCARTHY: So by the end of May?

Mr Wankmuller: Yes.

Senator McCARTHY: At the latest?

Mr Wankmuller: Roughly.

Senator McCARTHY: Can ARTC assure stakeholders that there is an adequate changeover process to cover the revolving door of staff who have been engaged in this sector? I understand that that is the case.

Mr Wankmuller: We have had a change of a number of staff. One of the things we are looking at is trying to get more local staff so that people stay. The entire infrastructure market is pretty heated and everybody is getting competing offers. So we're trying to get local people, who are more likely to stay. We are also looking at the way we compensate our employees. We are trying to come up with programs that encourage them to stay, because people leaving is very impactful; it is one of my concerns.

Senator McCARTHY: Out of curiosity, how many people have left?

Mr Wankmuller: Out of the ARTC staff, about 25 people in the last year.

Senator McCARTHY: Is that due to end of contracts or is that due to unhappiness in the job?

Mr Wankmuller: No, a lot of those got competing offers from other places for increased pay and a different compensation package. A number of them were family situations, either through a parent's state of illness or more direct family situations.

Senator McCARTHY: Were they full-time positions?

Mr Wankmuller: Yes.

Senator McCARTHY: Are any of those 25 positions empty? Have they all been filled?

Mr Wankmuller: I believe we've filled most of them. There are a couple vacant, but we've refilled most of them.

Senator McCARTHY: Can you advise how many community engagement officers have been involved in the assessment on the NS2B sector?

Mr Wankmuller: On NS2B itself, just that one section?

6 **Senator McCARTHY:** That's correct.

Mr Wankmuller: There would be about four community engagement officers. It's a little misleading. I'd like to expand on the answer. In interacting with the community, it's more than just engagement officers. In

fact, the engineering staff are quite important to be able to answer questions. Total staff involved in dealing with the public there would be at least double that.

Senator McCARTHY: Eight?

Mr Wankmuller: Eight to 10.

Senator McCARTHY: Are you aware of the request to construct a feeder line to the three existing establishments with rail capabilities and other possible sites on the eastern side of Goondiwindi?

Mr Wankmuller: I didn't hear the first part of the question.

Senator McCARTHY: Are you aware of the request?

Mr Wankmuller: The request, yes, has been looked at. We, being ARTC, have a business development officer in that area that's engaged in discussions along those lines.

Senator McCARTHY: Is it the intention of ARTC that this should be funded by private enterprise?

Mr Wankmuller: I'd have to pass that question over to Mr Fullerton.

Mr Fullerton: I think any opportunity would have to be a separate business case to do that work. We're very clear about what the scope of Inland Rail is in relation to the construction of that track between Melbourne and Brisbane.

Senator McCARTHY: Do you believe that seasonal freight, like grains from Goondiwindi, would have the ability to inject \$100 million into a feeder line to option D1, when the preferred route of option A would provide the major part of that feeder line?

Mr Fullerton: I certainly haven't assessed the business case on those merits, no.

Senator McCARTHY: Do you think the consultation process in this sector has been adequately followed?

Mr Wankmuller: Yes, from our perspective. We've certainly reacted to the public that you're talking about. We certainly have worked with them, sat with them and listened to their concerns, and adjusted some of the things that we're doing as a result. We're being, I believe, very responsive in getting back to them on their concerns.

Senator McCARTHY: Is it the intention of ARTC and the government to commence construction before satisfactory answers are provided to those concerned residents?

Mr Wankmuller: No, and I've tried to make that clear. I know there is some suspicion of that because of what they perceive as past behaviours, but we're not going to proceed without doing this analysis.

Senator McCARTHY: Okay. Do you acknowledge that a fatal flaw exists with the NS2B sector of the MCA assessment?

Mr Wankmuller: No, I don't acknowledge that. I'm concerned that there could be one, and that's what this analysis is about—to determine whether there is a fatal flaw. What we've made very clear is that if there is a fatal flaw we may have to look at another alternative.

Senator McCARTHY: Just on the staffing situation, you said that, in the last 12 months, 25 people have left—or positions. How would you define the rate of staff turnover at ARTC?

