

Supplementary Submission to Submission 98 to Senate Inquiry into Management of the Inland Rail Project by the Australian Rail Track Corporation and the Commonwealth Government

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30th January 2020

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Sir/Madam

**SUPPLEMENTARY SUBMISSION TO
SUBMISSION 98 TO THE SENATE INQUIRY INTO THE MANAGEMENT OF THE
INLAND RAIL PROJECT BY THE AUSTRALIAN RAIL TRACK CORPORATION
AND THE COMMONWEALTH GOVERNMENT**

I have been advised by members of communities that will be damaged by the Inland Rail, to present the following very important information as a Supplementary Submission to my original Submission 98 to the current Senate Inquiry into the Management of the Inland Rail Project by the Australian Rail Track Corporation and the Commonwealth Government. An earlier copy of this Supplementary Submission was on 22nd January provided to administrative officials of the Inquiry, who stated that a copy would be provided to the Senators at the hearing to this Inquiry.

This slightly modified Supplementary Submission of 30th January has been provided to provide a more readily understood presentation of the issues raised in the original Supplementary Submission of 22nd January 2020.

My original Submission 98 addressed very comprehensively the Terms of Reference for the Inquiry. This Supplementary Submission complements the information in Submission 98 and also adds most important additional information of significant value to this Inquiry. This information can be included in the Term of Reference "***H. Other Related Matters***".

It is most important that this information be provided publicly to the Senate Inquiry team. This is newly discovered information (which is not well known) which:-

- Demonstrates very serious false and misleading evidence provided by ARTC to both this Senate Inquiry and to the public, and
- Raises serious questions on both the potential reasons and possible corruption behind the unviability of the Inland Rail and the whole expensive and impractical changes of the route of the Inland Rail across formidable floodplains and from Toowoomba to Acacia Ridge in Brisbane. These questions do need to be answered; and
- The Issues raised above are extremely important, such that a call for a Royal Commission into the Management of the Inland Rail may need to be considered as a potential recommendation of the Senate Inquiry.

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I can email this same information to stakeholders. However because of the importance of the information relevant to the Inland Rail and the formal Inquiry, I request that this final Supplementary Submission to my Submission 98 also be accepted formally as part of the Inquiry. This information is very important to this Senate Inquiry and its conclusions and recommendations. In addition this information is important in assessing the integrity of the Inland Rail and the whole of the ARTC itself. It is also most important that the public are aware of this information within the context of the open Senate Inquiry.

A, Summary

The additional issues detailed in this Supplementary Submission and in the vast bulk of the Submissions to the Senate Inquiry are extremely important. ARTC in its submission has provided false and misleading information to the Senate. This may constitute contempt of the Senate as defined in the *Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters - February 2015*.

Because of the serious issues associated with the Inland Rail, and the fact that ARTC and the Inland Rail team are insistent that they continue business as usual, it may be an option that a call for a Royal Commission into the Management of the Inland Rail needs to be considered as one potential recommendation of the Senate Inquiry. Without such a Royal Commission, it appears likely that the ARTC and Inland Rail (without a strong change) will continue to try to treat both the Australian communities and the Australian Senate with contempt.

B. Background

The many problems and issues associated with the Inland Rail are very clear and have been raised in the Submissions to the Inquiry. These Submissions can be divided between:-

- Those who do not want the Inland Rail as planned (possibly close to 95% of Submissions) because of its serious and unwanted impacts;
- Those who do want it to go ahead because they can see a personal benefit for themselves or their associates or business in acquiring some of this “public money splurge from heaven” being spent by ARTC. This spurge of public money has extended to unilateral pork-barrelling without oversight (with grants to sporting clubs and other community bodies to buy “favour and obligations of submission or acceptance” in some affected rural communities);
- ARTC which states it has no alternative plans or options and no remorse under consideration. It has recklessly continued to provide misinformation to all including this Senate Inquiry, the local communities, the media, industry and to representatives and officials associated with local, state and federal governments across Australia; and
- Political supporters of ARTC who have voted against having this Senate Inquiry and have been busily promoting ARTC’s reckless behaviour. Even this week, a community member received a dismissive letter from Senator Amanda Stokes (Liberal Senator for Queensland) stating “..... *regarding the Inland Rail Kagaru to Acacia Ridge and Bromelton (K2ARB). The Inland Rail project already has the go ahead(followed by condescendingly standard but knowingly ineffectual comments)..... I would also suggest you contact the Community Consultative Committee, for which details can be found here <https://inlandrail.artc.com.au/k2arb-ccc>. “.*

Serious questions needing to be asked and answered concerning this reckless behaviour, must address possible contempt of this Senate Inquiry by ARTC, and what recommendations can this Senate Hearing recommend to stop this ongoing reckless behaviour by ARTC. These recommendations must consider whether there needs to be a Royal Commission into the Inland Rail to ensure that this reckless behaviour will stop and that it does not occur again with a government agency.

