

# Inland Rail and efficiency of Australia's containerised trade

Inland Rail is a \$14 billion investment by the Australian Government in new and improving existing standard gauge rail infrastructure along a 1,700 km route between Melbourne and Brisbane. At Parkes in NSW there will be a connection to the line to Sydney and the East - West rail network which connects Perth, Adelaide and Darwin. The project is progressing in the context of a projected increase in Australia's population from 26 million in 2020 to 49 million in 2066 (ABS).

The project rationale is to increase the efficiency of freight in Australia by:

- reducing the cost of rail freight;
- reducing Melbourne/Brisbane transit times; and
- moving freight off already congested roads.

Inland Rail is expected to carry the following freight:

- intermodal/interstate (containers for export/import and domestic);
- coal; and
- bulk agricultural commodities.

The Business Case for Inland Rail included a forecast increase in coal exports from 8 million tonnes to 19.5 million tonnes from Brisbane. However since this was prepared coal exports from Brisbane have been declining and in the 12 months to June 2020 (prior to the Chinese ban on Australian coal) exports were 5 million tonnes.

## Inland Rail and the Port of Brisbane

In this paper we consider the need for a dedicated connection to the ports in Brisbane and Melbourne, using Brisbane as a case study, to increase the "land side" efficiency of Australia in the global supply chain. A dedicated rail connection for freight to the ports will allow for more efficient container logistics and provides an alternative revenue source for Inland Rail to offset the loss of revenue from coal exports.

Currently only 2% of containers handled by the Port of Brisbane are transported by rail, compared to 20% at the Port of Melbourne. It is approximately 35 kilometres by road, through suburban areas, from Acacia Ridge to the Port of Brisbane and congestion on the road network, in particular, around Acacia Ridge is increasing.

In Brisbane Inland Rail is planned to terminate at the intermodal terminal in Acacia Ridge. There is a standard gauge rail connection to the Port of Brisbane. However it has limitations as it is in part shared with the passenger network (passenger trains have priority over freight trains) and congestion on the rail network is expected to increase when Cross River Rail is completed.

## Containerised trade

The UN forecasts that global population will grow from 7.7 billion to 9.7 billion by 2050.



This puts Australia in a strong position to increase food production and therefore increase exports over this period of time. But this will only occur if we are cost competitive and there are efficient connections into global supply chains.

As an island nation, Australia conducts 98% of its trade through ports. They are critical infrastructure in our nation's supply chains. The three main container ports in Australia are Brisbane, Sydney and Melbourne and between the three of them they handle most of Australia's containerised imports and exports. In 2019/20 Australian ports had containerised imports and exports of 7.9 million TEU (Twenty-foot Equivalent Unit) with 11,300 vessel calls (Ports Australia).

Since the late 1990's the above ports have undergone major changes not only in development but also in efficiency. All three ports have increased channel depth, increased terminal and berth capacity and have undergone automation. This has given Brisbane a current capacity of 4.9 million TEU, Sydney / Port Botany 7.2 million TEU and Melbourne 5 million TEU and with all three having capacity to grow.

Australian ports will need this capacity as shipping companies continue to increase the capacity of container ships.

Currently some of our ports can take container ships with capacity up to 10,000 TEU but some of the largest container ships now have capacity of up to 20,000 TEU.

What has not kept up is land side logistics and our cities have seen the early consequences of this inaction with road congestion due to the increased freight on trucks.

### What are the consequences?

It is proposed that Inland Rail will share the growing freight load and reduce our reliance on roads for transporting freight. The thirteen stages of Inland Rail are currently under construction or in approvals phase. This is without plans being in place for dedicated freight rail connections to the Port of Brisbane or the Port of Melbourne. Both existing rail connections currently link into the passenger networks which have major limitations.

What are the consequences of dedicated port rail connections not going ahead?

What are the consequences of increased road network congestion?

What are the consequences of an unsafe and inefficient national supply chain?

### About the authors

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