



PARLIAMENT OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

**TONY WINDSOR MP**  
**INDEPENDENT**  
FEDERAL MEMBER FOR NEW ENGLAND

Shop 5  
259 Peel Street  
TAMWORTH NSW 2340

**All Mail:** PO Box 963  
TAMWORTH NSW 2340

**Ph:** (02) 6761 3080  
**Toll Free:** 1300 301 839  
**Fax:** (02) 6761 3380  
**e-mail:** Tony.Windsor.MP@aph.gov.au  
**Web Page:** www.tonywindsor.com.au

## Media Release/Opinion Piece

20 July 2007

# An Inland Rail Link

**Recent conjecture about the viability of an inland rail link between Melbourne and Brisbane raises the need for the debate on rail to be put back on the tracks rather than bogged in political ballast.**

**The \$5m Ernst & Young consultants report initiated by the Government established a number of facts that should be borne in mind when considering the issue on its merits rather than on its politics in the lead up to an election.**

**Some of the points made in the Ernst & Young report include:**

### **1 Market Assessment**

The total road and rail freight movements within the corridor between the state capitals account for 22 million tonnes (10% of the total freight flow). The major freight flows are in fact bulk freight (mainly coal) going across the northern corridor in the Hunter Valley and North West.

Of the inter-capital city freight an estimated 47% is on the Melbourne-Sydney corridor, 32% is on the Sydney-Brisbane corridor and 21% on the Melbourne-Brisbane sub-corridor. This relativity is likely to broadly remain over the next 25 years.

### **2 Future Demand**

The Study forecasts that the rail share of the Melbourne-Brisbane market is estimated to increase from around 30% to 63% (on upgraded coastal sub-corridor) by 2029, with slightly higher results (67% for an inland rail corridor)

### **3 Route Options**

The study was NOT designed to select a specific sub-corridor but it does give a clear insight into the costs of developing each of the sub-corridors and potential transit times (within the criteria outlined in the Terms of Reference).

### **4 Commercial/Financial Analysis**

The Study indicates that a significant further upgrading of the north-south rail corridor would come at a substantial cost.

The Study makes no recommendations regarding the development of an inland rail route but has identified potential sub-corridors, potential demand, financial issues, environmental issues and infrastructure costs that would be associated with an inland rail.

....2/

The net present value (NPV) results demonstrate that route options within each of the sub-corridors are not financially attractive under any of the analysis views. The results degrade with the capital spending amount because of two factors:

- The greater the construction spend the longer the delay in generating significant revenue from the upgrade; and
- The relative inelasticity of the freight flows to marginal quality increases once the route is established.

Further, the results indicate that while there will be an increase in additional freight (especially on the Melbourne-Brisbane route), to undertake a further significant corridor upgrade requires substantial capital cost that would not be fully offset by the increased freight revenue.

### **Comments**

The Study identified freight that could go on an inland rail route between Melbourne and Brisbane was 4.5 million tonnes with a projected increase to 7.9 million tonnes in 2029.

On analysis, given that for rail to be competitive with road on a one day delivery basis, the freight equates to one 6,000 tonne train per day each way (or 2 x 3,000 tonne trains per day each way) with a near doubling in 22 years time.

Such a relatively low volume, when compared to the 110 million tonnes on the Newcastle North West Corridor, could make the lower capital cost identified in the revised New England option, more attractive than the other options.

Given that the Deputy Prime Minister has indicated that the line will not proceed without private sector funding, the private sector will want to look closely at the New England route given that the New England Local Government (NELG) review of the Ernst & Young report has identified a saving of some \$400m in capital cost to build the line through the New England for the Parkes to Queensland section of the line," Mr Windsor said.

Quite clearly, for commercial viability to be achieved the capital cost of the project will need to be reduced or a large taxpayer contribution will be required.

The New England option provides a possible solution, not the uneconomic Rolls Royce solution that Ernst & Young were looking at, but a solution that better fits the freight task and still maintains an important link into the Newcastle and Sydney ports as well as providing a complementary route for the soon to be saturated coastal route between Sydney and Brisbane.

I would not like to rule out the Ashford option either. If a coal mine of 3 million tonnes per year is established in Ashford for instance that would increase the freight task by 66% which would have an enormous impact on the economic viability of the project.

The final selection of the route should be based on the criteria of where the project can do the most good for the nation not as a political carrot dangled before an election.