

QTA Briefing Note: Inland Rail

Introduction

QTA welcomes the opportunity to participate at the Senate Standing Committees on Rural and Regional Affairs and Transport Inquiry into [the Management of the Inland Rail project by the Australian Rail Track Corporation and the Commonwealth Government.](#)

Road freight is the key enabler of the Australian and Queensland Economy. It facilitates reach to domestic and international markets, consumers to purchase goods. This is critical to supporting jobs and economic growth. Road freight connects people and businesses to goods that support their livelihoods. As it does in times of natural disasters and COVID-19, Queensland's road freight sector is the dependable and much relied upon provider to all parts of the State.

The road freight industry enables communities to function by providing consumers and businesses choice as it performs an efficient, yet often understated and invisible role to ensure fresh food is transported from farm to market to supermarket shelves, hospital patients have essential medical supplies, raw materials are transported from mines, and products are on site when required for manufacturing and construction purposes.

The road freight industry is vital for the operation and survival of the vast geographical footprint of communities and businesses across Queensland. The reliance on Queensland's road freight industry has never been more profound due to the extensive and ongoing impacts of the COVID-19 economic crisis with disrupted global supply chains, simmering trade tensions and weaker demand.

The Queensland Trucking Association

The Queensland Trucking Association (QTA) is the peak industry association for road freight operators in Queensland including owner drivers through to major transport and logistics companies.

Representing the road freight industry since 1907, the QTA is the trusted industry association to advocate strongly on industry issues by engaging constructively with industry stakeholders and government to influence positive change in policy, regulation and law reform to support the operation of a profitable, efficient and safe industry.

Queensland road freight operators trust the Association to provide them with knowledge, insights and unbiased opinion on Government and Opposition policies relating to road freight operations and the economy as part of the forthcoming State Election.

The Importance of Queensland's Road Freight Industry

Queensland's road freight industry underpins major pillars of the economy and is a key driver of the economy in this growing state. As Queensland's economy grows, so does our reliance on the road freight system to transport larger volumes of freight across the state, more often. Key statistics about Queensland's road freight industry include:

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For the latest financial year:

- Around 17 billion kilometres were travelled by Queensland's road freight industry (equivalent to travelling to the moon and back 22,150 times).
- An estimated 490 million tonnes were moved by Queensland's road freight industry (equivalent to 81.7 million African elephants, 321.6 million average sized passenger vehicles or over 3,000 Sydney Opera Houses)

Today,

- There are 10,211 road freight operators currently operating in Queensland.
- 68,900 Queenslanders are employed within the road freight industry (enough Queenslanders to fill the GABBA over 1.5 times), providing a livelihood of over \$3.4 billion in wages each year.
- Sales in excess of \$14.1 billion and supporting a supply chain of \$13.3 billion each year.
- Enabling \$361 billion worth of Queensland economic activity each year.
- Around 260 kg of freight is moved by our road freight industry for each Queenslanders each day (equivalent to about 22 cartons of beer).

Road freight is critical to the Queensland economy serving as the backbone of supply chains. The road freight industry's importance will only increase as the domestic freight task is forecast to grow by 26 per cent by 2026, a percentage increase above both population and economic growth.

Queensland's Challenging Natural Environment

Queensland is impacted by the most natural disasters in Australia in respect to duration, frequency, and intensity of events. Queensland has a population that is dispersed across a large geographical footprint and it is vitally important that supply chains are resilient to network interruptions, particularly during catastrophic environmental events.

Transport Industry Operating Environment

The impact of the COVID-19 has been substantial but even prior to this global crisis, the road freight industry was operating amid a difficult economic environment. The unprecedented bushfires in late 2019 and early 2020, as well as persistent flood and drought conditions, have significantly affected the revenue of many Queensland road freight operators and will continue to affect them into the future.