For an explanation as to why this reckless behaviour has been allowed to develop with the management and officials of the Inland Rail (a Commonwealth agency), the question also needs to be asked and questions sought as to who really would appear to benefit from this project. This final question may need the Royal Commission to find those answers, but some information of possible relevance is provided below.

C. Possible Contempt of this Senate Inquiry by ARTC

ARTC is wholly owned by the Australian Government represented by two Shareholder Ministers, the Minister for Finance and the Minister for Infrastructure, Transport and Regional Development. As such, it is a Commonwealth Government agency or enterprise. As such, its officials should be bound by **“Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters - February 2015”** see link <https://www.pmc.gov.au/resource-centre/government/government-guidelines-official-witnesses-parliamentary-committees-and-related-matters-february-2015> . These guidelines state:-

Officials’ accountability regularly takes the form of a requirement for them to provide full and accurate information to the parliament about the factual and technical background to policies and their administration..... The most common ways that officials will be required to answer directly to the parliament is through submissions to and appearances before committees.....

5.2.4 The giving of any evidence that a witness knows to be false or misleading is also a contempt (see Senate resolution 6(12)).

Each House has the power to declare an act to be a contempt of the House and to punish such an act.

“ End of quotation

The ARTC has continued to provide inaccurate, false and misleading information to the public, and has continued giving that information as false and misleading evidence in its Submission 128 to this Senate Inquiry. It definitely knows that this evidence is false and misleading. They (ARTC management) have full access to the Business Case of the Inland Rail as published on its own web site <https://s3-ap-southeast-2.amazonaws.com/ehq-production-australia/5de589db79424a8f1344e2e42e171fc205104b99/documents/attachments/000/029/855/original/InlandRailBusinessCase.pdf?1448785278> . They also have full access to the published reports of experts referenced and copied in the Attachment to my Submission 98. These published reports outline the obvious problems with the numbers (e.g. exaggerated benefits) which ARTC have deliberately selected from that Business Case.

C,1 False and Misleading Evidence Given by ARTC in its Submission 128 to this Senate Inquiry

The false and misleading evidence knowingly given by ARTC to the Senate Inquiry is demonstrated by:-

1. The Business Case of the Inland Rail (as in the link above) mentions the word “coal” a total of 531 times. The Submission 128 from ARTC to the Senate Inquiry does not mention the word “coal” once. This is a deliberate attempt to mislead the Senate and the Australian people of the significance of coal transport to the Inland Rail;
2. The sensitivity of economic analyses based on Discount Rates is shown in Table 9.8 in the Business case below from a range of low long-term Discount (Interest) Rate of 4% (low range) to 7% (normal and recommended) to 10% (high range). The ARTC has deliberately selected the low case of 4% to provide a high return in lieu of the recommended by many authorities Discount Rate of 7%. The term Discount Rate is not mentioned once in ARTC Submission 128 and is mentioned only in Submission 128 Attachment 1 only to state that the Discount Rate of 4% was selected, with no indication of the significance or sensitivity of the calculated economics to other discount rates. Both Submission 128 and Submission 128 Attachment 1 exaggerate the benefits by selecting the unjustified low discount rate of 4%. This is another attempt to mislead the Australian Senate and people.

Sensitivity tests of estimates of GDP with Inland Rail discounted using four per cent, seven per cent and 10 per cent discount rates are shown in Table 9.8. Higher discount rates increase the discounting of ongoing productivity impacts during the operating phase.

Table 9.8 Sensitivity analysis of GDP to changes in discount rate (2014-15 dollars, \$ billion, discounted)

	PV AT 4% DISCOUNT RATE (\$ BILLIONS)	PV AT 7% DISCOUNT RATE (\$ BILLIONS)	PV AT 10% DISCOUNT RATE (\$ BILLIONS)
GDP	16.4	7.0	3.7

Note: Requires complementary investment on the QR network (Western Line and Brisbane metropolitan network) to enable coal train lengths to increase from 650 metres to 1010 metres.

Source: PwC analysis based on ARTC and ACIL Allen Inputs, 2015.

3. It is also noted that these calculations above are based on significant additional expenditure by the Queensland Government or others as in the note below the table “Note: Requires complementary investment on the QR (ie. Queensland Rail) network (Western Line and Brisbane metropolitan network) to enable coal train lengths to increase from 650 metres to 1010 metres”. Nowhere in the Submissions of the ARTC does it refer to these requirements as stipulated in the business case. This is another attempt by ARTC to deliberately and knowingly mislead the Senate about the exaggerated benefits of the project and the projects dependence both on increasing exports of thermal coal, and the dependence on major unbudgeted additional expenditure probably by the Queensland Government to provide expenditure to upgrade the Queensland Rail networks on both the Western Line and the Brisbane metropolitan network;
4. The employment and economic benefits in the Business Case are included in Table 9.7 below.

