

# Road to rail becoming reality at Moorebank Logistics Park

Qube Managing Director Maurice James tells *Rail Express* about the flagship project at Moorebank Logistics Park, what's next for the site, and his thoughts on the road to rail freight shift.

**I**N A LITTLE OVER A DECADE, QUBE Holdings has hit some impressive milestones. Starting as a small infrastructure fund in 2007, the company was listed as QUB on Australia's stock exchange in 2011. Growing from there, it acquired a 50 per cent stake in Patrick Container Terminals in 2016, realigning a year later into Ports and Bulk, Logistics and the Infrastructure and Property divisions.

Now, in 2019, the company has completed the IMEX Rail Terminal at Moorebank Logistics Park, a 243-hectare logistics and warehousing facility which will be capable of handling up to 1.05 million twenty-foot equivalent units (TEU) of import/export container traffic each year. Over the next couple of years, work will continue towards the opening of an interstate terminal at the site, capable of handling another 500,000 TEU annually.

Qube Managing Director Maurice James, who has been with the company since its first year and was among the collection of former Patrick staffers who helped grow the company from the ground up, recognises the significance of the Moorebank milestone.

"It's an organisation that only started in 2007, so in 12 years we've built a strong business that we're very proud of," James told *Rail Express*. "And we're very proud of all the employees that contribute to that."

Moorebank Logistics Park becomes the latest addition to Qube's network of around 140 sites, employing more than 6,000 people.

"The project at Moorebank has been a vision of ours for a decade or more. For Port Botany to maximise its throughput and increase volumes as a port, Sydney needs efficient intermodal terminals to assist that. The community at large will reject growth if all the freight through Port Botany was on the road," James says.

The vision of Moorebank was years ago developed into a concept for an intermodal terminal for import/export supply chains. Then Qube entered into an



Qube's Managing Director, Maurice James.

The project will help move more containers through Port Botany via rail.

agreement with the Moorebank Intermodal Company – a government entity – to develop the whole of the precinct.

While he expects the terminal to improve efficiency for Port Botany's stevedores – including the Qube-owned Patrick terminal – James makes the key distinction that Moorebank is not just a logistics play for the company.

"Some look at it as a logistics investment, but it's really an infrastructure development around the property, and that should drive investment in logistics services," he explains. "What's key to the success of the intermodal terminal, in our view, is the development of warehousing and associated warehousing at Moorebank."



Aerial view of the Moorebank IMEX Terminal.

The development James refers to is the next step for the project. Under a 10-year implementation plan Qube aims to add a range of clients to the site who will have future demand for interstate services. This should provide an immediate customer base once the interstate intermodal terminal opens, around two years from now. Retailer Target Australia became the first major customer to develop a warehouse at Moorebank, and Qube is building three more for a range of tenants and its own logistics operations. James says the time is now for other companies to come onboard at the site.

"Ideally the benefit for us will be attracting tenants to Moorebank. Target was not a customer of Qube Logistics and now is, so we're keen to replicate that and deliver efficiencies for new tenants at the park," James explains.

"What's important to Qube is that we develop the site with tenants who have import/export supply chain demand, but also in the future have potentially interstate rail demand, to move freight by rail – Moorebank to Melbourne, Moorebank to Brisbane and so on, along the east coast of Australia," he says.

"For Qube itself it's a different part of our earnings. Lease and rental incomes are quite different to our existing logistics activities, which are our core underlying businesses. Obviously we will also aim to provide a benefit those underlying businesses through rail to Moorebank, the handling of the rail terminals, and the movement of boxes to warehouses."

### Maximising efficiency

Part of the ongoing implementation plan at Moorebank is moving towards automated operations and promoting as many advanced logistics techniques as possible for the site and its users.

"We've started the IMEX Rail Terminal in manual mode, but within three years we'll have automated gantries," James says. "Following that we propose to move the containers from the rail terminal to the warehouses via an automated transfer system to the warehouse."

What happens inside the warehouse is up to the tenant, but James says modern warehousing techniques, including automation, can create a tremendous improvement in overall supply chain efficiency. Couple that with the natural improvement offered by an inland port such as Moorebank, and James says companies can realistically save 20 to 25 per cent on their existing supply chain costs – and they can be more efficient.

"Clearly, the ability to move containers by rail quickly out of Port Botany into a bonded facility at Moorebank can – and we're already doing it today – facilitate earlier delivery of the cargo than otherwise could be achieved by road," he says.

"A road truck moving into Port Botany still means picking up box A from the stack and box B from the stack. Rail is coordinated with the stevedore that all boxes for Moorebank be discharged straight to the train, so they can be delivered to Moorebank where we can sort out box A and box B for customers at Moorebank. There's clearly a time efficiency."