<p>Pre COVID-19 Trading Environment for the Queensland Road Transport Industry</p>	<p>The Queensland road freight industry is characterised predominantly by small to medium businesses and operates with tight margins. Over the past 5 years, the total freight vehicle tonne kilometres have increased by 8.1 per cent however total road freight industry revenue has only increased by 7.1 per cent over this period.</p> <p>At the same time, total road freight industry expenses have increased by 8.4 per cent over this period and expenses relating specifically to the purchasing of transport operator goods and materials have increased by 36.4 per cent. When adjusting for changes in total tonne kilometres, total road freight industry revenue has fallen by 0.9 per cent; total road freight industry operating profits before taxes have fallen by 8.5 per cent.</p> <p>In summary, over the last 5 years for every \$1 increase in revenue there has been on average for each operator a \$1.81 increase in expenses. Furthermore, 14 per cent of the industry are now anticipated to be operating at a loss. This demonstrates the road freight industry is being asked to do <i>more for less</i>, while costs increase and business profitability, and in turn viability, is eroded.</p>
<p>Impact of the COVID-19 Crisis on the Queensland Road Transport Industry</p>	<p>The impacts of COVID-19 have been both positive and negative for the road freight industry and this has been dictated by the market segments that have been adversely or positively affected.</p> <p>The industry is characterised at present with two distinctively impacted segments, the global freight sector and grocery and fuel related supply chain. The global freight sector has been hit hard by the impacts of the coronavirus on domestic and international supply chains, with imports and exports experiencing declines in volumes.</p> <p>However, grocery and fuel related supply chains experienced greater volumes during the height of the pandemic in Australia.</p> <p>The overall impact of COVID beginning accordingly each of these segments have associated challenges that requires the Australian Government to implement initiatives to prevent a further slow-down as signs of a global revival start to strengthen.</p>

Inland Rail

Demand for freight transport along the Melbourne to Brisbane corridor is expected to grow substantially over coming decades, from approximately 4.9 million tonnes to around 13 million tonnes, or 1.1 million containers (twenty-foot equivalent units or TEUs), by 2050. This increased demand will require additional freight capacity in the corridor.

The current rail connection between Melbourne and Brisbane, via Sydney, cannot offer the transit times and reliability required by industry. This is largely a function of poor rail alignments and capacity constraints, particularly on the section between Sydney and Brisbane, and delays on freight transiting the Sydney metropolitan area. The current road connection between Melbourne and Brisbane via inland New South Wales offers vastly more timely transit times than rail via Sydney. However, without additional capacity, transit times on this corridor will increase as freight volumes rise.

As we know, the Inland Rail project involves developing a freight rail line of approximately 1,700 km between Melbourne and Brisbane via inland Victoria, New South Wales and Queensland. Around 40% of the proposed route will be constructed as new railway, or converted from narrow gauge to dual gauge in Queensland.

The project goal is to achieve the service specification of a less than 24-hour transit time between Melbourne and Brisbane for the benchmark train, being a 21 tonne axle load, 115 km/h double-stacked and up to 1,800 m long train. Trains operating the service will have capacity to carry up to 485 containers (TEUs) when capacity for longer 3,600 m, double-stacked trains is introduced over time.

Key benefits of the proposed project include improved productivity, improved network efficiency and reliability, shorter transit times, safety improvements, sustainability benefits and reduced lifecycle costs. The [EY Inland Rail Regional Opportunities report](#) models that Inland Rail can boost Queensland gross regional product (GRP) by up to \$3.1 billion in the first 50 years of the rail line's operation. The report also identified that Inland Rail can provide up to an additional 590 full time jobs in its 10th year of operation in Queensland and add up to \$340 million to gross regional product.

Initial capital cost of the initiative as stated by proponent (2016 business case) \$9.89 billion (P50, nominal, undiscounted) | Australian Government contribution \$9.3 billion (including pre-construction and corridor acquisition costs of \$893.7 million) |

The Importance of Transport Mode Neutrality

QTA recognises the above benefits but believes any public investment should keep intermodal balance. Modal choice is determined by a variety of factors including reliability, price, timeliness, type of good, geographic circumstance and other economic and social factors. QTA strongly urges the Australian Government to remain neutral with investment in all the transport modes.

The Government's own business case for inland rail shows it will not recover the net present value of its construction costs during the next 50 years. At the same time heavy vehicles are paying more than their fair share through a fuel-based road user charge and very high registration charges, and unlike rail, Australian trucking is dominated by small and family businesses. Rail doesn't serve our local supermarkets, local farms or the majority of Australian businesses and consumers. Accordingly a Deloitte Access Economics report shows that implementing more productive truck access on our roads would save a typical family \$452 each year.