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Table 9.7 Summary of Australia wide economic impacts from Inland Rail

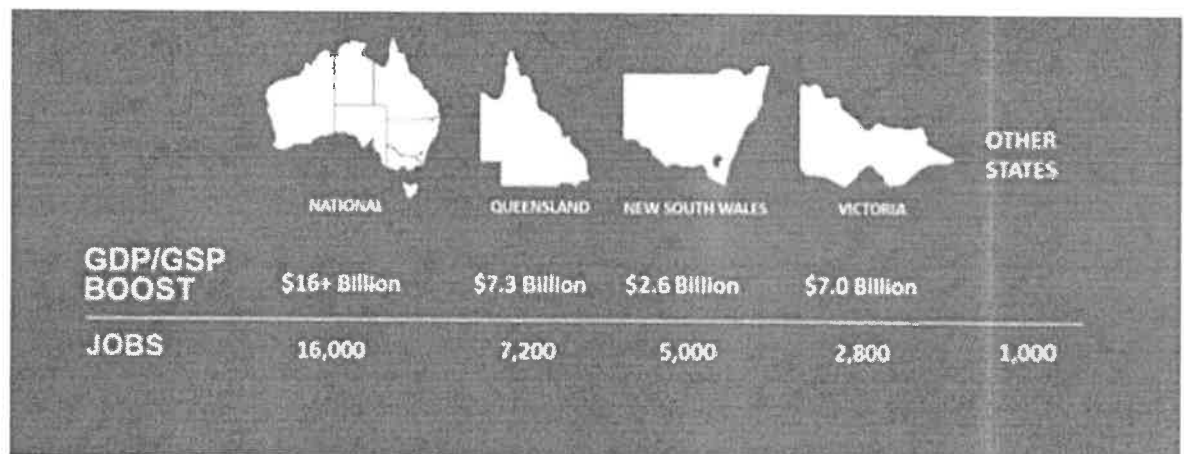
MEASURE		TOTAL CHANGE 2014-15 TO 2073-74	CONSTRUCTION 2014-15 TO 2024-25	OPERATION 2024-25 TO 2073-74
GSP (2014-15 dollars, \$b, discounted using 4 per cent real discount rate)		16.4	1.0	15.4
Annual employment ('000 FTEs)	Average*	0.7	0.8	0.6
	Peak	15.9	15.9	3.5

Note: *The CGE modelling provides forecasts to 2049-50 which has necessitated extrapolation of CGE results to the 2073-74 economic appraisal period. Reflecting an assumed return to long run employment following Inland Rail stimulus from construction and operations, the economic analysis conservatively assumes a linear return to zero incremental employment from 2049-50 to 2073-74. **Assumes complementary investment on the QR network (Western Line and Brisbane metropolitan network) to enable coal train lengths to increase from 650 metres to 1010 metres.

Source: PwC analysis based on ARTC and ACIL Allen inputs, 2015.

The employment and economic benefits in the Submission 128 are shown in Figure 5 below.

Figure 5: Economic and employment benefits of Inland Rail (2015 Inland Rail Business Case)



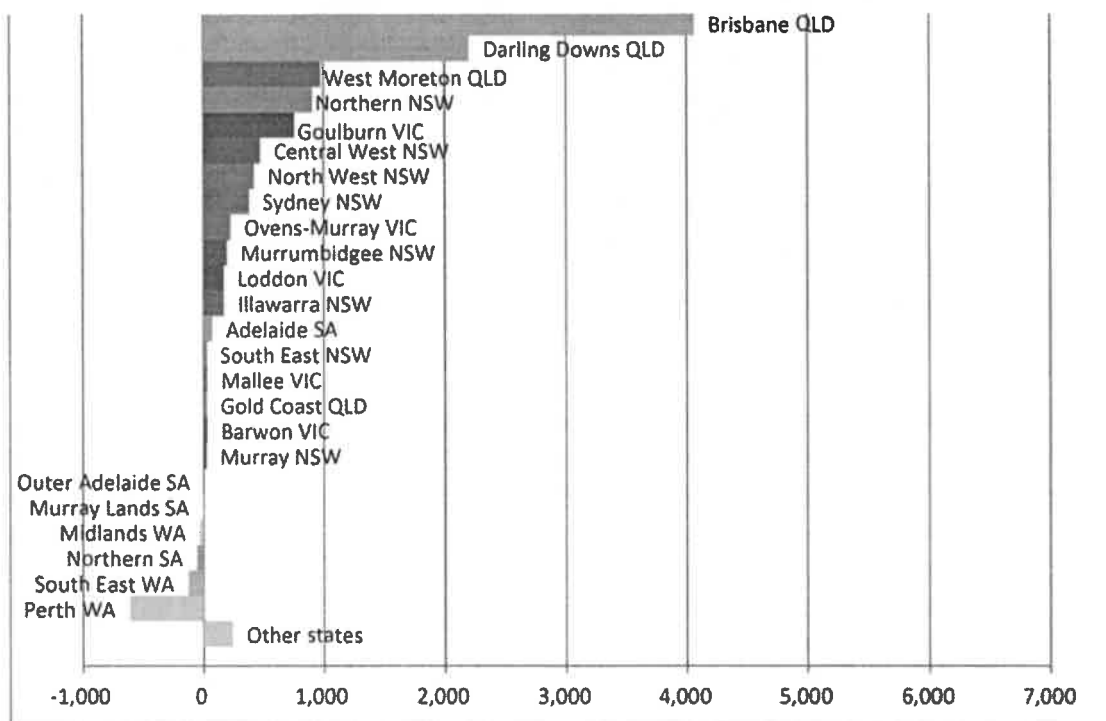
Nowhere in the ARTC Submission 128 does it state “Assumes complementary investment on the QR (i.e..Queensland Rail) network (Western Line and Brisbane metropolitan network) to enable coal train lengths to increase from 650 metres to 1010 metres” which is in the actual Business Case Table 9.7 above. Again this was deliberately omitted by ARTC to provide misleading information to exaggerate the economic employment and to downplay additional required unbudgeted expenditure by others on the QR network;