Mr Wankmuller: It's certainly within industry norms. We have 386 presently and 25 leaving. That's actually well under the industry norms. I was CEO of some of the world's largest engineering construction companies, with similar staff, and our turnover rates would have been higher, as would have been our competitors'.

Mr Fullerton: Senator, in terms of ARTC more broadly, our turnover rates are always between about 10 per cent to 13 per cent.

Senator McCARTHY: Sorry, Mr Fullerton, I missed that. What was the percentage rate?

Mr Fullerton: Our turnover rate has slightly increased. It's probably around 13 per cent. But the two areas that have had the greatest impact on that are project-related staff, which Richard referred to. Because of the high demand for projects around Australia, people are moving to metro projects in the capital cities. We compete on that basis with remuneration. The other high-turnover area we've got is in our signal electricians. Similarly, they've been attracted to some of these major projects. We're putting into place ways to deal with that, but those are two particular areas where we do experience high turnover because of the nature of the infrastructure projects.

Senator McCARTHY: Thank you both very much.

Senator PATRICK: Some very quick questions, gentlemen. I presume you have a significant amount of involvement in the Inland Rail project, which is a priority project. What involvement do you have on another priority project, Iron Road, which also involves rail?

Mr Wankmuller: Iron Road?

Senator PATRICK: The Eyre Peninsula infrastructure project that would run from Wudinna down to Cape Hardy on the eastern—

Mr Fullerton: No. I'm aware of that project in South Australia, given that I live there. It doesn't connect with our network and we've had no involvement at all with the proponents.

Senator PATRICK: So there hasn't been any interaction at all between you as the experts in this field and that particular project, noting it is a priority project?

Mr Fullerton: No, we've had no involvement at all.

Senator PATRICK: Has there been any contact at all between the proponents of that project and ARTC?

Mr Fullerton: Certainly not with me. There could have been at the officer level, where there may have been the odd phone call. But it is certainly not something that I've been involved in, nor has the company made any consideration of it.

Senator PATRICK: Would you take that on notice to find out whether that has occurred?

Mr Fullerton: I can certainly find out whether they've contacted officer level to discuss certain aspects of it. I'll take it on notice.

Senator PATRICK: Thank you. Are you aware that there has been a narrow-gauge rail line running from northern Eyre Peninsula down to Port Lincoln?

Mr Fullerton: Yes, I am.

Senator PATRICK: I presume you're aware that that's closing down?

Mr Fullerton: Yes, I am.

Senator PATRICK: I presume that that, also, has not much to do with ARTC?

Mr Fullerton: No, that's a railroad that forms part of the network operated by Genesee & Wyoming Australia.

Senator PATRICK: I've looked at your website, and in some sense I'm looking at the scope of what it is that you do. You talk about investing billions of dollars to build, extend and upgrade our network to get freight off the road and onto rail. We've a circumstance now in the Eyre Peninsula where the reverse is occurring: we're having rail decommissioned, and that will bring a large number of trucks back onto the roads. Is it within your purview? Is it normal for your organisation to look at an event like that and say, 'You know what, we may have to start considering doing something ourselves in that space'? How does that work?

Mr Fullerton: ARTC, as you are aware, are a GBE. We operate on a commercial basis and pay dividends to the government. From time to time we do look at opportunities off our network. Probably the best example is from Benalla to Oaklands, a line that got cut off with the standardisation of the western track in Victoria, when we took that over in 2008. We maintain that network under a management arrangement with the Victorian government. That's an example where it's not a commercial operation, but it was something that Victoria wanted to keep operational. We do that under a management arrangement. We do look at opportunities, but all of the opportunities have to be able to—we run the test of a business case across those and look at opportunities of expanding our network or, certainly, building capacity on our network to support growth on rail. Whether it be a new mine starting up, as we've seen with a few in South Australia—we will always look at opportunities, but on a commercial basis.

Senator PATRICK: Okay. In the context of your involvement in inland road, which is clearly a capital investment, it's not you as the GBE providing that investment, is it? That's funded in some other way and you're contracted to provide services—

Mr Fullerton: Are you talking about Inland Rail?

Senator PATRICK: Yes, Inland Rail.