The trucking industry supports rail. We want rail to do well but the road and bridge infrastructure perform a more crucial role in enabling the freight delivery task. It is important that Queensland's infrastructure networks are up to the task. Many of the State's public roads, in particular, key bridges are ageing and need priority investment that will directly impact the efficiency of the road freight industry on a daily basis. Queensland's publicly owned (both State and National) road network are a strategic asset, vital to our security, communities and livelihoods. The road freight industry requires efficient, safe and operational freight corridors, and bridges are the fuses that connect the road system. They are the crucial infrastructure as each transport route can only be as productive as the declared minimal rated asset on that route.

QTA notes that the Inland Rail has a benefit-cost ratio of 1.1 (7% real discount rate) and highlights that many potential Queensland road transport projects particularly related to the inland Queensland Freight Route and bridge investment have higher benefit cost ratios and accordingly should be prioritised over and above the Inland Rail if allocating limited taxpayer money in the most productive manner.

QTA urges the Australian Government to ensure investment in essential road infrastructure. This will unlock principal freight routes and open up capacity for higher productivity vehicles to access markets for export and, strengthen the viability of Australian businesses.

Indicative alternative projects for Queensland include:

<p>Investing in Queensland's Road Bridges</p>	<p>The Australian Government needs to significantly improve the Queensland road freight network productivity within a constrained funding environment and target investment where it will have the greatest impact. Investing in bridges is one critical area. Bridges are crucial infrastructure as each freight route is effectively only as good as the minimal rated bridge on that journey (forcing significantly more truck trips).</p> <p>For our economy, the practical impact of not investing in bridges on time represents:</p> <ul style="list-style-type: none"> - higher costs of doing business; - higher cost of living; - decreased efficiency and productivity; - reduced access to existing markets; - an inability to expand into new and emerging markets; - vulnerability to seasonal weather events; - delayed business expansion activities; and - the reduction in the liveability of a region and, in turn, its workforce. <p>The road network built over the last century, is limited by bridge capacities governed by age, the design standard prevailing at the time of design, strength of materials used, quality of construction, aggressive environments, loading spectrum and standard of maintenance. The gross replacement value of state-controlled bridges and major culverts has been estimated by the Queensland Department of Transport and Main Roads to exceed \$11 billion. As a result, replacement of the weaker components will take many decades.</p> <p>Currently major export markets in the South Burnett, Central Highlands, Atherton Tableland, Gladstone and Mackay Port cannot be accessed with the safest higher productivity vehicle combinations due to bridges requiring upgrades. These key freight routes cannot currently be accessed by high productivity vehicles which are safer and reduce truck traffic in the order of 25% for the same freight task.</p>
<p>The Port of Brisbane Corridor (Bremer River Bridge)</p>	<p>The upgrade of the Toowoomba Second Range Crossing (Toowoomba Bypass) as a key freight corridor between Toowoomba and Port of Brisbane has unlocked a large part of the enormous economic potential of both the South East and South West of Queensland that will deliver regional prosperity and support jobs.</p> <p>The Australian Government must continue to acknowledge the vital role this key corridor performs in transporting road freight between and around the southern region as part of the National Land Transport Network and the National Land Freight Network.</p> <p>The Port of Brisbane's freight task will continue to grow into the future, from 1.35 million TEUs in 2018-19 to over 5 million TEUs by 2050, requiring almost 13 million truck movements annually. Most importantly 97.5 per cent of containerised import and export freight movements are currently moved by trucks on the road network to the port.</p> <p>The A-Double combination at 30 metres in length is the optimal combination carrying two 40-foot containers (four TEUs on one vehicle combination). These innovative vehicle combinations cannot currently be fully utilised on this corridor forcing additional truck movements.</p>

