

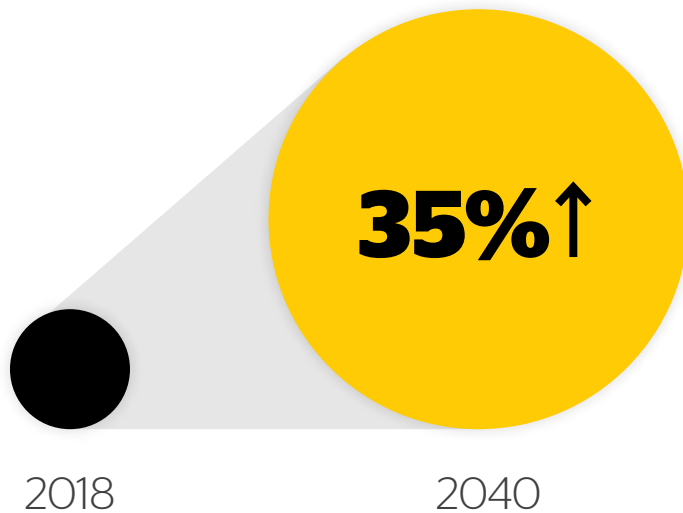


**Inland Rail is coming
IS YOUR BUSINESS READY?**

nti

Introduction

Australia's freight task is growing. The Transport and Infrastructure Council's 2019 National Freight and Supply Chain Strategy notes that between 2018 and 2040, the volume of freight carried is expected to increase by 35%.



That's an extra 270 billion tonnes,
WHICH WOULD TAKE THE TOTAL VOLUME CARRIED TO
more than 1,000 billion tonne-kilometres.

But it's not just the volume of freight that's changing. The composition of the freight task is also shifting.

Critically, urban freight is expected to grow by almost 60% between 2020 and 2040.

Our transport infrastructure needs to accommodate these changes.

It must also maintain service levels and safety, protect the environment and use government and private funds efficiently.

Road and rail are both critical

Road and rail transport play critical roles in moving the freight that Australians rely on to sustain their businesses, hobbies and lives.

Freight costs and productivity plateaued in the 1990s. However, recent changes in manufacturing and transport technologies could potentially improve productivity and reduce costs further.

At the same time, supply chains must become more resilient to extreme weather and other climate-induced changes, cyber threats and community demands for improved safety and transparency, and reduced environmental impact.

The new Inland Rail line between Brisbane and Melbourne is poised to become an essential part of Australia's transport network.

It can help address all these concerns and more - but the transport industry will need to adapt.



Inland Rail - the business case

More than 80% of Australians live within 50 kilometres of the coast, and more than half live in our three largest cities - Sydney, Melbourne and Brisbane.

This concentration makes efficient and robust connections between population centres vital to the functioning of our society and economy.

Those connections are busy. Online sales are booming (up 31.8% year-on-year in 2021).

The Transport and Infrastructure Council's National Freight and Supply Chain Strategy expects the total volume of freight carried in Australia to grow by more than a third (35%) between 2018 and 2040.

Such growth would represent an additional 270 billion tonnes and bring the total volume to just over 1,000 billion tonne-kilometres.

Rail freight in particular is expected to grow, from around 130 billion tonne-kilometres in 2020 to around 540 billion tonne-kilometres in 2040.

Presently, all rail freight between Brisbane and Melbourne passes through Sydney. The North Coast line connecting the cities is mostly single track.



Inland Rail is the solution

That's why the Inland Rail project is under way. It will reduce congestion on the North Coast line by creating a direct link between Brisbane and Melbourne.

Transport between the cities will become faster and cheaper. And all three state capitals will benefit from having fewer freight trains on their suburban networks. The route will also connect to the Sydney – Perth rail corridor, reducing journey times between Brisbane, Adelaide and Perth.



Planning included consultation with Australia's major freight rail customers and freight owners, including:



Key agricultural stakeholders, including NSW Farmers and the National Farmers' Federation, were included in the consultation, as were peak bodies such as the NRMA.



Inland Rail - infrastructure

Inland Rail - formerly known as the Australian Inland Rail Expressway - is a 1,727-kilometre railway line, and it's currently under construction.



As the name indicates, it takes an inland route (west of the Great Dividing Range). From Brisbane to Melbourne, it will pass near or through major towns and cities, including:

- Toowoomba QLD
- Moree NSW
- Narrabri NSW
- Narromine NSW
- Parkes NSW
- Wagga Wagga NSW
- Albury NSW
- Seymour VIC

Construction of the line is divided into:



13
PROJECTS



733
KILOMETRES
OF NEW TRACK



944
KILOMETRES OF
TRACK UPGRADES



“We bypass a lot of towns now to get trucks off the streets,” says Martin Corry, NTI’s Customer and Industry Relationship Manager. **“There’s pressure to get trucks off the Pacific Highway, so we’ll have to wait and see how it pans out inland.”**

Inland Rail - services


But the Inland Rail project isn't just about building and upgrading railway lines.