Mr Fullerton: Inland Rail is being funded through ARTC, with a \$9 billion equity investment by the federal government, as the 100 per cent shareholder of ARTC.

Senator PATRICK: So you take that equity funding, you wrap that into the capital on your balance sheet and then you proceed with the development of it?

Mr Fullerton: Yes, as has happened. We have invested in the order of \$6.5 billion already in our interstate and Hunter Valley network. Some of that funding was debt raised by ARTC, or through cash flows from operations. Some of it was raised through grant funding from shareholders, or equity funding.

Senator PATRICK: What is your prescribed return to the taxpayer, or return to your shareholder? What is your obligation this year to return back to Finance?

Mr Fullerton: We pay a dividend each year. Last year we paid a \$65 million dividend. The year before—

Senator PATRICK: My understanding is that GBEs are typically given, once a year, an objective from the shareholder. It's tabled in the parliament. Does that include a particular dividend?

Mr Fullerton: No, that dividend is determined by the shareholder on advice from ARTC. Those financial forecasts form part of our corporate plan, both in terms of our strategy, the growth of freight on rail and also our future forecasts for revenues. The underpinning performance of the business that drives the ability

to pay a dividend relates to the return that we get from the Hunter Valley, which is a regulated asset. real before tax return as part of a five-year access undertaking. For our interstate network, which is our inter-capital network, we are price conscious of the competitive position with road. But again that makes a positive contribution to our cash flows. In terms of determining net profit, we take into account the dividends that are then paid to government. As I said, last year we paid around about \$64 million to our shareholder and the year before I think it was \$82 million, and the year before that was \$91 million. That is determined each year when we look at our financial performance.

Senator BROCKMAN: Pull me up if I am repeating. What is the current status of the intergovernmental agreements? I guess this is Dr Kennedy.

Dr Kennedy: Yes.

Senator BROCKMAN: Are all the agreements in place that need to be in place for the project to proceed?

Dr Kennedy: No. There is an intergovernmental agreement signed with New South Wales and one signed with the Victorian government, but the Commonwealth government has not concluded an intergovernmental agreement with the Queensland government.

Senator BROCKMAN: The New South Wales and Victorian ones are in place?

Dr Kennedy: Yes.

Senator BROCKMAN: Talk us through Queensland. What has happened? What has not happened? Why do we have them with New South Wales and Victoria but not with Queensland?

Dr Kennedy: I might pass to Mr Yeaman to take you through that.

Mr Yeaman: I can confirm the Victorian intergovernmental agreement was signed on 16 March 2018 and the New South Wales agreement on 4 May 2018. We have been trying to engage Queensland government officials for some time since those other agreements were signed in order to get them to provide certainty for the project so it can proceed. As ARTC would attest, a lot of preparatory work has been continuing in Queensland to ensure the project stays on track and on schedule, but it is reaching the point where the lack of a clear agreement from the Queensland government to proceed will start to affect some of the key elements of the project. The Deputy Prime Minister has engaged his Queensland counterparts, including the Premier, the Deputy Premier and the responsible minister, Mr Bailey, seeking to secure an agreement, but at this point in time it hasn't been forthcoming.

Senator BROCKMAN: Obviously, intergovernmental agreements need the agreement of senior parts of the government on both sides, but has your department been talking to your respective agencies in Queensland? Is the agreement basically in place and all it needs is political will from the top level of the state government?

Mr Yeaman: We went through quite a detailed process with the Queensland government officials around the time of the other agreements. Other agreements were signed to try and settle any outstanding technical issues in the intergovernmental agreement. We believe that we have an intergovernmental agreement in place and on the table that meets their needs. I don't want to speak for the Queensland officials, but we believe we have, from a technical aspect, an intergovernmental agreement on the table that is sufficient, and it's very closely aligned with the ones that were signed by the Victorian and the New South Wales governments, but, at this point, agreement from the Queensland government has not been forthcoming.

Senator BROCKMAN: It seems like it might be a lack of political will on the part of the Queensland government, but I won't go there. I know you can't answer that.

CHAIR: You could ask, but it would be ruled out of order.

Senator BROCKMAN: Really? What do the existing New South Wales and Victorian intergovernmental agreements cover? What do they actually nail down?

