

DELAYED INLAND RAIL COSTS DOUBLE

RHIANNON DOWN

Construction costs for the Inland Rail project have almost doubled in two years to \$31.4bn with the project completion date now delayed to as late as 2031 due to “immature preliminary designs” and mismanagement, an independent review has found.

The independent review carried out by Kerry Schott found that the “astonishing estimated cost increase” for the mega-rail project had ballooned from an estimated cost of \$16.4bn in 2020 to the current figure.

Its likely completion date has been pushed back by another four years.

When completed the Inland Rail will stand at 1700km in length, the equivalent distance from “London to Ukraine” and will stretch from Melbourne to Brisbane and reach west to Adelaide and Perth when completed, strengthening the nation’s supply chain and reducing carbon emissions.

However, the delays have been exacerbated by “immature preliminary designs and approval requirements”, “skill shortages and supply chain issues” as well as regulatory concerns around flooding, climate change resilience and environmental impacts as well as “modifications required to get community support in regional towns”.

The report found several reasons for the “regrettable situation” including “governance and project management arrangements” from the federal government owned enterprise at the helm, Australian Rail Track Corporation, criticising its board for not having “adequate skills”.

“The problem is that the Board and its Sub-Committee do not have adequate skills to oversee this project,” the review says.

“Despite an informed request by the chairman of ARTC to the then-Minister responsible, replacement appointments to the Board did not provide the skills required.”

The report also criticised the ARTC board’s areas of skill finding that while “strong” in some areas it was lacking in others including “technical/engineering, safety, environment and sustainability, marketing and communications, and procurement and contracting”.

“A board tasked with managing a large rail freight operations company and delivering a major linear infrastructure project needs to be strong in all the matters in which this board is weak, and preferably stronger in rail knowledge, transport and logistics, governance and risk, and project management,” it says.

Dr Schott, who is a former Energy Security Board chair, also warned in the report that the project would also cause significant delays across the rail network as 70 per cent of the route is “operating railroad and possessions to clear the track and allow work are necessarily limited to avoid disruption of ‘business-as-usual’.”

It also warned that ARTC could face falling revenue in the decades ahead due to “coal exports decline” and reduced profits from the Hunter Rail haulage, on top of “project cost increases”, and suggested a change in route.

“The scope of work for the Public Private Partnership may need to change to omit the Calvert to Kagaru section on the basis that the Inland Rail project could stop at Ebenezer and only smaller single-stack trains will proceed through to Kagaru, Acacia Ridge and Bromelton,” the review says.

The review also raised concerns about the financial structure of Inland Rail with cost overruns sitting with the “proponent” rather than ARTC, and the proponent will not receive “initial availability payments” if it cannot complete construction by an agreed date.