

Lockyer Valley Regional Council

Submission to the Senate Standing Committee on Rural and Regional Affairs and Transport on Management of the Inland Rail project by the Australian Rail Track Corporation and the Commonwealth Government.

5 December 2019

Introduction

This Submission has been made by the Lockyer Valley Regional Council (Council) to the Senate Standing Committee on Rural and Regional Affairs and Transport (the Committee) to:

- emphasise the concerns Council hold over the project,
- give examples from our regional context,
- recognise the potential for national benefit - but highlight the apparent net disbenefit to the Lockyer Valley, and to
- seek ongoing meaningful engagement as the project proceeds.

Council has long recognised the potential for national benefits from an Inland Rail Project. Our approach has always been to reduce and mitigate as far as possible the negative impacts of the project on our communities and to look for any potential benefits from the project. To date these benefits have proved elusive, however the impacts of the proposed railway are already being felt in our communities.

This Submission will provide some brief information on the Lockyer Valley to provide context and will then respond to the Headings/Questions posed in the Terms of Reference.

Lockyer Valley Region

For the Committee's benefit and by way of context, the Lockyer Valley is a modestly sized local government area in South East Queensland. The region is a key agricultural area for the State and Nation growing produce for domestic and international markets. The region also has significant manufacturing, construction and transport industries. Some relevant statistics include:

- A population of just over 40,000 people - growing by approximately 2.2% per year
- An expected population by 2036 approaching 60 000 people
- A workforce with strong ties to agriculture, manufacturing, construction and transport
- Unemployment since Dec 2015 approximately 1-2% higher than the State average of 6%
- 18.7% of families have children under 15 and no parent employed (State 13.8%)
- Significantly lower median family income than the State and National averages.

Key Project Characteristics

While the Committee will be familiar with the project, some project specifications and details are provided below as context for the responses on the Terms of Reference.

Inland Rail is a proposed railway travelling 1700 km from Melbourne to Brisbane via regional Victoria, New South Wales and Queensland.

Key design specifications are listed below to provide context for an understanding of the impacts:

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- Corridor minimum width 40 metres
- Dual gauge with axle loads sufficient to provide for coal/bulk product
- Clearance to allow for double stacked containers (min 7.1M above rail)
- Train maximum speed of 115 km/h
- Trains 1.8 km long (potentially 3.6km)

The current reference design indicates the railway traversing the entire Lockyer Valley local government area from west to east. This involves two of the projects Gowrie to Helidon (G2H) and Helidon to Calvert (H2C). The corridor is to enter the valley from the west emerging from the Great Dividing Range at Toowoomba via a 6km tunnel - crossing the entire region through the townships of Helidon, Gatton, Forest Hill and Laidley - to exit the Valley through another tunnel in the Little Liverpool Range where it enters the Ipswich City local government area.

The route will both utilise some existing rail corridor and will also have significant greenfield rail corridor development. For example, on the H2C corridor there will be more than 100 freehold titles that will require complete or partial acquisition and clearly far more properties affected by loss of amenity caused by the railway construction and operation.

In July 2018 Council adopted a Position Paper to clearly articulate Council and community concerns over the project. That Policy Paper highlighted 5 key principles to be considered with respect to Inland Rail and it is requested that the Committee reflect on these principles in your deliberations.

The principles are, that with respect to the proposed Inland Rail projects, there should be:

- 1. No loss of connectivity (where the proposed corridor severs existing access, alternate access should be provided of comparable or better standard)**
- 2. No flood impacts (from new rail corridors and where existing rail corridor is utilised the opportunity should be taken to improve flood resilience)**
- 3. Mitigated amenity impacts (noise, vibration, light, visual, dust, smell)**
- 4. Limited (as far as possible) loss of good quality agricultural land**
- 5. Promotion of integrated transport planning (to allow for future passenger transport and the support for active transport)**

A link to the Position Paper on Council's website is found below.

<https://www.lockyervalley.qld.gov.au/our-services/community/Documents/Inland%20Rail/LVRC%20Position%20Paper%20on%20Inland%20Rail%20-%20Final.pdf>

The following submission sections are provided under headings specified in the Terms of Reference for the Inquiry.