Mr Yeaman: I might ask my colleague Mr Smith to discuss that.

Mr P Smith: The agreements are very broad, but they cover a number of factors. One is constitutional consent. We obviously need constitutional consent to be able to build a railway in a state, so it addresses that fundamental issue. They also deal with, at a very high level, land acquisition, cost issues, alignment issues and a number of issues around those types of things, which again, help provide certainty for the project.

Mr Yeaman: Fundamentally, as Mr Smith said, constitutional consent is the most critical aspect, and sorting out any government-to-government costs that are associated with the project. The other issues around route alignment, as has been discussed in some detail today, are still evolving and ongoing, so we weren't seeking final sign-off from the Queensland government to the final, precise route. It still has to go through all of the normal environmental assessment processes in the Queensland system. That's all still catered for. The most critical aspect is to get that overall constitutional consent to build a railway line in Queensland.

Senator BROCKMAN: And, on the cost side, the Commonwealth is putting \$9.3 billion in equity financing and grant funding into this. No—that's just the ARTC, isn't it? So what's the total Commonwealth contribution? Is that the \$9.3 billion?

Mr P Smith: That is the \$9.3 billion in equity and grant funding.

Senator BROCKMAN: So, under the two intergovernmental agreements that are in place now, you said money was a part of it. What sort of quantum are New South Wales and Victoria—

Mr Yeaman: Only to a very small extent. The main issue has been where there are any additional costs that the Queensland government, for example, at the bureaucratic level, would be forced to meet to engage in the project that go above and beyond day-to-day business as usual. In some cases, those states have sought for the Commonwealth to fund some of their, if you like, running costs to help engage with land acquisition or other aspects of the project. We've reached a negotiated agreement with both of those other two states on those issues.

Senator BROCKMAN: So it's not those states chipping money into the project—

Mr Yeaman: Not the cost of the project. It's a reimbursements issue.

Senator BROCKMAN: It's Queensland trying to claw some costs back from the Commonwealth government.

Mr Yeaman: Correct—in that case, yes.

Senator BROCKMAN: Has construction started?

Mr Fullerton: Yes, it has.

Senator BROCKMAN: When was kick-off?

Mr Fullerton: On 13 December last year, it was the turning of the sod, and construction commenced in early 2019.

Senator BROCKMAN: There are a number of phases in this. Do you have construction milestones for all stages? Do you know when all stages will commence, for example? I don't need you to read them all out, but is that planned at this point?

Mr Fullerton: There are 13 projects. There's a project schedule that has been developed. We're currently very focused. We've started construction from Parkes to Narromine. We've spent a bit over \$100 million already on the construction aspect of that. Other projects are in different stages of maturity, but, in all areas, we're doing what we call reference design along all the remaining corridors, and that's all about finalising the last 60 metres of corridor. It's understanding all the environmental conditions that will apply. And, of course, beyond that, you then go out to tender for construction works.

Senator BROCKMAN: In terms of the construction works, what's the biggest component of your tendering process? Do you tender to construct this 20 kilometres of line or do you tender to buy steel?

Senator STERLE: Chair, with the greatest respect—undying respect—that I have for Senator Brockman, this is filibustering. I suggest we should be allowed to go through our questions, and then we could all knock off and we're done.

CHAIR: I couldn't agree with you more, but if you think is filibustering, just sit back and relax. There's plenty more where that came from.

Senator STERLE: I think it is.

CHAIR: No, the questions are in order.

Senator STERLE: We can get through the program. Senator Brockman is one of the better ones—

CHAIR: Senator Sterle, please. Senator Brockman, you have the floor.

Senator STERLE: You were one of the better ones until 10 seconds ago, Chair. Now you've gone down to Senator Hume's style.

CHAIR: Senator Brockman, you have the floor.

Senator BROCKMAN: Where's your tender process up to? What are the biggest components of your tender process?

Mr Fullerton: There are various elements, of course. There are 13 projects. As has already been announced, the project from Gowrie to Kagaru will be conducted under a PPP, and we've just gone out for an expression of interest. Other parts of the project, depending on whether they're brownfields or greenfields, the plan is to go to design and construct. But, of course, within that, you've got to buy concrete sleepers. You've got to buy quarry materials, culverts, rail—

Senator BROCKMAN: Are concrete and steel the biggest components?

