

ARTC - INLAND RAIL REVIEW

Subject/Issue

The Government announced an Independent Review of Inland Rail on 7 October 2022.

Key facts and figures

- Dr Kerry Schott AO has been appointed to lead the Review. Dr Schott's biography is at [Attachment A](#).
- The Government has committed up to \$14.5 billion in equity and \$300 million in grant funding to deliver the Inland Rail program.
- The Review will consider the scope, schedule and cost of the program, and will review the process for selecting the Inland Rail route, including stakeholder consultation.
- The Review is expected to be completed by early 2023, with findings provided to the Government for consideration.
- The Government intends to release the findings of the review once it has an opportunity to consider them.
- The cost of the review is being met from within existing departmental resources.

Key points

Terms of reference

- The terms of reference for the review have been released publicly ([Attachment B](#) refers).
- The Review will assess Australian Rail Track Corporation's governance and program delivery approaches with a view to optimise program delivery.
- Updated cost and schedule estimates will be informed by current market conditions and regulatory constraints, reflecting a tight infrastructure market and long delays in environmental and planning approvals.
- The Review will consult stakeholders in the freight sector to ensure that Inland Rail remains relevant, and continues to support Australia's national supply chain networks. This will include recommendations on the locations of terminals in Melbourne and Brisbane.
- The Review will confirm the route selection process was appropriate, and reflects both the impacts on and benefits to regional communities.

- It will also examine broader opportunities to improve community consultation addressing community concerns with the alignment.
- The Review will have regard to existing studies, including the proposal to extend Inland Rail from Toowoomba to Gladstone.

Background

The Senate Rural and Regional Affairs and Transport References Committee Report on Inland Rail (Senate Committee Report)

- The Senate Committee Report, published on 11 August 2021, made 26 recommendations including seeking an independent evaluation of the 2015 Inland Rail business case, intermodal terminal locations and functionality, and improving the Australian Rail Track Corporation's community consultation.
- While the Review will not re-examine the underlying business case for the Inland Rail program, or the assumptions on which it was based, it will test the Inland Rail service offering and the importance of this to achieving the overall benefits of Inland Rail.

Historical project cost and equity commitments

Year	Study	Estimated cost	Funding Commitment	Estimated completion
2010	Melbourne-Brisbane Inland Rail Alignment Study	\$2.80b-\$3.69b	\$300m – grant ¹ (2013-14 Budget)	2020
2015	Inland Rail Business Case	\$10.66b	\$0.6b – equity ² (2016-17 Budget)	2024-25
2017-18	Market Testing	Not public	\$8.4b - equity (2017-18 Budget)	2025
2020	ARTC Inland Rail Cost and Schedule Review	Not public	\$14.5b ³ – equity + \$0.3b – grant funding (2020-21 Budget)	2027

1. Grant funding for pre-construction works on the proposed rail line.

2. \$593.7 million equity funding to progress the Inland Rail project including land acquisition and continued pre-construction activities, and an announcement Inland Rail would be delivered by the ARTC.

3. This is the cumulative equity commitment, which includes an additional equity investment announced in the 2020-21 Budget, based on a review of the cost and schedule and to enable ARTC to deliver Inland Rail.

Date: 18 October 2022
Cleared by (SES): Rachel Figurski
Telephone No: s 22
Group/Branch: Commercial & Government Services/Transport Investments & Governance Branch
Contact Officer: s 22
Telephone No: [Redacted]
Consultation: Nil
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ATTACHMENT A*Dr Kerry Schott AO Biography*

Dr Schott has experience in both the business and government sectors. She has been an adviser to governments, most recently as Chair of the Energy Security Board, and a chair and director of several public sector owned companies. Dr Schott is currently Chair of the NSW Net Zero Emissions Board and a Member of Aware Super's Direct Assets Committee.

Previously, Dr Schott was Chair of Moorebank Intermodal, a Director of NBN, Chair of the Energy Security Board, and Managing Director and CEO of Sydney Water from 2006 to 2011. She also spent 15 years as an investment banker, including as Managing Director of Deutsche Bank and Executive Vice President of Bankers Trust Australia. During this time, she specialised in privatisation, restructuring, and infrastructure provision. This included the establishment of National Rail which in due course became ARTC.

Prior to becoming an investment banker, Dr Schott was a public servant and an academic. She holds a doctorate from Oxford University, a Masters of Arts from the University of British Columbia in Vancouver, and a Bachelor of Arts (first class Honours) from the University of New England. She has been awarded an Order of Australia and Honorary Doctorates from the University of Sydney, the University of Western Sydney, and the University of New England.

ATTACHMENT B**Independent Review into the delivery of Inland Rail Terms of Reference**

The review will:

- a) assess Australian Rail Track Corporation's governance and program delivery approaches, including:
 - i. the effectiveness of current governance arrangements for Inland Rail, including monitoring and reporting;
 - ii. project management arrangements;
 - iii. risk management practices; and
 - iv. implementation of strategy;
- b) consult with stakeholders across the freight sector to test the Inland Rail service offering and the importance of this to achieving the overall benefits of Inland Rail, including how it provides new capacity and resilience to support Australia's national supply chain network, having regard to:
 - i. urban congestion and future freight demand;
 - ii. potential end points for the Inland Rail Service Offering in Melbourne;
 - iii. potential end points for Inland Rail Service Offering in Brisbane, including Ebenezer, Kagaru, Bromelton, and/or Acacia Ridge; and
 - iv. efficient linkages with freight infrastructure such as other freight rail networks, ports and intermodal hubs;
- c) review the processes for selecting the Inland Rail route to confirm it is fit for purpose and has considered both impacts and potential broader economic benefits to regional economies and communities;
- d) having regard to current market constraints and regulatory environment, assess Program scope, schedule and cost, including:
 - i. a broader review of the infrastructure market;
 - ii. review Program costs, contingencies and escalation;
 - iii. review schedule assumptions, including timing for planning and environmental approvals, land acquisitions and contingencies;
 - iv. options to optimise Program delivery to realise benefits earlier;
 - v. the PPP for the Gowrie to Kagaru projects;
 - vi. any related port connections;
 - vii. potential intermodal terminals in Brisbane and Melbourne;
- e) assess opportunities for enhancing community benefits along the route;
- f) review ARTC's engagement and consultation approach, including options to improve engagement with communities and other stakeholders along the route; and develop a pathway to consider community concerns with the alignment.

The review will have regard to existing studies, including but not limited to:

- a) dedicated rail freight connections to ports in Brisbane and Melbourne;
- b) the development of new intermodal terminals in Brisbane and Melbourne;
- c) the extension of Inland Rail from Toowoomba to the Port of Gladstone; and
- d) the South East Queensland Freight Demand Analysis and Modelling Study.