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Financial arrangements of the project

The Australian Rail Track Corporation (ARTC) has indicated that the key section of the Inland Rail Project (the Project) from Gowrie to Kagaru (G2K) will be delivered by a Public Private Partnership (PPP). The successful consortium will design, build, finance and maintain this section of the Inland Rail for a specified period. It is understood that the basis for this delivery mechanism is in recognition of the technical complexity of the project in this location and to effectively allocate risk. The PPP is seeking innovative design to deliver the reference project cost effectively.

Council holds strong reservations over this model of project delivery given the anticipated life of the project and of the infrastructure. The concern held by Council is that bidders, in seeking to win the bid will deliver inferior infrastructure and place communities on this alignment at risk. As ARTC have indicated, the project in this location is complex and accordingly there is capacity for serious disbenefit to the community in terms of amenity, safety, flood impacts etc.

It is well understood that PPP bids are based on bidding consortia looking to design the reference project to minimise their respective costs - to deliver 'value for money'. This can lead to innovative design. However, it can also potentially lead to significant community impact. One concern is the trade off between cost and quality that may arise with a private sector entity that only intends to operate the infrastructure for a limited time while the infrastructure may be expected to provide service for 100 years. This also translates potentially into the delivery of substandard road transport infrastructure to be managed and maintained by local governments long into the future.

For example, tunnels, large cuttings and structures will be targeted for cost reduction in design. The concern is that with a PPP the impacts of the project on the community will be of secondary importance to a private sector entity with a profit motivation.

Council is concerned that there is a significant risk that, without appropriate government oversight and without ongoing local government input, there will be substantial negative impacts on the community and direct cost to local governments.

Council is working closely with ARTC seeking to minimise impacts in the concept design process. While Council has been engaged in the concept design process, there remain significant unknowns which will not be well understood until detailed design is undertaken by the successful consortium. By that stage there is a real concern that Council will have limited opportunity to influence design outcomes.

As indicated above, it is difficult to anticipate with confidence what agreements will be required into the future when, under this PPP model, agreement needs to be reached up front for a consortium that may have operational rights for decades and for infrastructure that may be operational for a century. It is impossible to quantify unknowns over that time period and without the relative security of government oversight. It is unknown what ability (if any) the Commonwealth government will retain to step-in and resolve serious issues.

Council is seeking reassurance that the quality of the delivered infrastructure and services can be clearly defined in the PPP agreements and the government will retain the ability to step in and address future problems that may arise over the life of the infrastructure.

It is understood that the decision to undertake a PPP has already been taken. The issue is raised here to document Council's concern and highlight the need for governments of all levels to appreciate how difficult it will be to document up-front agreements that lock in place infrastructure and services over the full operational life of this infrastructure. This project will impact the Lockyer Valley for generations.

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Route planning and selection processes;

ARTC project teams and design consultants have engaged with Lockyer Valley during the concept design phase. At an officer level these interactions have been professional and cooperative and Council has appreciated ARTC's willingness to meet and discuss aspects of the concept design. Nevertheless, Council retains serious concerns over the route planning and selection processes and the level of impact on our communities.

For many years Lockyer Valley Regional Council has been advocating for improved public transport including planning for the introduction of passenger rail. Council is realistic and appreciates that a "bullet train" is unlikely to be viable in the foreseeable future. However, the introduction of rail services in the region and a faster rail service beyond Ipswich is certainly foreseeable. Such services would be of substantial benefit to the broader region and the transport network in SEQ.

On the basis of future passenger rail Council has been supportive of the protection of the Gowrie to Grandchester Rail Corridor that was planned by the State Government in 2002/03. The associated Study at that time envisaged both freight and passenger services.

It seems to Council that a fundamental flaw in the route planning for this rail infrastructure has been the requirement for ARTC to utilise the Gowrie to Grandchester alignment- for an Inland Rail that is categorically a freight only railway. As a general rule, freight railways seek to avoid communities to minimise impact. Correspondingly, passenger rail corridors seek to connect and integrate with the communities that will utilise the passenger services. It is understood that ARTC have been required by the State Government to make provision for future passenger rail but ARTC readily acknowledges that this is not their core business and that passenger rail is simply not in their scope.

