

# BUSINESS ILLAWARRA

27 April 2021

Infrastructure Australia  
21/126 Phillip St.  
Sydney NSW 2000

Via email: [mail@infrastructureaustralia.gov.au](mailto:mail@infrastructureaustralia.gov.au)

To whom it may concern,

## **Infrastructure Australia's 'Regional Strengths and Gaps' project**

Business Illawarra welcomes the opportunity to provide a submission to Infrastructure Australia's industry consultation on its 'Regional Strengths and Gaps' project. Business Illawarra commends Infrastructure Australia's stated intention for the project to *'provide a national view of the diverse strengths and infrastructure gaps facing Australia's regions, to identify priority areas for future planning and analysis'* with a view to encouraging stakeholders *'to come forward with solutions to address these challenges'*.

Accordingly, Business Illawarra takes this opportunity to raise its concerns about the de-prioritisation of critical rail infrastructure for the Illawarra on Infrastructure Australia's [February 2021 Infrastructure Priority List](#) (the 'Priority List') and to highlight the rigorous study that it has completed on a proposed [South West Illawarra Rail Link \(SWIRL\)](#) to address the impending rail capacity constraints in the region and Western Sydney. A copy of this report has been provided as part of our submission.

### The impending constraints in rail freight capacity to Port Kembla

Business Illawarra is particularly concerned about the priority downgrade of the proposed 'Freight Rail Access to Port Kembla' project from a near term (0-5 years) in the August 2020 Priority List to a medium term (5-10 years) priority in the February 2021 Infrastructure Priority List. We submit that this downgrade is particularly surprising given the stated themes of the February 2021 Priority List of *"developing gateways to support our international competitiveness"* and *"investment in new sources of energy"*.

Port Kembla clearly offers significant potential in relation to both of these themes given:

1. Port Kembla is a growth port that is already the largest vehicle importation hub in Australia and will eventually function as the state's second container terminal.
2. Port Kembla services large parts of Southern NSW as a grain terminal and as an import facility for an array of construction materials and bulk goods.
3. Port Kembla was identified as a potential hydrogen export hub in the Federal Government's National Hydrogen Strategy and has been recognized as hydrogen hub by the NSW Government.
4. Port Kembla has attracted private investment in significant energy projects,

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including Australian Industrial Energy's (AIE) LNG Gas Terminal and Squadron Energy's proposed 'dual fuel' power station.

As noted in the Priority List, *"the 2015 Australian Infrastructure Audit found that freight rail will need to play a growing role in the movement of goods between ports and inland freight terminals. The role of freight rail will be particularly important for containerised freight, with demand for container terminal port infrastructure projected to grow faster than Gross Domestic Product."*<sup>1</sup>

Further, *"there is a need to improve the efficiency and reliability of freight rail movements between the Illawarra and Greater Sydney, particularly between Port Kembla and the intermodal terminals in Western Sydney. Around 60% of freight travelling to and from Port Kembla is transported by rail on either the Illawarra Line or the Moss Vale– Unanderra Line. Operations on the Illawarra Line are constrained by passenger rail services in the region, resulting in disruptions to freight scheduling. Freight services are often held for up to 11 hours as passenger services are given priority"*.<sup>2</sup>

Infrastructure Australia has itself identified the likelihood of a significant increase in demand for rail services as Port Kembla attracts more overflow container traffic from Port Botany and serves as Sydney's second international container terminal.<sup>3</sup> Numerous other reports from Transport for NSW and NSW Ports also forecast substantial increases in demand for rail freight capacity from Port Kembla in the near future.<sup>4</sup> Our own research identifies a looming rail capacity horizon of 2036.

## The need for suitable infrastructure to enable our clean energy future

The Illawarra's potential as a centre of future industry and energy production is clear, with the recent commitments from AIE and Squadron Energy providing strong validation in this regard, alongside the NSW Government designation of Port Kembla as a Hydrogen Hub and the region more broadly as a Renewable Energy Zone.

Port Kembla is uniquely positioned to contribute to our nation's potential as a major energy producer and exporter, through the effective utilisation and development of the existing industrial supply chain and distribution infrastructure. In regards to hydrogen, the CSIRO has emphasised that investment in transport and infrastructure is crucial to ensuring the effective utilisation of existing resources and to reduce any barriers to the activation of a hydrogen industry that may be attributable to a lack of supporting infrastructure and/or the cost of hydrogen supply.<sup>5</sup>

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<sup>1</sup> February 2021 Priority List, p.89

<sup>2</sup> February 2021 Priority List, p.143

<sup>3</sup> Ibid

<sup>4</sup> Transport for NSW, *Future Transport Strategy 2056* (2018) and NSW Ports, *Navigating the Future, NSW Ports' 30-Year Master Plan* (2015)

