Goal

- Identify road/rail/air transport options and cost estimates that can be considered by the Roundtable.

- To inform the prospects to create a Joint Venture for Joint Ventures (or similar) to manage supply-chain infrastructure
Key current focus:

• Strzelecki Track upgrade and sealing from Lyndhurst to Queensland border
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The problem ....

High direct freight costs:
- Slow and unreliable travel - poor surface condition and subject to weather events
- High operating and capital costs
- Detours

High supply chain cost impacts:
- Extra inventory costs
- Damaged goods

Crash potential
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Proposed scope of works:

- Sealed road between Lyndhurst and Innamincka (426km) and Qld border (26km)
- One lane each direction (3.5m lane width) and 1.0m sealed shoulders
- Generally on existing alignment
- Targeted floodway works
- Delineation

Road to be available sooner after closures but not ‘flood proof’
• DPTI Submission to Infrastructure Australia - Feb 2014
  • $450 m (outturn), $381 m real
  • Seek Commonwealth Govt funding

• Oct 2014 – Updated economic analysis to IA

• Acknowledged recent petroleum/transport industry cooperation and inputs re transport / supply chain information

• Major Project funding not approved to date
High NPV of a full sealed Strzelecki Track
  • Faster travel times, less short term delays, lower operating costs, reduced crash costs
  • Good benefits for range of petroleum sector growth scenarios

The majority of benefits are from direct freight productivity improvements (long haul and intra-basin)

Opportunities to engage regarding appropriate private sector funding/financing approaches – investor interest to date
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Roundtable thoughts regarding:

• Strzelecki Track potential upgrade / funding / financing models?
• Getting ‘best value’ for users – what should be financed?
• Critical success factors?
• Intra-basin priorities – other spine (private) roads – an important part of the mix?
• Other?
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- Genesee Wyoming Australia - potential for long haul rail considerations at WG2 July meeting - depending on future growth and demand for tonnage

- Rail option investigation – not progressed as far as road

- Industry and Government discussions - rail options/hybrid road/rail solutions can assist overall transport productivity depending on future growth (road upgrade still required)

- Inter-modal connections can influence optimal road / rail feasibilities

- KJM logistics support Hub south of Innamincka - recent significant private investment
Next Steps:

• Continue Strzelecki Track project approval process – including Government funding potential

• Ongoing industry engagement regarding funding and financing solutions / risk sharing

• Scope priorities for other Intra-Basin transport infrastructure options