Accordingly, we have a concept design that has been generally constrained to the Gowrie to Grandchester corridor and running directly through the communities of Helidon, Gatton, Forest Hill and Laidley with rollingstock planned to transport double stacked containers, commodities and coal rather than passengers.

Council raises this issue, not in order to apportion blame between Commonwealth and State levels of government but to seek a determination of the optimal route through the Lockyer Valley for a freight railway. It will be of significant interest to Council to see if the Coordinator-General's view of the EIS will deem these alignments as appropriate given the level of impact that will need to be mitigated.

A further concern to Council has been the application of the Multi Criteria Analysis (MCA) by ARTC during concept design. It is understood this tool is used by ARTC to assist in selecting preferred alignments out of a number of alternative concepts. Council was invited as an observer to the ARTC MCA sessions looking at alternative alignments for the communities of Gatton and Forest Hill and also for alternative alignments near Helidon. The tool is used to try and quantify options based on a range of criteria with assigned weightings. It is understood criteria utilised include technical viability, safety, operations, constructability, environment and community impacts.

Council was provided observer status at three MCA sessions. Concern is raised that respective weightings appeared to heavily emphasise technical aspects with a corresponding small weighting to community impacts. There was no community input to these processes although it is understood some community engagement session results were used as a proxy for community impact. While some limited prior community engagement had been undertaken on the alternative



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options this was far from representative. (Refer also the section on community engagement below). Accordingly, the utility of such input and of the MCA process is questioned.

A further concern is that Lockyer Valley communities have lived for some time now with the uncertainty of just how the project will impact their households and communities. This uncertainty will continue during the next phases as the EIS process continues and then a process of PPP procurement. That in turn will be followed by detailed design and potentially supplementary EIS processes. All of this places community members in an extremely uncertain and stressful situation. While it is recognised that the processes must be undertaken, the impact of this uncertainty on communities needs to be acknowledged.

Connections with other freight infrastructure, including ports and intermodal hubs;

The Budget 2019 provided \$44M for the Inland Rail Interface Improvement Program (IRIIP) to identify additional connections to the Inland Rail Spine. This is critical to the ultimate success of the Inland Rail concept and the national benefits that will be accrued.

The Lockyer Valley community has voiced to Council many negative consequences of the Inland Rail project. However, as indicated above, benefits to date have been difficult to identify. Council would hope to access funding under the IRIIP Program to identify opportunities for both business and potential employees.

One area where some benefit may be found is through potential development of industrial land in the region. In ShapingSEQ (the SEQ regional plan) Council has a Major Enterprise and Industry Area identified at Gatton. This is intended to be a major driver of economic growth in the region. Council also has a significant holding of land in this location that could be utilised for future industrial use or even potentially for Inland Rail construction and operation.

Engagement on route alignment, procurement and employment;

Concerns have been raised about the level of meaningful community engagement that has been achieved throughout the Lockyer Valley. Anecdotally, Council officers are also aware of these concerns in other local government areas. At an ARTC officer level there appears to have been strong efforts made and there is responsiveness and genuine concern for impacted communities. It is understood local ARTC officers have individually contacted all directly-affected people on a 'one on one' basis.

However, it appears that the community engagement at a strategic level for the project has not been successful. There has been a lack of information available at key times leading to poor community engagement outcomes. Many residents and businesses have expressed publicly and to Council that the community engagement sessions have seemingly been held to 'tick the boxes' to enable ARTC to point to these sessions as community engagement.

Clearly members of our communities also have a responsibility to respond to genuine, informed engagement sessions. The lack of available information has meant that this has simply not been possible. Mr Richard Wankmuller, CEO of Inland Rail acknowledged this at a Community Consultative Committee Meeting at Helidon where he presented a graph showing the passage of time and the slow increase in information which was only then becoming available through EIS work and through refinement of concept designs. While the CEO's candour was appreciated, it is only now becoming clear where a reference design may be located and what properties are likely to be impacted (and what those impacts may be like).