- Whereas Table 9.7 above from the Business Case provides both average and peak employment numbers for various years, Figure 5 in Submission 128 provided by ARTC provides only the Peak number of jobs during the project which is calculated to exceed the average number of employment by a factor of twenty times as presented. Again that has been done by ARTC to deliberately distort the numbers in the Business case and knowingly attempt to mislead the Australian Senate and people

as to the employment associated with the project (by a factor of 20 times or 2,000 percent);

6. There are significant inconsistencies in the estimations of the numbers of jobs created (as well as the GDP/GSP BOOST economic benefits) as provided by ARTC in its estimates as shown in its Figure 5 above. Firstly in Queensland, ARTC estimates that 7,200 jobs will be created for \$7.3 billion benefit (one job per \$1,0139,000 million dollars); in New South Wales ARTC estimates that 5,000 jobs will be created for \$2.6 billion benefit (one job per \$520,000 benefit); in Victoria 2,8000 jobs will be created for \$7.0 billion benefit (one job per \$2,5000,000 benefit); and in the other states the claim is made that 1,000 jobs will be created (although the benefits in those states are shown to be nil, and are shown to be negative in Figure 14 on Page 36 of ARTC Submission 128 Attachment);
7. The rather unconventional accounting practices of the ARTC are demonstrated in its regional benefits in its graph of Figure 14 on Page 36 of its Submission 128 Attachment. This Figure copied below suggests the major benefits will be in the Brisbane and Darling Downs and West Moreton regions. It is in these precise regions where benefits will be extremely negative as the local residents don't want it and won't use it (see farmers' Submissions to this Inquiry); where the uncoded serious impacts will be severe and are not included in the graph, and the expenses (for no benefit) to the communities will be huge. None of the issues in the previous sentence are in the graph. It is also in these same regions where the local communities have been ignored by ARTC. The accompanying text to the graph in Submission 128 Attachment suggests that Brisbane and Melbourne will be the main beneficiaries, but then the graph doesn't even include Melbourne (why is not known by me).

Figure 14: Economic impacts by region during Inland Rail construction and operation