Mr Fullerton: I think earthworks and bridges would be the biggest components.

Mr Yeaman: From a cost standpoint.

Senator BROCKMAN: In the tenders you've put out so far for steel, you've gone with Australian steel, I understand?

Mr Fullerton: Yes, we've had two procurements from Liberty. The first was for the section from Parkes to Narromine. I think there was about 15,000 tonnes of steel that has been delivered and we've placed an order for Narrabri to North Star.

Senator BROCKMAN: And that was a competitive tender process, I assume?

Mr Fullerton: No, because it was on the back of a contract that we had with OneSteel for Adelaide to Tarcoola, but we did certainly test that on a commercial basis to ensure we're having value for money.

Senator BROCKMAN: Thank you, Chair.

Senator RICE: Good afternoon. I want to go to the business case for Inland Rail. At the last estimates, we canvassed quite a bit about the projected proportion of freight that was going to be coal freight out of the Darling Downs into the Port of Brisbane. And you said then that there's already the Ipswich route into the Port of Brisbane. But I wanted to confirm that, according to the business case for Inland Rail, the 2014-15 demand for coal freight movements from the Clarence-Moreton and Surat basins to the Port of Brisbane is approximately 7.6 million tonnes?

Mr Fullerton: Yes.

Senator RICE: As part of your business case development, did you look at the total capacity of the narrow gauge from Darling Downs to Port of Brisbane via Ipswich for coal freight to determine what the current capacity is?

Mr Fullerton: No, we didn't. In the business case, we looked at the new standard gauge line, and I think the business case quoted quantities going from 12 million tonnes to 19.5 million tonnes per annum as a maximum. And then we did sensitivities. There are many sensitivities. There was a coal sensitivity looking at reductions in coal volumes from what is currently carried. I think we used two. One was four million tonnes per annum and one was six million tonnes per annum. The business case certainly did describe the growth in coal based on some further expansions in the West Moreton area, but we also did sensitivities to test reductions in coal volumes and the impact that had on the economic business case.

Senator RICE: What I read in the business case was that, at the moment, we've got around 8.7 million tonnes and, if there was an upgrade at the Port of Brisbane without Inland Rail, it would be able to get to 10.8 million tonnes. So what is the capacity of the existing narrow gauge route? You didn't look at that?

Mr Fullerton: Through Ipswich?

Senator RICE: Yes.

Mr Fullerton: I'd have to take that on notice. I wouldn't know. That's operated by Queensland Rail.

Senator RICE: In 2014-15, we had 7.6 million tonnes. I'm trying to get a sense of how constrained the existing rail route is. How much more than the 2014-15 7.6 million tonnes would they be able to get through without Inland Rail?

Mr Fullerton: I need to take that on notice.

Senator RICE: Okay. But basically with the construction of the Inland Rail route to the Port of Brisbane you're projecting around 19.6 or around 19.9?

Mr Fullerton: I think it's 19.5.

Senator RICE: So 20 million tonnes, considerably more than what the existing is. Even with the upgrades, without Inland Rail, your business case says that you'd get to just over 10. So it's safe to say that without the construction of Inland Rail that sort of capacity of coal movement wouldn't be possible out of the Surat and Clarence-Moreton basins?

Mr Fullerton: No, that's why we did sensitivity to check whether the volumes—at low volume I think at four million tonnes of coal per annum, a scenario where the coal price fell and the access pricing was higher. I think we did a sensitivity at four million tonnes per annum, and that changed the BCR, I think, only from 2.62 to about 2.5. So even with a much lower coal volume from what is currently carried today, and it's about 7 million tonnes per annum carried today, in those coal volumes falling the impact it had on the BCR went from 2.62 to 2.5.

Senator RICE: So that's if it came down to four. What if it dried up completely? Did you do that level of sensitivity analysis?

Mr Fullerton: No. But you could certainly extrapolate from—

CHAIR: How long would that take to calculate? How much coal would you take on the line if it dried up completely, that would be zero—

Mr Fullerton: The BCR—

Senator RICE: This is my point, Chair.