<sup>5</sup> CSIRO, *National Hydrogen Roadmap, Pathways to an economically sustainable hydrogen industry in Australia*, Executive Summary, p.4

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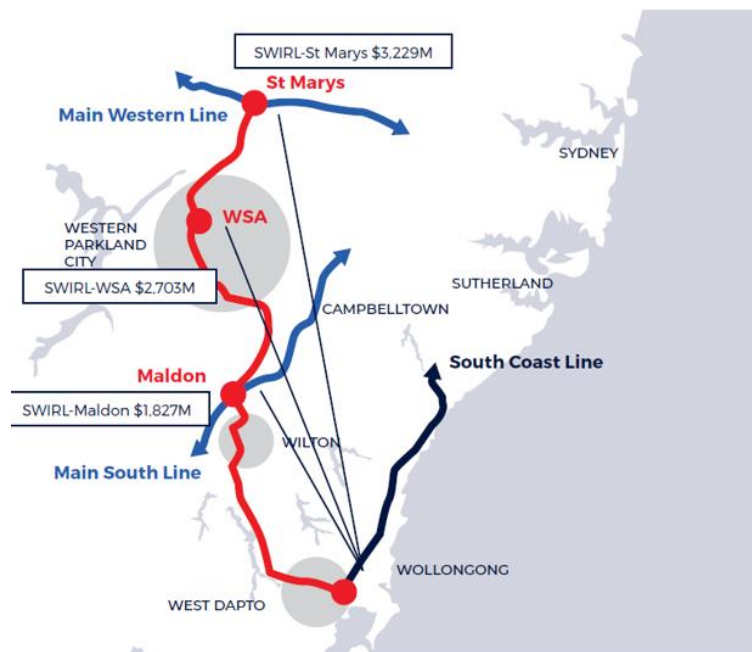
In the circumstances, and given the weight of evidence that the region will face significant rail capacity constraints in the near future, Business Illawarra strongly advocates for strategic public investment that will ultimately leverage the region's existing infrastructure to facilitate the further development of energy production and export capabilities as well as associated industry.

## The proposed solution – South West Illawarra Rail Link

The Priority List currently notes that “A project to extend the Mount Murray crossing loop along the Moss Vale– Unanderra Line has been completed. The extension supports trains up to 1 km long, improving accessibility for these trains to travel between Moss Vale and Port Kembla”. However, ultimately it appears that Infrastructure Australia is currently only seeking to “identify initiatives and develop options” (Stage 2) for improvements to “Freight Rail Access to Port Kembla” including either “through enhancements to the Illawarra and/or Moss Vale–Unanderra lines, or through future development of an alternative rail alignment to the port.”<sup>6</sup>

Business Illawarra strongly urges Infrastructure Australia to reevaluate its approach to this project and ultimately to address the impending freight rail capacity constraints through the implementation of a South West Illawarra Rail Link (SWIRL). In support of this position, we point to our October 2020 report on the ‘[South West Illawarra Rail Link](#)’,<sup>7</sup> completed by the University of Wollongong’s SMART Infrastructure Facility at the direction of Illawarra First, which outlines a proposal for a 48km rail link between Maldon and St Marys, in Western Sydney, building on proposals set out in a [2017 report completed by the SMART Infrastructure Facility](#) on the need to upgrade 35 km of the Maldon-Dombarton Line.<sup>8</sup>

In summary, the entire proposal contemplates a rail link that connects Wollongong (West Dapto) to St Marys, through Maldon and the proposed Western Sydney Airport (WSA) as set out in the adjacent map.



Business Illawarra notes that developments at both ends of the proposed rail link

<sup>6</sup> As above, p.143

<sup>7</sup> <http://www.nswbusinesschamber.com.au/NSWBC/media/Illawarra/SWIRL-Report-November-2020.pdf>

<sup>8</sup> <https://www.nswbusinesschamber.com.au/NSWBC/media/Regional/Illawarra/Media%20Releases/Master-Final-Report-Rail-Research-July-2017.pdf>

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provide strong support for the necessary investment, including the proposed 48km extension to St Marys. In particular, the proposed Western Sydney Airport/Aerotropolis, the industrial development of the St Marys area and the resultant growth of regions between the Illawarra and South West Sydney calls for a regional solution to rail transport needs.

At \$3.2 billion, the 48km extension to the SWIRL-Maldon proposal to St Marys (via the WSA) represents a cost-effective and integrated solution that still delivers a positive BCR of 1.05 at a 7% discount rate, compared to other options.

Our research also identifies the significant time savings and efficiencies to be gained from the SWIRL-St Marys proposal, set out in the adjacent table.