	<p>However, it currently costs significantly more to take a tonne of freight from Millmerran to the Port of Brisbane than it does to take it from the Port of Brisbane to Shanghai.</p> <p>The Bremer River Bridge restrictions on the Warrego Highway are a significant contributor to this cost and the Bremer River Bridge will continue to hold the most potentially productive corridor in the state to ransom for as long as it takes to replace it.</p> <p>Accordingly, the Australian Government should commit to a further upgrade of assets across the corridor to unlock capacity and allow increased access for the use of High Productivity combinations. An investment in replacing the Bremmer River bridge must be brought forward to unlock this network to meet its productive potential.</p>
<p>Activating an Inland Queensland Freight Route</p>	<p>As the Australian and Queensland Governments seek to increase economic performance of Northern Australia, and also expand the agriculture and resources sectors, there is an urgent need to establish a viable alternative to the Bruce Highway, which is known to be vulnerable to a raft of road safety, flooding, capacity and congestion issues.</p> <p>The Queensland Inland Highway (QIH) is an existing road network, comprising a series of highways and developmental roads that connect north-south to provide a viable alternative to the Bruce Highway. The location of these inland routes are also closer to major economic supply chains for agricultural and horticultural production and the resources sector. QIH routes include:</p> <ul style="list-style-type: none"> - Castlereagh Highway; - Carnarvon Highway; - Dawson Highway; - Gregory Highway; - Gregory Developmental Road; and - Flinders Highway. <p>The advantages of a QIH to facilitate projected growth in agriculture, resources and associated supply chains include:</p> <ul style="list-style-type: none"> - Inland high productivity vehicle (HPV: defined as any multi-combination vehicle used for the purpose of moving freight) route reduces road safety and congestion exposure on the Bruce Highway. - Current inland HPV routes could form a QIH that offers time improvements of better than 10% over the Bruce Highway from Far North Queensland to Sydney and Melbourne. - Inland HPV routes can be more resilient to natural disasters, providing viable safe options. <p>These advantages would lead to other economic benefits including:</p> <ul style="list-style-type: none"> - Enabling forecast growth in the agriculture and resource sector through increased productivity in supply chains that efficiently link production to markets. - Providing benefits to regional towns along the QIH where road freight operators require support from services industries and amenities including fuel, maintenance support, rest stops, food and, potentially, accommodation. - Value-adding to regional production and distribution through logistics hub nodal activity for the growth sectors located adjacent to the QIH which would have flow on benefits to regional economies. - Benefit to destinations such as ports, airports and domestic processing and logistics hubs through connecting to more efficient export supply chains and allow access for HPV's to encourage usage of more productive multi-combination and reducing the more inefficient combinations.

Infrastructure Australia in their business case evaluation of the Inland Rail project note three major sources of benefit including:

- *Improved productivity and economic efficiency as a result of operating cost savings, shorter transit times, improved reliability, improved availability, avoided incidents on the coastal route and an additional north–south rail option to avoid incidents (80% of total benefits);*
- *Sustainability benefits for the community from increasing rail’s share of the long-distance freight task, reducing vehicle emissions, congestion and noise (10.5% of total benefits);*
- *Safety benefits for the community as a result of reducing the number of heavy vehicles on the road network (2% of total benefits).*

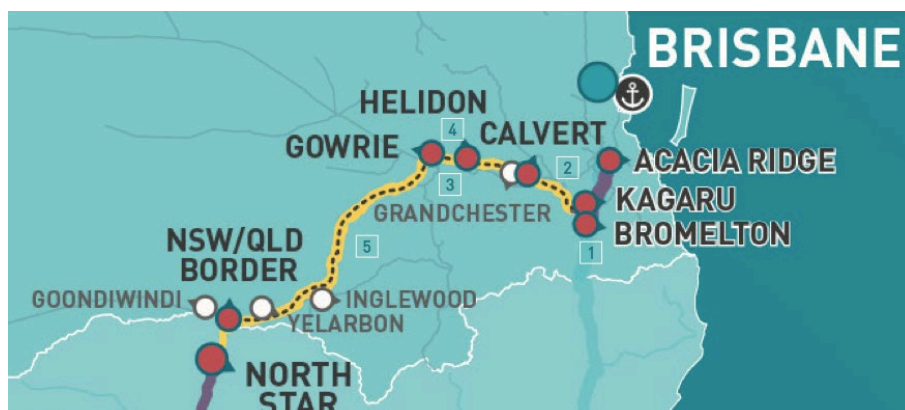
All of these stated benefits would equally be accrued with further investment in road infrastructure projects particularly an Inland Queensland Freight Route and upgrades to bridges across Queensland’s key trade routes.