"Then you move from the traditional import model of trucking a container to a warehouse, emptying it of its contents, having its contents wait there for the customer to have orders from their retail outlets or from online distributors, picking it, placing it, and moving it to delivery. That can be much more efficient with automation today."

“Government and the private sector have worked together to put in place the infrastructure to enable [a modal shift] to happen”





Moorebank LocoShifter

The Moorebank master plan.

**Driving the rail shift**

A few years ago, James was asked during a public forum what the potential impediments were to the Moorebank's success – and the success of the rail sector, in general, around Port Botany. At the time he called on the government to prioritise duplication of the rail line into Port Botany, and to encourage investment to enhance rail access at the container terminals at the port.

Happily, he says, both of those issues are being addressed. The Commonwealth Government has committed to fund the duplication of the rail line through the Australian Rail Track Corporation, and NSW Ports announced last year an initiative

to invest in rail interfaces for the port's three stevedores, starting with Patrick.

"Duplication is required to improve reliability," James explains. "Rail operators can't afford to have the track closed for maintenance on the weekend going in and out of a port that operates 24 hours a day, 7 days a week, 362 days a year."

"The deal NSW Ports has done with Patrick will fully automate the rail interface there and increase their capacity up to a million TEU on rail at Patrick Port Botany, and they've indicated a willingness to support the other two stevedores to do the same."

James says these types of projects can actually



drive a real shift towards more containers travelling to and from the port by train, rather than on the back of a truck.

"Government and the private sector have worked together to put in place the infrastructure to enable the shift to happen," he says. "In the future, while there continues to be more efficiency in road, road pricing in our view continue to increase as tolls continue to increase on road networks, and we probably move to a kilometre-based model, in time, and move away from the fuel tax system."

"Having said that, Moorebank Logistics Park isn't the only intermodal terminal in Sydney. Others need that investment in the stevedoring facilities to ensure intermodal rail in its entirety succeeds."

While Qube is not actually an interstate intermodal rail operator, James agrees with the work being done by the Freight on Rail Group of Australia (FORG), which includes Qube as a member. FORG's chairman – Pacific National boss Dean Dalla Valle – has been especially vocal on a range of road/rail competitiveness issues.

"Unfortunately, rail has often been neglected by governments, state and Commonwealth," James says. "There has been a lot of focus on the National Heavy Vehicle Regulator and improving the efficiency of road, but there's not the same degree of influence on productivity and efficiency of rail. The national rail regulator is really a safety regulator, not a productivity regulator."

"There's lots of areas where governments need to act towards change for rail. The community constantly says, 'Why aren't we using rail more in this country?' There are lots of things the government should be doing to support more rail, and I think the community expects that."

**Qube's next milestone**

While Moorebank's implementation is ongoing, it's just one major focus for the company moving forward. James says during the development of the terminal, Qube's underlying businesses have also developed, and the company has continued to look at opportunities on "a much smaller, but still considerable" scale around the country.

One potential project lies just 60 kilometres north of Melbourne, where Qube recently acquired a call

option to buy 1,100 hectares of privately-owned land at Beveridge. The site is one of two being considered by the Victorian government for an inland intermodal terminal to ease congestion around the Port of Melbourne.

"The government has been talking about two future intermodal terminals – one potentially at Beveridge, one potentially in the west – so we have secured land at Beveridge," James says. "That's not a short-term project, it's a medium- to long-term project, but we see the potential efforts of interstate freight moving by rail to the north of Melbourne, and then being distributed around Melbourne through the outer ring road system. That's distinct from today, where all of that freight has to be taken closer to the centre of Melbourne, and then criss-cross the city to get delivered north, east or west."

James says the Inland Rail project could be a catalyst for not just one of these developments, but both the Beveridge and the western option.

"I think it's a game-changer for freight in Melbourne and freight in Brisbane," he says of Inland Rail. "We are keen on the Melbourne end to have Beveridge potentially as an intermodal terminal in the future and therefore participate that way. Ultimately I think Acacia Ridge will be the location for the short- to medium-term in Brisbane."

"I think Inland Rail will facilitate decisions in Melbourne around intermodal terminals. It's still yet to be seen as to where the Victorian Government prefers, and I don't think it's either/or, I think both a terminal at Beveridge and a western terminal [are valid]. It makes sense to move freight out of the centre of Melbourne. I think Inland Rail can be a catalyst for those changes, that might not have happened otherwise."

Moorebank has the potential to take tens of thousands of trucks off the road.

The site is strategically located, with connections to the rail and road networks.

