

# BUSINESS NSW

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Legislative Assembly Committee on Investment, Industry and Regional Development  
Parliament House, 6 Macquarie Street,  
Sydney, NSW 2000

Dear Committee

## **Business NSW submission to the Inquiry into the Inland Rail project and regional NSW**

*Business NSW* welcomes the opportunity to respond to the Committee's Inquiry into the Inland Rail project and regional NSW. For regions along the Inland Rail route, the project is important to businesses, both during the development and construction phase, and as a long-term driver of regional trade connectivity.

Inland Rail in NSW is divided into seven individual projects (see Map 1). Each of those projects is at a different stage of development. As a result, feedback on Inland Rail varies from place to place along the route. Aspects of the project that are strengths in some locations are weaknesses in others.

This submission summarises the main elements of feedback from Business NSW's regional branches along the Inland Rail route, focusing on the first three items in the Committee's Terms of Reference.



Map 1: Inland Rail route. Source: Inland Rail project portal. <https://inlandrail.artc.com.au/where-we-go/>

## **ECONOMIC DEVELOPMENT OPPORTUNITIES ARISING FROM THE PROJECT**

Businesses have provided feedback on two types of economic development opportunities arising from Inland Rail: those related to procurement for the construction phase, and those related to the enduring impact of the line once completed and operational.

### **Construction phase**

The section of route from Narrabri to North Star (N2NS) is the second to reach construction, following the Parkes to Narromine (P2N) section. There have been a number of learnings made during P2N which have been implemented during N2NS which in addition to providing local employment opportunities has enhanced local industry preparedness and participation, maximising the local economic benefits.

As a result, the effect of Inland Rail has been to develop the local skills base, including plant operations such as use of rollers and excavators, which will be transferrable to other construction projects once Inland Rail is completed. Working on Inland Rail presents the opportunity to showcase the region, potentially keeping people in regional communities beyond the completion of the construction phase.

Greater collaboration between State and Federal Governments could provide further employment opportunities for youth. In Parkes, a young person could have commenced their apprenticeship on Inland Rail, and then completed it as part of the Parkes Bypass which will be delivered by the NSW Government shortly. Similarly, an apprentice could have been engaged on the NSW Government's Newell Highway Upgrade (Mungle Back Creek) and completed their training on Inland Rail. By developing apprenticeships, Inland Rail and the NSW Government can contribute to a lasting skills uplift in the regions it passes through.

Further south, procurement on the Albury to Illabo section is still in preliminary stages. As has been seen in N2NS and P2N, involving smaller local subcontractors is key to keeping the economic boost provided by Inland Rail construction within the area. Albury-Illabo is still at the initial stages of gauging interest and preparing the market for potential bidders and subcontractors. Communications and engagement had begun well at the start of 2020, but since the beginning of the COVID-19 pandemic, has gone quiet. With design and construct still a couple of years away, there is adequate time to resume that engagement program.

### **Operational phase**

Feedback from our members indicates that businesses have mixed views of the enduring benefits from Inland Rail.

One of the obstacles is a continued lack of clarity over how the line will operate. Questions about how many trains will stop at which locations, with what degree of frequency, and with what journey times to major ports, remain unknown at present. The more operators seek to take advantage of direct (non-stopping) links between Brisbane and Melbourne, the less the benefit for communities along the line. Likewise, the announcement of the link between the Inland Rail line and the Port of Newcastle has been welcome, but operating arrangements for trains using the line are still to be determined.

In the Central West, businesses and councils have said they are struggling to understand where benefits will be. Parkes will be a hub, but there is less clarity in other places further out and along the route on how (and even whether) businesses and producers will be able to get their freight on the line. Also, there is not yet a solid understanding of how businesses or producers can change their business models to take maximum advantage.

EY produced an assessment of [Inland Rail Regional Opportunities](#), and hosted community workshops to highlight their findings. However, feedback from participants in those information sessions was that the findings appeared very hypothetical, with little in the way of direction on how the potential benefits should be realised. There was also concern that the same 'potential opportunities' were being advanced across all locations. This makes the recommendations appear generic rather than specific, and risks pitting local councils against each other to compete for the same sectors rather than steering towards greater specialisation and focus. For example, across the regions EY assessed, the following sectors were identified as 'potential opportunities':

	<b>Northern NSW Region (Narromine to Qld Border)</b>	<b>Southern NSW Region (Sth Narromine to Albury)</b>	<b>Victorian Region (Wodonga to Melbourne)</b>	<b>Queensland Region (Goondiwindi to Brisbane)</b>
Abattoir expansion	ST	MT		LT
Intermodal freight hub	ST		ST	
Grain mill	MT, LT	MT, LT		
Mining support hub	MT			MT
Food processing hub	MT	ST, MT	MT, LT	MT
Logistics hub	LT	ST		ST, LT
Consumer goods warehousing	LT	ST, LT		
Cotton processing		ST		
Regional airport expansion		ST, LT		ST, LT
Flour mill		ST		
Manufacturing		ST		
Almond processing		ST		
Canola oil plant		MT		
Recycling plant		MT		
Timber/paper manufacturing			ST	
Defence manufacturing			MT	
Grain storage				ST
ST = short-term opportunities (0-10 years from commencement of operations), MT=medium-term opportunities (10-30 years from commencement of operations), LT=long-term opportunities (30-50 years from commencement of operations)				

Food processing is identified as an expansion opportunity in all regions; abattoirs and logistics hubs in three out of four. Market outcomes will do much to determine which businesses develop and where businesses end up locating. However, to the extent council and state government decisions affect those outcomes, analysis which is both simplistic and generic is likely to be of little help to their decision-making processes.