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Genuine community engagement is not achieved when limited information is available and generic messaging is delivered. Such sessions have led to disengagement by sections of the affected community resulting in poor attendance at subsequent information and consultation sessions, particularly in Gatton. When community members feel their time and interest is disrespected, they tend to remove themselves from the process.

One specific example of this relates to an information session for Gatton to discuss and hear community thoughts on a preferred route. The options provided were limited and did not include information on the significant impacts to the Gatton community of ARTC's preferred route. Without this important information, a preference was expressed by the community members present to protect farmland (which is admirable) but without the knowledge that their choice would create high levels of long-term disruption to the town for generations to come.

It should be emphasised that the local ARTC staff have been very helpful and the project teams have been seeking to assist Council during the concept design process. Council also acknowledges the opening of a local ARTC office in Gatton to assist. (Although again this would have been more effective if it had opened 14 months earlier when initially suggested).

However, at the community engagement level it can be concluded that there has been limited meaningful engagement and therefore, ultimately, limited community input into the reference design. A key example of this was sessions held to consider alternate alignments around the communities in Gatton and Forest Hill. These sessions (particularly Gatton) were poorly attended yet it appears this relatively unrepresentative feedback was utilised in the MCA. Those alternate options have seemingly not been further considered.

Early in process Council made numerous offers to ARTC to assist with community engagement and to utilise our own community engagement networks and local expertise. This offer was not taken up beyond a list of possible venues to hold meetings and the identification of key community groups.

The Community Consultative Committee (CCC) meetings were an effort by ARTC to seek improved community engagement. It is understood that the intention was to utilise the members of those Committees to act as conduits back to their respective networks. Council is not represented on the Committee, but officers have attended meetings as observers.

It is understood that the CCC approach is under review. It is not clear to Council that this is an effective means of engagement. Observer numbers for the Lockyer Valley CCC varied from 3 up to more than 60 people. It appeared at times that there was a level of frustration by both CCC members and observers about the scope of the meeting and the limited level of detail that was able to be discussed. Members also seemed to lack role clarity and there appeared to be limited community feedback to stakeholders. Some ideas put forward by CCC members may have been personal views rather than views more representative of the wider community.

It is considered that having significant numbers of community members in attendance but unable to contribute meaningfully was a wasted opportunity for engagement. This in turn has led to some degree of consultation frustration and fatigue. This may have contributed to poor attendance levels at subsequent community engagement sessions.

There also remains a perception in some parts of the community that the vast majority of the project will proceed in line with ARTC's designs regardless of community concerns.

From a future employment perspective, it is hoped that there may be short to mid-term employment opportunities for local residents arising from the Inland Rail construction provided



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local employment is genuinely 'local'. Some major projects take a global perspective and consider 'local' as being Australia/New Zealand. For the Lockyer Valley 'local' must mean Lockyer Valley residents.

ARTC report that for existing projects under construction in the Parkes to Narromine section, local employment statistics have been good. This is clearly a benefit for that region. However, such statistics may be more readily achieved when a labour market is geographically remote, less competitive and somewhat captive.

The risk for the Lockyer Valley is that we are surrounded by potential employees in Ipswich, Toowoomba and Brisbane and genuine 'local' employment opportunities may be lost. Clear requirements will need to be implemented to ensure local employment is utilised from within the immediate local government area.

Urban and regional economic development opportunities;

As indicated above, regional economic benefits to date have been difficult to identify. Council would hope to access funding under the IRIP Program to identify opportunities for both business and potential employees.

It is hoped that this funding will be provided given the extent of the regional economic impacts previously identified. Council has been so concerned about these impacts that a motion was put by LVRC to the National General Assembly of the Australian Local Government Association as follows:

That the National General Assembly call on the Australian Government to establish a fund specifically targeted at those local government areas that are bearing the brunt of significant impacts of the Inland Rail project to partly compensate for their loss, hardship and the long-term amenity impacts.

The motion was carried by the Assembly which recognised that clearly this is a "one-off" national project with identified national benefits for industry, freight forwarders and producers.