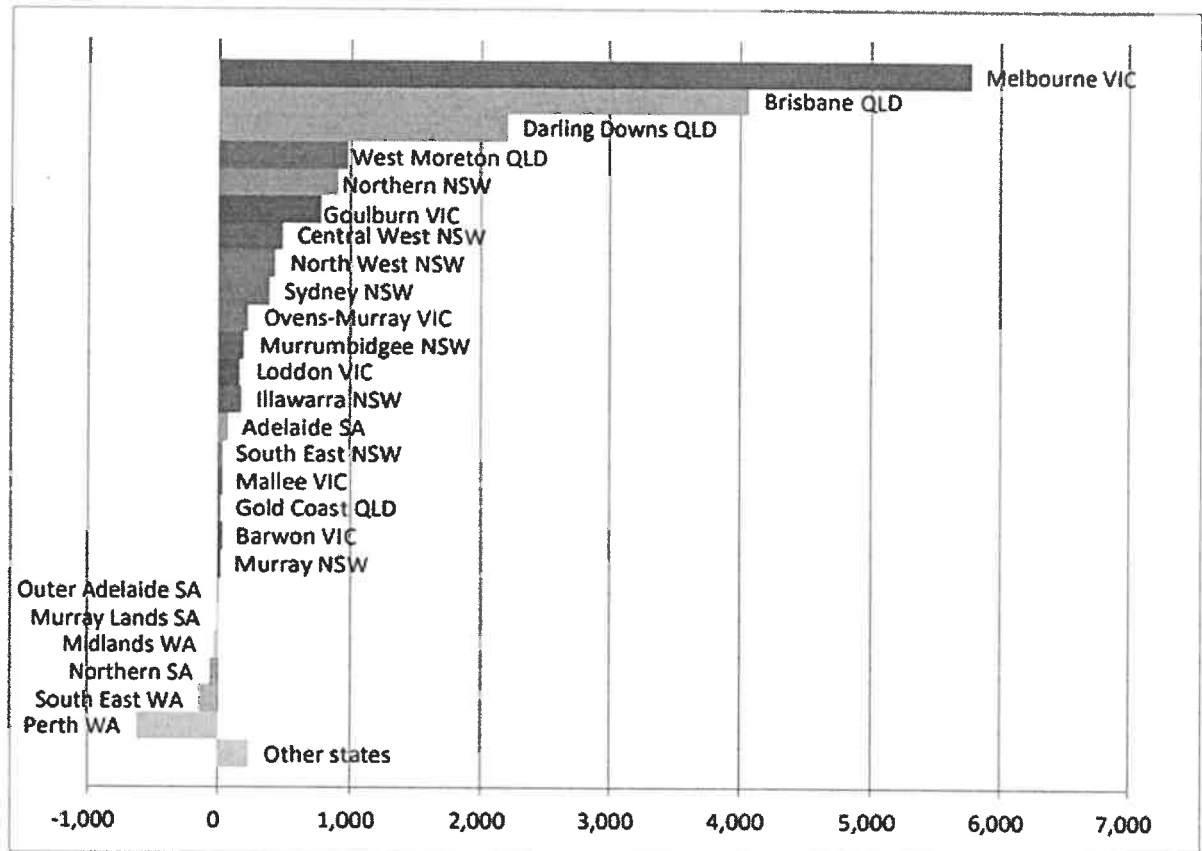
(Gross Regional Product, 2014-15 dollars, \$million, discounted using 4% discount rate)

This Graph is also very much in conflict with Figure 5 (shown in previous Page 3 of this Supplementary Submission) stating the benefits to Victoria are \$7.0 billion (the minor calculated benefits for the regions of Victoria do not add up to \$7 billion). This

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ARTC Figure 14 should be contrasted with Figure 9.10 as in the Business Case which does have a value (right or wrong?) for Melbourne and also includes the familiar caveat "Requires complementary investment on the QR (ie. Queensland Rail) network (Western Line and Brisbane metropolitan network) to enable coal train lengths to increase from 650 metres to 1010 metres".

Figure 9.10 Economic impacts by region over during Inland Rail construction and operation (Gross Regional Product, 2014-15 dollars, \$ million, discounted using four per cent discount rate)



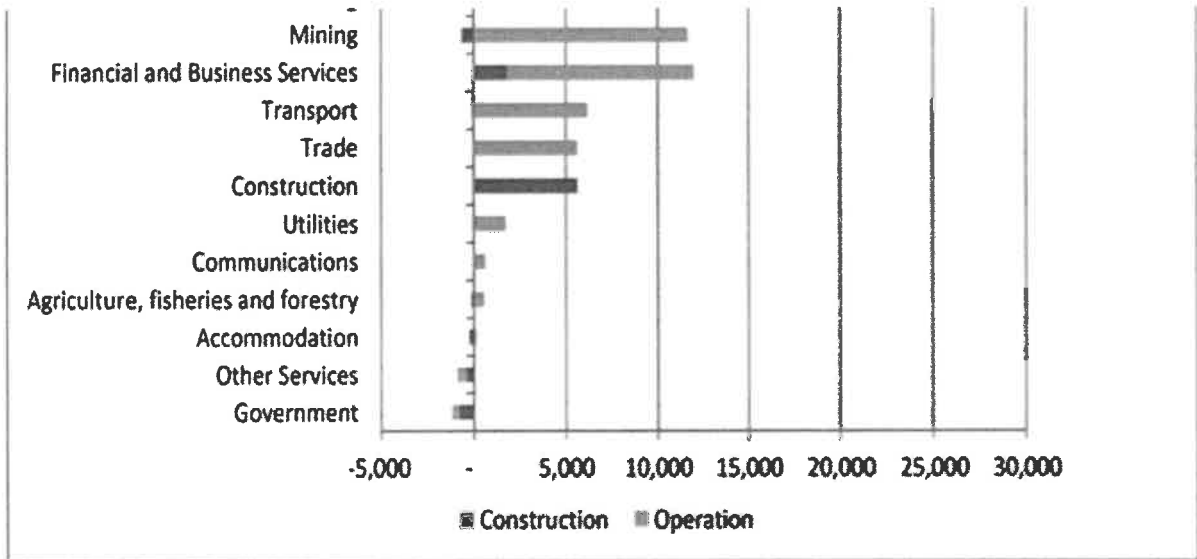
Note: Requires complementary investment on the QR network (Western Line and Brisbane metropolitan network) to enable coal train lengths to increase from 650 metres to 1010 metres.