Surrounding infrastructure at the railheads also needs to be able to cope with the expected freight volumes.

At the Brisbane end, the line will terminate at Acacia Ridge, some 20 kilometres from the Brisbane CBD and 40 kilometres from the port of Brisbane.

However, Coles and Woolworths have their main Brisbane distribution centres (DCs) nearby, so service for these two key customers will be faster and more efficient.

“The connecting facilities to the hubs are critical,” says Dan Morrison, NTI's National Cargo Product Manager. **“You're limited by how many trucks can come in and out of a facility.”**



“Extra capacity on trains won't help if you can't get containers into and out of the depot.”



Intermodal service is the key

Other services requiring upgrades will be roads and other infrastructure supporting the railheads, such as:

- fuel and vehicle facilities
- accommodation and food for drivers and train crews
- access and parking for workers
- and more



Roads into and out of the surrounding urban areas may also require upgrades.



Trucks will need to carry freight from the railhead to distribution centres, ports, local warehouses and other distribution points.



Logistics companies will need to upgrade their services. Even now, some are exploring or building new depots near the line's railheads.

Implications for transport companies

Transport companies, especially those in Queensland, New South Wales and Victoria, can expect changes once the new rail corridor is operating.

Many cargoes will shift to the Inland Rail from the east coast, meaning truck operators will see less demand to drive those routes.

But savvy operators can take advantage of the changes and start positioning their businesses for success now. Containers will still need to be moved from the railheads to distribution centres, warehouses and ports. And there will be opportunities all along the route to handle such cargoes.

“It’s all about understanding what lies ahead,” says Martin Corry. **“It’ll be about doing the railhead-to-distribution centre, railhead-to-port routes.”**

“Trucks can also offer flexibility, where they can do drops along the way. You might have 10 pallets that you can deliver to customers without going to the DC.

“Start building that flexibility now, so your service offering to the customer is better.”

“

“Start building that flexibility now, so your service offering to the customer is better.”

- Martin Corry, NTI’s Customer and Industry Relationship Manager.



Not everything can travel by train

Martin also notes that some cargoes aren't suited to train travel due to their perishable nature or other requirements.



“There’s a lot of time-sensitive cargoes, like pharmaceuticals and chilled goods, that get packed straight on the truck, and off they go,” he says.



“Poultry would be another one. I think livestock is probably a fair way off on a train. They’re too hard to manage.”



“Cotton perhaps - they can put bales inside a container, but it’ll depend on where they are and how close to a railhead.”



Implications for cargo owners

For cargo owners, the view is more nuanced.

Dan says there's a "huge upside" to the Inland Rail concept, chiefly thanks to rail transport's reduced risk and cost compared to road transport.

"With rail, you have a dedicated line," he says. "But trucks travel on shared roads. The speed, the efficiency, the environmental impacts are all improved."

The proposed line's ability to double-stack containers is a bonus, he says.

"It's an efficiency thing. Obviously, more weight means it takes the train longer to accelerate. But once you've got momentum, it's efficient again.

"That ability to double the capacity to move cargo is a huge benefit."

But it's not all (potential) upside. With high-capacity trains, a cargo owner's accumulation risk is increased.

Just as containers sent separately from Australia may all end up on the same ship out of Singapore, so too may containers sent separately from a depot all end up on the same train out of Brisbane or Melbourne.

"From a cargo perspective, you need to monitor the change in exposure," says Dan.

"You might have had \$500,000 of stock on each of four trucks, but now you'll have two million on one train."

"It'll get to its destination quicker, but if a cyclone hits, all your goods are exposed at the one time. You need to be aware of the risk."

Making it work

The line is scheduled to be in full operation by 2026. For logistics providers, if your business is likely to be affected it's worth getting information and making plans now.

That could mean building a new depot near a DC, shifting your focus from long haul to short, or securing contracts with suppliers likely to be using the new line.

If you're a cargo owner, you can start planning how to manage the accumulation risk.

Look at your current supply chain and transport providers to ensure you'll take full advantage of the line.

Change is disruptive, but it brings opportunities as well as challenges. Businesses that begin planning now will be in the best position to prosper once the new line is open.



Change is disruptive, but it brings opportunities as well as challenges.



National Transport Insurance is a joint venture of the insurers Insurance Australia Limited trading as CGU Insurance ABN 11 000 016 722 AFSL 227681 and AAI Limited trading as Vero Insurance ABN 48 005 297 807 AFSL 230859 each holding a 50% share. National Transport Insurance is administered on behalf of the insurers by its manager NTI Limited ABN 84 000 746 109 AFSL 237246.

Disclaimer: Information in this document is general only. It does not take into account an individual's personal or business circumstances. While all due care has been taken, it is not intended as legal, financial or business investment advice and should not be construed or relied upon as such. Before making a commitment you should consider seeking your own independent advice.
NTI.M060.29.26102021