**Rail travel times on SWIRL-St Marys**

|                         | <b>Without SWIRL-St Marys</b> | <b>With SWIRL-St Marys</b> |
|-------------------------|-------------------------------|----------------------------|
| Wilton-Wollongong       | n/a                           | 25 mins                    |
| Wilton-St Marys         | 155 mins                      | 35 mins                    |
| Wollongong-St Marys     | 180 mins                      | 60 mins                    |
| Wilton-Campbelltown     | 55 mins                       | 30 mins                    |
| Wollongong-Campbelltown | 90 mins                       | 55 mins                    |
| Wilton-Parramatta       | 115 mins                      | 90 mins                    |
| Wollongong-Parramatta   | 130 mins                      | 100 mins                   |

Ultimately, planning and design work for the SWIRL-Maldon section should commence immediately in order for the line to be operational by 2036. SWIRL-St Marys should be operational by 2041 to enable the dispatching of containers from Port Kembla to Western Sydney and beyond. Business Illawarra strongly encourages Infrastructure Australia to set out a plan for the commencement of the South West Illawarra Rail Link (SWIRL for completion by no later than 2041. For your reference, we have also made a similar [submission to the NSW Government Draft Illawarra-Shoalhaven Regional Transport Plan](#) and urge state and federal transport agencies to closely coordinate on such important proposals for development of the Illawarra region.

## Conclusion

Business Illawarra reiterates that Infrastructure Australia's de-prioritisation of the 'Freight Rail Access to Port Kembla' project is surprising and very concerning given the long-time horizon for the completion of such large-scale infrastructure projects. The downgrade appears to be in stark contrast to the high priority afforded to the 'Port Botany Rail Line Duplication and Cabramatta Passing Loop', and the 'Corridor preservation for Western Sydney Freight Line and Intermodal Terminal access'.

Further, the explanation provided of "*Timeframe amended from near term to medium term following review of underlying evidence*" does not provide sufficient transparency as to Infrastructure Australia's rationale, and to that end Business Illawarra seeks further explanation and makes itself available for any meetings that may facilitate this.

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In our view, and based on the information available, Infrastructure Australia's decision to downgrade the priority afforded to the 'Freight Rail Access to Port Kembla' project poses a risk to the successful realisation of the Illawarra's potential as a gateway to international trade and as a new source of energy for the region and NSW. While we are encouraged by Infrastructure Australia's identification of a number of National Priority Initiatives, that may support the nascent hydrogen sector and the improvement of the east coast gas supply, these projects do not appear to specifically identify Port Kembla as a focus for that investment.<sup>9</sup>

The research conducted by the SMART Infrastructure Facility provides a thorough, considered and costed proposal for addressing the impending rail freight capacity issues that will face the Illawarra. We submit that the costs of inaction are that:

1. Rail network capacity reached at 2036 with South Coast Line
2. Commuters into Greater Sydney rising to 46,000 (Illawarra) and 39,000 (Wollondilly) by 2041
3. Port Kembla Container terminal (~2041) will lead to 49% increase in rail path demand and 21% increase in road trips between Wollongong and Sydney

Business Illawarra will continue to advocate for investment in infrastructure that supports our regional growth. Business Illawarra reiterates that the Illawarra's complete economic recovery will not be possible without supporting infrastructure connectivity to match its growth; particularly road and rail services.

The future growth and prosperity of the Illawarra, and any prospective new energy sector, relies on transport connectivity being steadily improved in line with demonstrated need. We would welcome the opportunity to meet with you to discuss the SWIRL proposal in more detail.

Please do not hesitate to contact us via [info@illawarrabusiness.com.au](mailto:info@illawarrabusiness.com.au) or on (02) 9466 4620 if any clarification, follow up or further discussions as required.

Kind regards,



**Adam Zarth**  
Executive Director  
Business Illawarra

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<sup>9</sup> 'Enabling infrastructure for hydrogen exports' and 'Connection between eastern gas markets and gas suppliers', p.123 and 124

# **BUSINESS ILLAWARRA**

## **About Business Illawarra and Illawarra First**

Business Illawarra, formerly the Illawarra Business Chamber, is the Illawarra region's peak business advocacy organisation and the regional chamber representing businesses and local chambers across the Illawarra-Shoalhaven, as well the South Coast and Capital regions. Business Illawarra is a division of Business NSW – a founding member of the Australian Chamber of Commerce and Industry (ACCI) and is a vocal advocate for opportunities to grow the economy and create more jobs for the Illawarra community.

Illawarra First is the top tier of Business Illawarra membership, comprising a select group of leading businesses, that collectively seek to progress key priorities for regional development, such as improving transport connectivity with Sydney, realising greater value from existing strategic infrastructure and leveraging competitive advantages to bolster economic growth.