Source: PwC analysis based on ARTC and ACIL Allen inputs, 2015.

. For reasons identified above in previous sections, to mislead the Senate and the Australian people, ARTC have ignored this caveat in their presentation of benefits in Figure 9.10;

8. Despite not mentioning "coal" once in its Submission No 128, it is very interesting to note that ARTC then has appended (possibly by accident) in its Submission 128 Attachment, the very interesting details in the graph of Figure 15 on Page 37. This Figure (copied below) details very clearly that the mining industry (i.e. the thermal coal industry) will be overwhelmingly the main beneficiary from the operation of the Inland Rail, if it can be somehow forced to go to plan with the low discount rate of 4%. By contrast the agricultural industry is forecast to benefit by a miniscule amount. Yet the hype of the Inland Rail team and its political supporters to the public and the media, is that the Inland Rail will be of immense benefit to the rural agricultural industries and communities. Simultaneously these people try to hide the overwhelming benefits they are hoping to create for the thermal coal industry;

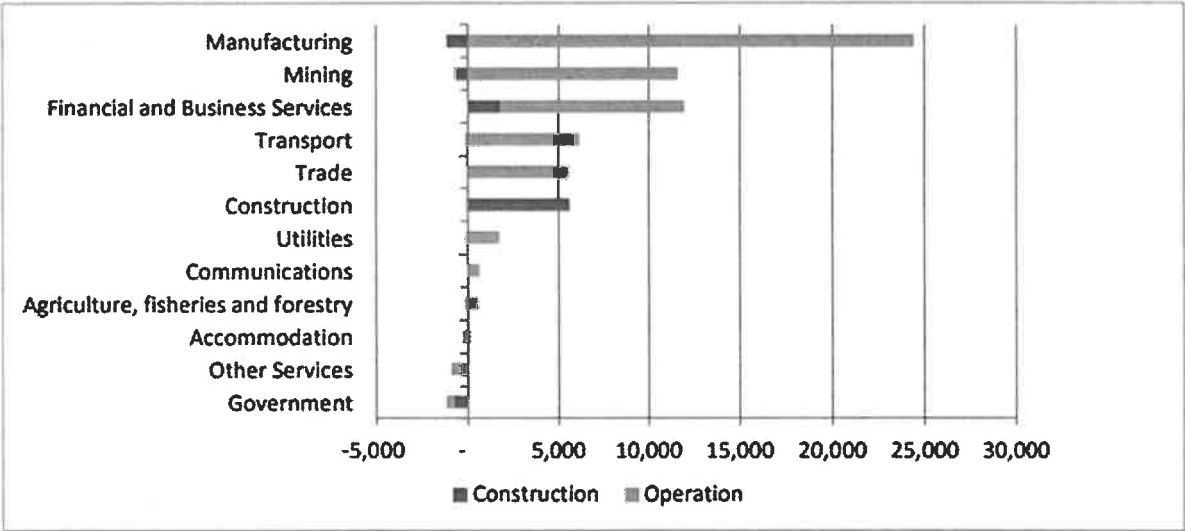
Figure 15: Economic impacts by industry during Inland Rail construction and operation



(Industry economic impact, 2014-15 dollars, \$million, discounted using 4% discount rate)

The graph of Figure 15 submitted by ARTC can be contrasted with the Figure 9.8 from the Business Case which includes a value (right or wrong?) for the manufacturing Industry which is not included on the ARTC supplied graph. As for the previously mentioned Tables and Figures, the Business Case Figure 9.8 includes the caveat “Requires complementary investment on the QR (i.e. Queensland Rail) network (Western Line and Brisbane metropolitan network) to enable coal train lengths to increase from 650 metres to 1010 metres”. Again the ARTC has not mentioned that caveat simply to mislead the Senate and the Australian people in a familiar pattern of deception as to the exaggerated benefits of the Inland Rail.

Figure 9.8 Economic impacts by industry during Inland Rail construction and operation (industry value-added to GDP, 2014-15 dollars, \$ million, discounted using four per cent discount rate)



Note: Requires complementary investment on the QR network (Western Line and Brisbane metropolitan network) to enable coal train lengths to increase from 650 metres to 1010 metres.

Source: PwC analysis based on ARTC and ACIL Allen Inputs, 2015.

