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Mount Isa to Tennant Creek Rail Link

The Australian Logistics Council welcomes the opportunity to make a submission on the possible development of a Mount Isa to Tennant Creek Rail Link.

By way of background, ALC is the peak body for Australia's logistics industry, representing the major Australian logistics customers, providers, infrastructure owners and suppliers.

To ensure an effective framework for decision making by financiers and private/public sector investors, ALC has always believed that infrastructure projects must be assessed against a long term plan, and supported by the carriage of adequate volumes.

In particular, infrastructure decisions should:

- not distort the mode by which consumers dispatch freight – that is, there is competitive neutrality between road and rail transport; and
- be made only after the most rigorous cost benefit analysis.

This will necessarily mean that the full costs of externalities are factored into government road and rail investment decisions.

It follows that ALC supports the development of a National Freight and Supply Chain Strategy, as recommended by Infrastructure Australia in its 15 year Infrastructure Plan.

This is because ALC believes that Australia should be regarded as being a single national economy and not a collection of individual jurisdictions. Scarce resources available for infrastructure from either public or private sources should be directed towards projects that will maximise the efficiency of the Australian economy as a whole.

This means that ALC believes that at this early stage, this project should be developed with due regard to the Infrastructure Australia *Assessment Framework* (2016) and that Infrastructure Australia be consulted at an early stage to determine whether the project is both plausible and capable of forming part of an efficient and integrated rail infrastructure network.

This means that the proponents of this project will need to be able to set out a proper statement of what is the problem or opportunity that the rail link is supposed to capture.¹

¹ The goal definition and problem identification that forms Stage 1 of considering an infrastructure proposal, set out in Table 1 Assessment Framework Summary, contained in *Infrastructure Australia Assessment Framework – Detailed Technical Guidance* (2010): 10 :
http://infrastructureaustralia.gov.au/projects/files/Assessment_Framework_Detailed_Technical_Guidance.pdf

To do this, projects proponents would need to be satisfied about (amongst other things):

- a likelihood that the rail infrastructure will reduce freight costs for the agricultural industries adjacent to the line, or otherwise encourage the development of the fertiliser deposits and / or other mineral deposits as discussed at the meeting held at ALC on 28 October 2016;
- the presence of market information to indicate that there will be sufficient contestable freight volumes to make the infrastructure investment viable. As discussed at the 28 October 2016 meeting, there will ideally need to be sufficient market demand identified to support the regular operation of both:
 - bulk commodity rail services (likely to be dependent on further development of mineral and agricultural resources in the broader northern Australian region);
 - containerised / intermodal rail services and associated (new) terminal infrastructure. As a very high level guide, a 1000 metre train single stacked would be expected to hold about 80-100 TEU Containers. To utilise rolling stock infrastructure efficiently you might need up to 300 TEUs between Townsville - Mt Isa and Mt Isa - Darwin per week (2500km). Best practice would suggest the operation of a 1500-1800 km train, capable of double stacking. This would be consistent with the connecting Adelaide - Darwin corridor.
- a real and genuine national defence argument for (presumably) government investment in the line, and if so, what is the value of providing that public good benefit; and
- real grounds to believe the ability for goods to use the Port of Townsville to ship goods (through carriage of freight via the narrow gauge rail operated by Queensland Rail) created by the Rail Link will place competitive (and thus pricing) pressure on the operator of the Darwin to Adelaide Rail Link.

ALC looks forward to being kept informed as this proposal is developed.

Please contact me on 0418 627 995 or at Michael.kilgariff@austlogistics.com.au should you wish to discuss this submission further.

Yours sincerely



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