Mr Fullerton: The BCR I expect would still be over two at a discount rate of four per cent.

Senator RICE: Looking at it the other way, if you didn't have Inland Rail—I mean beyond the 10.8, which was upgrades of the existing route—you wouldn't be able to get to that level of capacity, up to the 19.9, or 20 million tonnes?

Mr Fullerton: No. In the design of Inland Rail we've looked at those volumes going to that level and have allowed for that in the capacity of the network. I'd need to go back and check, but I thought that with the coal trains something like 20 a week or something could handle those high volumes. But I'd need to check that specifically.

Senator RICE: Sorry, that 20 trains a week could handle what volumes?

Mr Fullerton: I'd need to check that 20 coal trains a week. I think we have the answer here for you.

Mr Wankmuller: I think if we could clarify the question. I think what you're asking is: what is the capacity of the Queensland rail line now? And you want to compare that to what it would be under the new line?

Senator RICE: Yes.

Mr Wankmuller: We'd have to take that on notice.

Senator RICE: The question is: what's the limitation of the existing rail?

Mr Fullerton: We need to consult with QR on that.

Senator RICE: But it's reasonably safe to say that there's a capacity constraint at around—I think your business case said—10 million tonnes and you're essentially doubling that. If it didn't occur that would be a constraint on the ability to shift that coal from those two basins into the Port of Brisbane?

Mr Fullerton: I think it's important to remember that not only is it the number of trains, but of course Inland Rail is built to a standard to allow higher axle loads on longer trains, so you would need fewer trains to handle the equivalent number of tonnes. We'd have to go back and confirm that capacity on the existing network.

Senator RICE: Looking at it the other way, that if you didn't have Inland Rail, new mines that are expanding the coal capacity would struggle to have positive business cases because they would struggle to get their coal to port?

CHAIR: Can I just say—just hold on Mr Fullerton. I've been very patient. That's about the fifth time you've put a proposition that Mr Fullerton can't answer, because he's told you that he doesn't have the data, he doesn't know the answer and he has to check with the Queensland government. You can't keep asking the same thing 100 different ways when the witness has clearly indicated that they have no capacity to answer the question.

CHAIR: With all due respect, Chair, I'm not sure whether you were properly paying attention, but it was quite a different question—

CHAIR: No, I'm listening—

CHAIR: It was about the business case of the coalmine—

CHAIR: Based on the fact that they couldn't get their coal on to the line to Brisbane, because of the constraints that exist.

Senator RICE: Yes.

CHAIR: No-one knows the constraints. The witnesses told you that.

Senator RICE: The witness told me that they don't know exactly what the constraints are, but the business case is saying that even if you upgraded it you've still only got a capacity of 10.8 million tonnes, so basically there's a gap in capacity without Inland Rail. So what I'm asking for is your view of the business cases for those coalmines. How much does the expansion of those coalmines depend upon Inland Rail in order to get their coal to port?

Mr Fullerton: I'm not in a position to respond to that, given that it's a network that we don't operate today. We've simply looked at Inland Rail from the point of view of it being a new high-capacity corridor to handle the volumes that have been put into that business case. I'm in no position to comment on the existing operations of that network.

Senator RICE: Given that you aren't able to comment on that today, what I'll ask you to take on notice is: given that it appears that Inland Rail is going to provide that extra capacity, is the ARTC going to recoup the proportionate capital costs for Inland Rail construction from both the existing and proposed coalmine operators? If you're not, you're basically giving them a de facto subsidy.

CHAIR: I don't know how you're drawing that inference.

Senator RICE: They're providing them with a capacity that's not there at the moment. If Inland Rail doesn't go ahead, they cannot get all of their projected coal production to port. Essentially, Inland Rail is providing them with that extra capacity. So I'm wondering what arrangements the ARTC have to recoup that from them.

Mr Fullerton: As we do in the Hunter Valley today. They pay us an access fee that will reflect their consumption of the capacity that's being built into Inland Rail on that corridor.

Senator RICE: But will it reflect the construction costs as well, or will it only reflect the operating costs?

Mr Fullerton: We'll be seeking to get a commercial return on that investment, as we set access pricing. As of yet, we haven't had those discussions with train operators or the coal industry.