Location of End Point

On 29 November 2019 the Australian and Queensland Governments signed a Bi-Lateral Agreement for Inland Rail which will enable the delivery of the project in Queensland. With approximately 400km of the total 1,700km Inland Rail line to be built in Queensland, the state has a key role to play. In Queensland, Inland Rail includes upgrades to 120 km of existing rail corridor and the development of 273 km of new track from the Queensland border near Goondiwindi to Brisbane.

Queensland project sections are in reference design stage. The draft Environmental Impact Statements for the four sections between NSW/QLD Border and Kagaru are expected to be finalised and released for public exhibition in early 2021. Construction on the first section in Queensland is expected to commence in 2022 and construction across all Queensland sections is expected to have commenced by 2023.

1. Kagaru to Acacia Ridge and Bromelton	Comprises 49km of the existing Brisbane to Sydney rail line. This section will see enhancements to support the safe running of 1,800m long, double-stacked trains.
2. Calvert to Kagaru	Comprises 53km of new dual gauge track within existing rail corridor. Using 1.1km of tunnelling this section will connect Inland Rail with the Sydney to Brisbane coastal lines.
3. Helidon to Calvert	Comprises 47km of new dual gauge track, approximately half within existing rail corridor. This section will cross the Lockyer Valley floodplain and the Little Liverpool Range with a 850m tunnel.
4. Gowrie to Helidon	Comprises 28km of new dual gauge track. This section will traverse the steep terrain of the Toowoomba Range and will include a 6.2km tunnel.
5. NSW/QLD border to Gowrie	Comprises 207km of new dual gauge track – 138km in new greenfield corridors and 69km within existing corridors from the NSW/QLD border near Yelarbon, to Gowrie Junction, north-west of Toowoomba.



QTA notes that the end point of the Inland Rail is located at Acacia Ridge which is already subject to considerable congestion challenges that are only likely to be exacerbated in the future. For example access to the Port of Brisbane is focusing on using the existing line from Acacia Ridge which is subject to significant capacity constraints.

The QTA recommends that consideration be given to an alternative end point further located outside of the Greater Brisbane road network to enable other greenfield transport projects such as a PoB truckway (discussed next) to be seamlessly planned, constructed and operated once the Inland Rail has commenced.

Investing in projects to complement Inland Rail corridor – PoB Truck-way

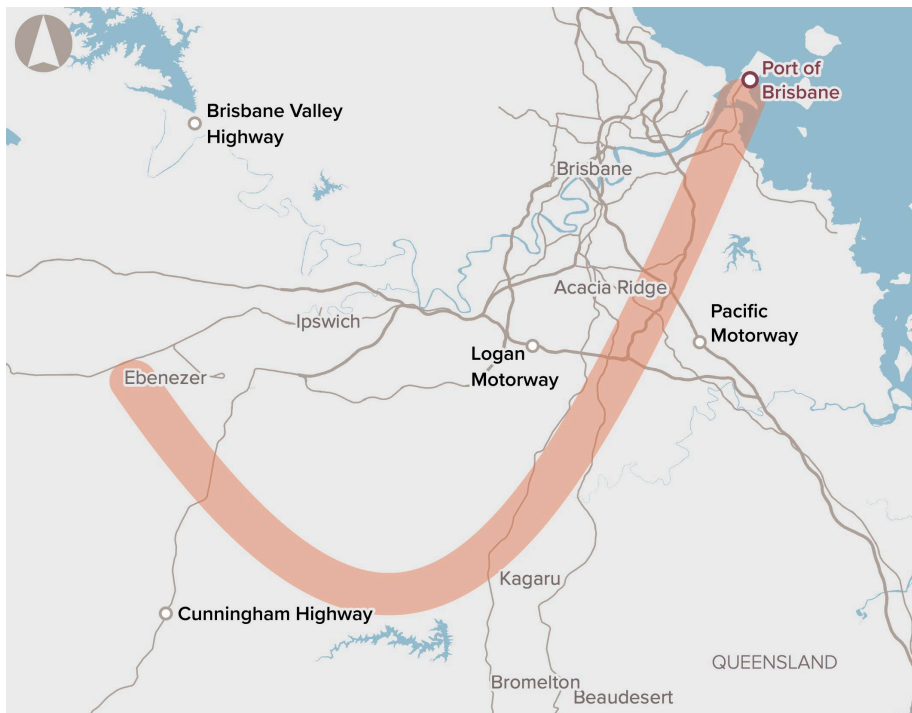
By 2045, container trade at the Port of Brisbane (PBPL) is forecast to increase by 300%, representing an increase of 4.8% per year. Accordingly growth at the Port of Brisbane is likely to become constrained by the lack of a dedicated rail freight connection. Population growth in South East Queensland is creating congestion on both the road and rail networks, negatively impacting on the productivity of greater Brisbane and the Queensland economy.