9. Aside from the false and misleading information provided by ARTC in its Submission 128, this same information has been repeated in numerous active media releases by ARTC and the Inland Rail team. The ARTC and Inland Rail teams have continued to treat the affected communities and now even the Senate Inquiry with ongoing contempt (with their business and actions continuing as normal). Even in the ARTC Senate Submission 128, they have provided no new information but have continued to repeat the same disproven misleading information (lies) to the public. They have provided no options for any alternative Plan B, although they clearly had that opportunity within the context of this Senate Inquiry. They have provided no indication that they will change their operation as they wish to continue their blind path of destruction;

C.2 Other Issues Which May Be of Importance to the Senate Inquiry

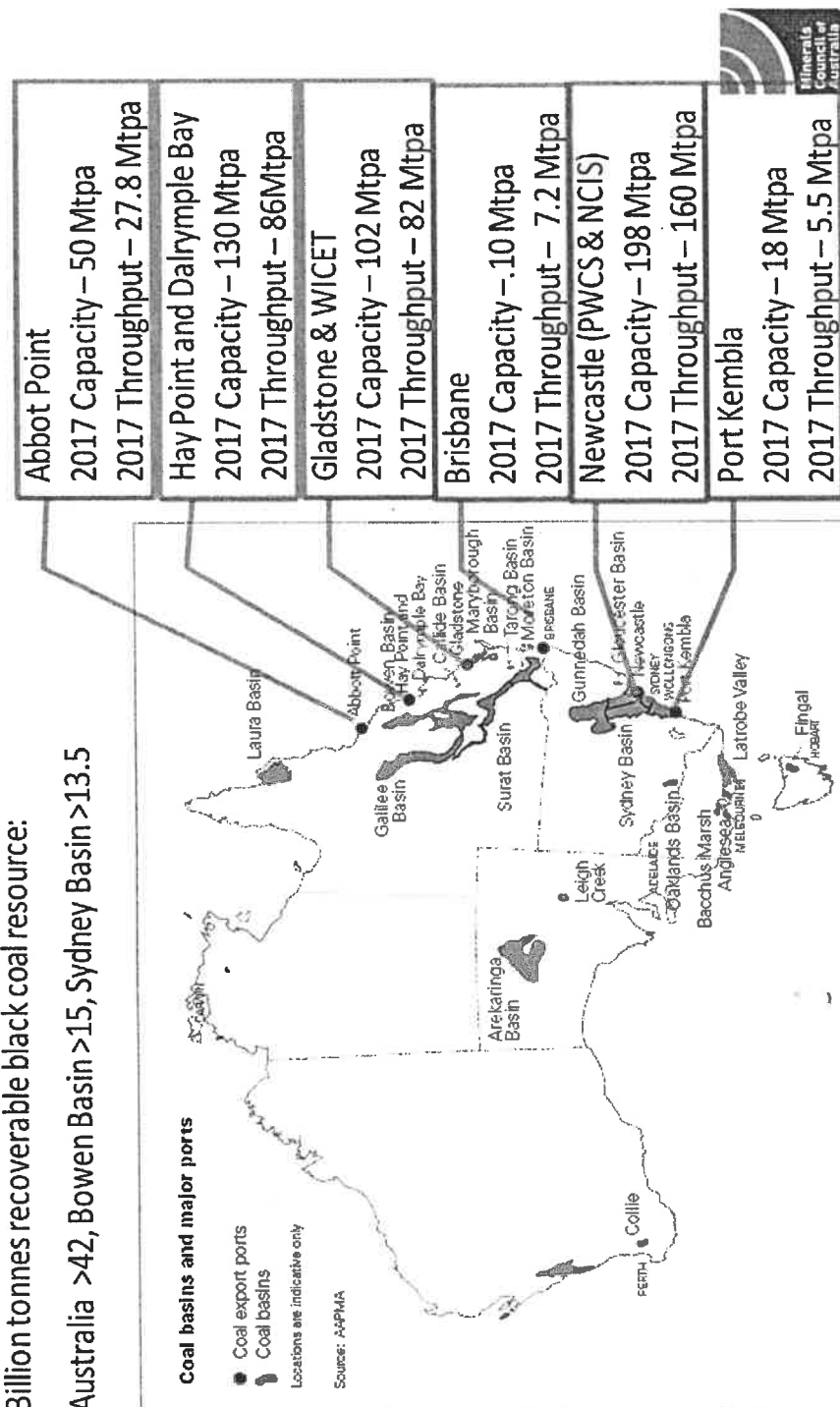
There are additional supplementary issues I wish to bring to your attention. These may or may not be of some initial value in helping to identify or rule out who exactly may benefit from the current debacle of Inland Rail. These are listed below:-

1. The proximity of coal fields to the Inland Rail as shown in the Figure below, suggesting that the Darling Downs and West Moreton coal fields are intended to be serviced by the Inland Rail (although Inland Rail itself hasn't identified the source of the coal and intended new water supplies required to service the new as yet unapproved coal fields);

Australia's export coal infrastructure

Billion tonnes recoverable black coal resource:

Australia >42, Bowen Basin >15, Sydney Basin >13.5



Mining includes minerals, petroleum and refined metals.