Senator RICE: Okay. I will leave it there. I want to now move on to the North East Rail Line. Thank you for your answers to my questions on notice. In particular, thank you for providing the Monash review of the North East Rail Line. I want to ask a few questions that were raised in that review. Do you have that review?

Mr Fullerton: I don't have it with me, but I'm familiar with it.

Senator RICE: I'll read out page 10, paragraph 2.1.8:

Overall, it would appear that the planned works in the ARTC upgrade plan address the main objectives of the project to a sufficient level within the funding commitment of \$235M ... However, this may only be possible if the uncertainties and constraints discussed above are overcome by careful fine tuning of the plan after the completion of the detailed site inspections and successful negotiations with V/Line personnel to achieve common agreement on a realistic acceptance level for V/Line Passenger Class 2 tracks.

What are the plans for overcoming and dealing with the uncertainties and constraints that are discussed in this review?

Mr Fullerton: We were pleased with the confirmation from Monash that the \$235 million that we had for the work to upgrade it to class 2 track would pass their test, in terms of their independent review. That scope of works includes a whole range of activities, as you are aware, in terms of ballast renewal, timbered deck bridge replacement, upgrading level crossings—all aimed at improving ride quality, and the reliability and resilience of the tracks. The allocation of that \$235 million as grant funding from the Commonwealth was aimed at achieving that Victorian class 2 standard. We're still negotiating with Victoria in terms of the long-term lease of the network and the maintenance of that track to that standard, as well as the KPIs that may be applied to it.

Senator RICE: But what I want to get at is: is the \$235 million going to cover the extra works that this report says need to be overcome?

Mr Fullerton: Yes. As Monash have said, the \$235 million of scope of works, which was agreed between ourselves, Victoria and the Commonwealth, will achieve the Victorian class 2 track standard, which was the objective of the work and the reason for the funding.

Senator RICE: Throughout this report, would you agree that, basically, in summary, it says the \$235 million is enough to get it to class 2 standard, but there are potential issues with the ongoing works that are going to be required. It says at the bottom of page 11:

... it is felt that this heavy investment in ballast alone will provide a medium-term solution, as there is a risk that the additional new ballast will become fouled and lose its stabilising capacity, particularly in areas containing highly fouled ballast and/or developing mud holes ... Any regions which suffer such deterioration will need to be managed into the future with localised works. Again, this highlights the fact that there is insufficient budget to undertake a complete upgrade of the NERL and that compromises need to be made.

So, my question is: do you agree that the \$235 million is giving you, as they say, a medium-term solution but it's not the full solution to the upgrade of the line?

Mr Fullerton: The \$235 million was scope of works that was agreed. Remember, the purpose of this investment was to raise the track to Victorian class 2 standard. That was the objective: to achieve improved ride quality and ride comfort, improved reliability and improved resilience of the track. That was the objective. The \$235 million scope of works was signed off by the Victorian agencies and the Commonwealth, and that's what we'll deliver with the works. It's very targeted, it's very comprehensive and it's exactly what Monash supported. In terms of those other observations that were made, a lot of our track is a hundred-year-old formation that requires more ongoing additional maintenance than you would expect from a brand new track. That's part of the discussions that we'll have with Victoria about the ongoing maintenance of the track, given that it is a hundred-year-old formation. But the purpose of the \$235 million will clearly achieve the Victorian class 2 track standard—which was the objective. That will give that ride comfort, resilience and reliability that the commuters have been seeking.

Senator RICE: Have you got an estimate of what the ongoing maintenance and those ongoing works are going to cost?

Mr Fullerton: That's something we're working through with the Victorians at the moment—the ongoing costs.

Senator RICE: What time line of—

Mr Fullerton: We can certainly share that with you. We spend about \$6 million or \$7 million on the maintenance of that corridor today, and we would expect that the cost of that maintenance will go up to be able to achieve the ongoing class 2 standard.

Senator RICE: What order of magnitude are you expecting it to be?

Mr Fullerton: I wouldn't be in a position until we've really finished the upgrade of the \$235 million and then assessed the track in that improved state, and then we'll work with the Victorians about the KPIs and the ongoing maintenance of that track to that standard.