The preservation and, ultimately, construction of a dedicated freight rail corridor would allow more freight movements to be removed from the road network, which would help alleviate congestion. However, QTA contends that this corridor also represents an opportunity to establish a complementary dedicated **Truck-Way to the Port**. Currently there are four million truck movements, and this is forecast to increase to 13 million by 2050. Rail is unlikely to be able to fulfil this future demand on its own.

A Truck-Way would seek to improve connectivity between the Port of Brisbane and freight terminals in the Brisbane region through preserving and, ultimately, delivering a dedicated corridor. This would aim to supplement meeting the projected increase in freight volumes, while facilitating neutrality, choice, and competition between transport modes.

A Truck-Way is also a controlled environment that offers a unique opportunity to utilise future heavy vehicle technology improvements such as automation, electric powered, hydrogen and other alternatives, specialised prime movers in multi-trailer combinations in a fully controlled and dedicated environment. These options offer a reduced footprint in emissions, substantially quieter operations, and significant flexibility, as well as creating a safer, more efficient, and productive freight route.

Port of Brisbane – An alternate view



Source: Infrastructure Australia

Closing

A competitive road freight industry is crucial to the prosperity and growth of both Queensland and Australia – it stimulates employment opportunities and drives economic growth. The industry requires the confidence to invest in high productivity combinations. These combinations have proven safety and productivity benefits and will significantly reduce the number of trucks journeys required to complete the task more efficiently, and the benefits are far reaching. From safety outcomes and improvements, confidence to invest in fleet renewals, and stimulation of the heavy vehicle manufacturing sector. These outcomes will strengthen the viability of Queensland business.

A share of the infrastructure investment must be allocated to roads and bridges that will connect high productivity freight routes, unlock access for safer, more efficient, vehicle combinations for Queensland exports to remain competitive. Certainty of utilisation is an essential ingredient to create business confidence to invest in safer multi-million-dollar high productivity freight vehicles.

We wish to highlight the considerable social license of road freight operators who ensure that essential everyday goods are available for households and businesses throughout all regions of Queensland. The QTA acknowledges the sizeable investments made in the Queensland road system and we recognise the potential benefits that will accrue from Inland Rail

We are a vast country and highly decentralised with a relatively low population. Transport costs will always be a challenge, but we are a culture of ingenuity and resilience. We can not continue with our inefficiencies being such a handbrake on our economic performance. We are an internationally facing economy and an efficient road freight sector is a key ingredient to prosperity.

Recommendation 1

QTA recommends the Australian Government remain neutral to investment in transport modes and rely entirely on Inland Rail.

Recommendation 2

QTA recommends the Australian Government ensure investment in other essential road infrastructure including:

- Bridge investment on key freight corridors to unlock capacity;
- Investment in the Toowoomba to Port of Brisbane freight corridor including upgrading the Bremer River Bridge to maximise utilisation of the Toowoomba Bypass, unlock potential capacity and improve supply chain efficiency.
- Investment in transformative road and bridge upgrades to activate northern Australia via an alternative Queensland Inland Highway to encourage establishment of value-adding processing facilities and logistics hubs.

Recommendation 3

Consider an alternative non-congested end point for Inland Rail further located outside of the Greater Brisbane road network to enable other greenfield transport projects such as a PoB truckway to be seamlessly planned, constructed and operated once the Inland Rail has commenced

Recommendation 4

Investigate the feasibility of a primary (mode neutral) TRUCK-WAY to complement an upgraded rail corridor to the Port of Brisbane.