The arrival of Inland Rail presents a valuable opportunity to address skills shortages and job creation in regional towns. However, so far there have been mixed results. Given we operate in a seamless

state economy, where highly skilled roles in design and project management can be performed remotely from metropolitan areas, roles in community engagement and property management have been beset by churn. Typically, these staff have temporarily relocated from Sydney, only staying for short periods, limiting the economic benefit of their employment to regional areas. Additionally, the need to regularly build new relationships has impeded community engagement.

Where local capability can be built up, those people are more likely to stay in the area longer-term, providing a lasting economic benefit. If the COVID pandemic is leading people to relocate away from major cities, there may be an opportunity for the Inland Rail project and adjacent facilities to take advantage, drawing people into communities like Albury, Parkes or Moree. See also section below, Engagement with regional communities to identify opportunities.

## **INFRASTRUCTURE REQUIRED TO ENSURE REGIONAL COMMUNITIES BENEFIT FROM THE PROJECT**

As with other aspects of the project, the quality and progress of supporting infrastructure varies across the state. Even within regions and sections of the line, ancillary infrastructure is at very different stages of advancement. The Riverina Intermodal Freight Hub (RIFL) in Wagga Wagga has progressed well, with strong support from Wagga Wagga City Council and the NSW government.

At Ettamogah (near Albury), where the Rail Hub is being upgraded, supporting road infrastructure upgrades should be brought forward. The Hub has good connections to the north and south via the Hume Highway, but connections to the west rely on bringing vehicles either through the centre of Albury or to the north through Jindera on Bungowannah and Dights Forest Roads. Neither of these options are well-suited to heavy goods traffic. Government should consider upgrading the roads linking Ettamogah to the Riverina Highway to handle B-Double units.

Pleasingly, strategic transport intermodals at Moree, Narrabri, Parkes, and Wagga Wagga have been supported by the NSW Government through Special Activation Precincts. Building on the natural endowments and connectivity of road, rail and air at these locations, these dedicated areas will also obtain support through the NSW Governments Regional Investment Department. This department has worked with Local Councils, Business NSW and other stakeholders to seek and obtain commitments from private enterprises to establish new operations on the available land.

To realise the potential opportunities along the Inland Rail line, the state will need to accommodate neighbouring developments of manufacturing facilities, warehousing and other types of property. So far, the state has made some positive interventions, taking steps to speed up planning and approvals processes.

However, in several locations along the line where hubs are being developed, neighbouring greenfield areas pose challenges to these ancillary developments. There is a chicken-and-egg scenario when government and utilities wait for private development to emerge before committing to supporting infrastructure (such as roads, water and sewerage connections, electricity network connections). However, developers are reluctant to progress with no guarantees about whether (and more importantly, when) that infrastructure will be available. Such enabling infrastructure is a low-regrets measure for the future success building off Inland Rail and should be a priority for council and state governments to commit to in the coming year.

## **ENGAGEMENT WITH REGIONAL COMMUNITIES TO IDENTIFY OPPORTUNITIES**

Stakeholder management appears to have improved as the Inland Rail project has progressed. Outreach in the Central West of NSW gave the impression of being mixed, trying many different angles and seeing what worked. Nevertheless, feedback from the region was that the Parkes to Narromine section saw good engagement with local councils and local business chambers. The

section from Narromine to Narrabri, and the area around Moree, present greater challenges with more greenfield development required and relationships with landowners more contentious.

Reports from the north of the state suggest that this had improved and become more finely honed. The Aboriginal and Local Industry Participation Advisory Group has had a stronger focus on involving local suppliers. Numerous workshops, webinars and procurement panels have been arranged prior to the Principal Contract being awarded.

Staff turnover has been an ongoing challenge for Inland Rail's community outreach, with coordinators remaining in position for only a few months at a time in several instances. Local recruitment for these positions would improve retention, but the relevant skills are not always available in smaller communities. Allowing people with local knowledge and contacts to develop some of the requisite skills in-post, rather than drawing on recruits from major urban areas who have those skills but lack the local knowledge, may help with retention.

One aspect that has proven an obstacle to small business participation has been the use of the ICN (Industry Capability Network) Gateway for procurement. Business awareness of ICN in the target communities is still relatively low and can underserve targeted business types including smaller enterprises and indigenous businesses. Businesses already must be registered to be found and notified of contracts of potential relevance. While it is a commercial decision for the Principal Contractor to utilise ICN, they typically make use of additional outreach methods, and/or more work must be done to raise awareness among businesses of the need to be registered far enough in advance of the project construction timetable.

Yours sincerely

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