Senator RICE: I'm really disturbed—given we were essentially promised that the \$235 million was going to fix the track—that what we're hearing now is that it's not. If you read from the report, at the bottom of page 12 they say, basically, that while the works are:

... expected to produce some short to medium-term improvement in track maintainability, given the underlying track structures are likely to be heavily fouled, the long-term efficacy of this activity is uncertain, particularly in areas where mud holes are likely to develop over the next few years. Targeted ballast cleaning, together with formation and drainage remediation works would be to preferred option, but constraints in the funding commitment preclude such activities being undertaken on a large scale.

They seem to be indicating there is going to be ongoing need for substantial funding above and beyond the \$235 million—ongoing into the future.

Mr Fullerton: I go back to my point that the objective here was to—you may recall that originally there was \$100 million allocated, and then there was a decision taken to have a higher objective, which was to raise that to a Victorian class 2 standard. We did the assessment and the amount of work that was involved to achieve it. That scope of works was signed off by the Victorians, ourselves and the Commonwealth, and it will deliver that outcome. The other issues that Monash have raised are conditions that would exist on 80 per cent of our network today. It is an old network, and we'll maintain it to a level reflective of that. But the objective of that \$235 million was to raise it to a class 2 standard, which we will do. And with the ongoing maintenance of that, given the operation of the network, the ongoing maintenance will be subject to discussions with the Victorians.

Senator RICE: But it seems there's more than just ongoing maintenance. That's what they're talking about. In order to have it maintained at that standard in the long-term, there's going to be substantially more money needed than the \$235 million. That's how I read the Monash report.

Mr Fullerton: I don't agree with that. I think there's further work to be done once we finish that work about the ongoing maintenance. Certainly to maintain at a class D standard, it's got different geometry parameters that you apply. We'll be working with the Victorians, as I said, as part of the negotiations of the long-term lease that comes out of the intergovernmental agreement the Commonwealth has signed with—

Senator RICE: Finally, there's mention in this report of a detailed study that's already been completed looking at the effectiveness of the historical upgrades on the north-east rail link corridor. Would we be able to have a copy of that report, please?

Mr Fullerton: I'm not familiar with that report. I need to take it on notice.

Senator RICE: It's mentioned on page 13. It says:

Prior to finalising the upgrade plan, the following aspects should be considered:

□ ARTC have indicated that a detailed study has already been completed looking at the effectiveness of historical upgrades ...

Basically, they're saying that should be incorporated, utilised in the upgrade plan development, but you're not even knowledgeable about this report.

Mr Fullerton: I need to check. There have been a number of reports done. I need to check which one they're referring to.

Senator RICE: They say:

The relevant data and outcome (regarding maintenance effectiveness and track deterioration rate) of these studies should be used to derive an understanding of the likely effectiveness of the proposed upgrade strategy. The results of these assessments were not made available to IRT

that is, the Monash group—

as part of the current review.

Mr Fullerton: Yes. Whatever information we do have relating to past maintenance activities—we've already published a huge amount of information on our website in relation to that, but I will—

Senator RICE: Specifically that review. Certainly I know the concern of the community is that a huge amount of money and a huge amount of work has been done on this rail line over many years, and yet we are still in a situation where it is of inadequate quality for high-quality rail services.

Mr Fullerton: I remind the senator that ARTC took over that track in 2008, the western track in Victoria, and we ended the long-term lease. Other than a few years prior to the commencement of the ballast

rehabilitation program, we complied with all the lease obligations, as at today. So we are meeting our contractual obligations with the Victorian government today and we're meeting our contractual obligations with all the freight operators as part of our access agreements.

Senator RICE: Could I just clarify. I hope that we can get a copy of that report, but I just want to clarify that maintaining the north-east rail link to V-line passenger class 2 is in the lease arrangement that you are negotiating with the Victorian government—the ongoing maintenance.

Mr Fullerton: Yes, that's part of our discussions. With the Victorians, we have a separate agreement to improve that to class 2 standard. That's the \$235 million. But, in terms of the ongoing maintenance of that, that's part of negotiations we're currently having with Victoria.

Senator RICE: So you don't know yet as to who will be responsible for doing that ongoing maintenance, whether it will be you or—