- It is unusual that New Hope (Thermal Coal) Group who own and operate the coal handling facilities at the Port of Brisbane and who have major thermal coal interests at Acland on the Darling Downs and near Ipswich in the West Moreton region, do not appear to have made a public Submission to the Senate Inquiry, although they would appear to be a major benefactor (possibly the major benefactor) from the Inland Rail based on both the Business Case of the Inland Rail and the Submission 128 Attachment from ARTC. Why would a (or the) major beneficiary of the Inland Rail

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- project costing many billions of dollars of public money refuse to provide a public submission to an open public Senate Inquiry into that project?
3. It is also unusual that the Queensland Resources Council does not appear to have made a public Submission to the Senate Inquiry, although their interests in coal mining (as for New Hope Group) appear to be the major benefactor from the Inland Rail based on both the Business Case of the Inland Rail and the Submission 128 Attachment from ARTC, Why would the public representative of the thermal coal industry that has been identified as the major beneficiary of the Inland Rail project costing many billions of dollars of public money refuse to provide a public submission to an open public Senate Inquiry into that project?
 4. I do not know of the significance of the ABC report in 2015 that "The ABC revealed last year the New Hope Group and its Australian parent company, Washington H Soul Pattinson had donated \$700,000 to the Queensland Liberal National Party and the federal Liberal Party over a three-year period" see link <https://www.abc.net.au/news/2015-08-31/acland-mine-draft-authority-for-expansion-issued/6736146> . The Senate Inquiry could perhaps determine any significance of this;
 5. I do not know of the significance of the fact that upon checking the credentials of an ARTC employee who has addressed previous communities on Social Performance and is scheduled to address our local community, that her Linkin profile had her simultaneously listed as working not just for ARTC but also working with New Hope Group as a Senior Adviser. When I queried how many other New Hope Group employees were working with Inland Rail (a serious conflict of interest situation), my question was not answered. However the profile of the employee was changed a couple of times to remove reference to still working as an adviser to New Hope Group. I was then informed by ARTC by email that her LinkedIn profile was in error, and perhaps that is the case. I note upon checking LinkedIn a couple of days ago that there is another worker also listed as working for ARTC while being simultaneously listed as working for New Hope Group. Perhaps by co-incidence her LinkedIn profile may also be in error, and may not be of significance. The Senate Inquiry could perhaps determine any significance of this; and
 6. The ARTC unilaterally cancelled the last scheduled meeting (November 2019) of the Community Consultative Committee (CCC) for the Kagaru to Acacia Ridge and had previously tried to cancel the August 2019 scheduled meeting. This was all done in violation of their own Charter written by them to hold public meetings every 3 months (quarterly) https://s3-ap-southeast-2.amazonaws.com/ehq-production-australia/70f02a59bf7f14eac5191488cb73613cbb2e170e/documents/attachments/000/112/193/original/QLD_K2ARB_CCC_Charter.pdf?1565066778 The cancellation and attempted cancellation of these scheduled public meetings was to stop public discussion on the Inland Rail. If ARTC can't follow their own Charter on public consultation, how are they to be trusted in any consultative role?

The additional issues raised in this Supplementary Submission are integral to the proceedings of the Senate Inquiry into the Management of the Inland Rail Project by the Australian Rail Track Corporation and the Commonwealth Government. These issues do require independent assessments within the framework of the Inquiry. As stated I have been asked by concerned members of the local Community to submit these issues as a Supplementary Submission to the Inquiry so they do not get ignored or "lost in the system".

D. Conclusion

The additional issues detailed above and in the vast bulk of the Submissions to the Senate Inquiry are extremely important. ARTC in its submission has provided false and misleading information to the Senate. This may constitute contempt of the Senate as defined in the *Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters - February 2015*

Because of the serious issues associated with the Inland Rail, and the fact that ARTC and the Inland Rail team are insistent that they continue business as usual, it may be an option that a call for a Royal Commission into the Management of the Inland Rail needs to be considered as one potential recommendation of the Senate Inquiry. Without such a Royal Commission, it appears likely that the ARTC and Inland Rail (without a strong change) will continue to try to treat both the Australian communities and the Australian Senate with contempt.

Yours Sincerely,

Lloyd Stumer
A Member of the Community Consultative Committee,
Inland Rail Section Kagaru to Acacia Ridge and Bromelton

(Apologies for any grammatical errors in this document prepared late at night)