It was also recognised that there will be enormous impacts on communities along the alignment. These communities are currently suffering impacts relating to the uncertainties of the rail alignment and how it will impact their homes and businesses. In the mid-term there will enormous impacts during construction. In the long-term communities on the alignment will suffer impacts to amenity, connectivity and safety "for the next century and beyond."

The logic underpinning the motion was that there is currently no funding mechanism to compensate such communities. A national fund is required that can utilise benefits achieved by Inland Rail to compensate the communities that have significant net dis-benefits.

The regional economic impacts have been outlined above but include: loss of productive land (including good quality agricultural land) direct costs associated with severance such as increased transportation costs, reduction in property values, direct business impacts and loss of Gross Regional Product.

Most infrastructure projects such as roads or passenger rail do have community impacts - but the projects are generally welcomed by communities as they bring community benefits such as improved access or enhanced economic activity. For Inland Rail there will be negligible benefits and significant costs to regions such as ours. While the Inland Rail business case identifies

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national benefits, some individual communities will suffer the costs with apparently limited meaningful benefit.

The project is predicated on a business case that identified national benefits. Like any significant infrastructure the economics are based on net benefits – ie that the benefits will outweigh the costs. In economic terms (theoretically) the winners from the project would be able to compensate the losers. There is a net benefit to society. Though it should be noted that this is economic theory rather than practice - losers are not actually compensated and communities such as ours suffer real loss.

The Inland Rail project is a freight transport project on a scale not previously witnessed in Australia. This project is a one-off that will have enormous short and long term impacts. On that basis it is distinguished from normal infrastructure projects. It is considered that special funding needs to be identified for communities on the alignment that will have significant and identifiable net economic losses. This will enable a component of the national benefits forthcoming from the project to be distributed to those affected communities.

Collaboration between governments;

While Council has made its concerns over the project well known, we have worked collaboratively with the Project teams seeking to minimise impacts on the community and on council assets. While a number of issues remain unresolved, Council has been satisfied with commitment shown by the Project teams and their consultants.

However, the Inter-Government Agreement (IGA) between the Commonwealth and Queensland was only signed in late November 2019. It is understood that this has led to the concept design for the Queensland projects being undertaken with minimal engagement with Queensland Rail. Clearly this is unsatisfactory when the intention for much of the alignment is to share corridor with that railway manager. Fundamental design requirements were simply unknown.

If this leads to additional delays it would represent a poor outcome for communities who are facing life changing impacts and seeking to reduce as far as possible impacts on their homes, families and businesses.

It is understood that the delay in signing the IGA has also contributed to the delay in undertaking the Commonwealth funded business case for Passenger Rail between Toowoomba and Brisbane. This was included in the Commonwealth Budget in 2018, yet Council is unaware of any progress on this important work. Council is yet to be consulted on the scope of this work, despite any alignment necessarily going through the local government area.

This lack of collaboration is brought to the Inquiry's attention - not to allocate blame between the Commonwealth and the State - but to recognise the impacts and hopefully to seek a commitment from both levels of government to progress this business case with priority and local government input.

Any other related matters.

A key concern for the Lockyer Valley remains the potential impact of flooding. Following the catastrophic floods of 2011 and 2013, and two Commissions of Inquiry, communities in the Lockyer Valley remain extremely sensitive to the contribution railways may have to the impacts of flood events. This issue has been raised consistently throughout the design process to date. It remains of fundamental importance to the region.



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For the Inland Rail projects in the Lockyer Valley there has been flood modelling conducted to inform the concept design. Assurances have been provided that further, more detailed modelling will be conducted during detailed design. The concern held by Council is that at that point in time the modelling will be the responsibility of the successful private sector entity appointed by ARTC. That consortium will be both seeking to minimise costs through design and seeking to design and construct without delay.

Council will be seeking a thorough review of both the flood model outputs and a review of the model itself to confirm adequacy. That review should be independent, thorough and not constrained by the threat of compensation to the consortium for time delay.

On similar grounds (the role of the PPP) community concern has been expressed over the potential for a catastrophic rail incident given alignment and geography of the route.
