

ROUNDTABLE FOR OIL AND GAS PROJECTS IN SA

WORKING GROUP 2

Don Hogben

Director, Road Policy and Planning (DPTI)

Thursday 23 October 2014

#8994009



Government of South Australia

Department of Planning,
Transport and Infrastructure

Working Group 2

Supply Hubs, Roads, Rail-links and Airstrips to/in the Cooper-Eromanga Basins

ROADS AND RAIL INFRASTRUCTURE

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**



Government of South Australia

Department of Planning,
Transport and Infrastructure

Working Group 2

Key current focus:

- **Strzelecki Track upgrade and sealing from Lyndhurst to Queensland border**



Government of South Australia

Department of Planning,
Transport and Infrastructure

Working Group 2

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



Government of South Australia

Department of Planning,
Transport and Infrastructure

Working Group 2

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'

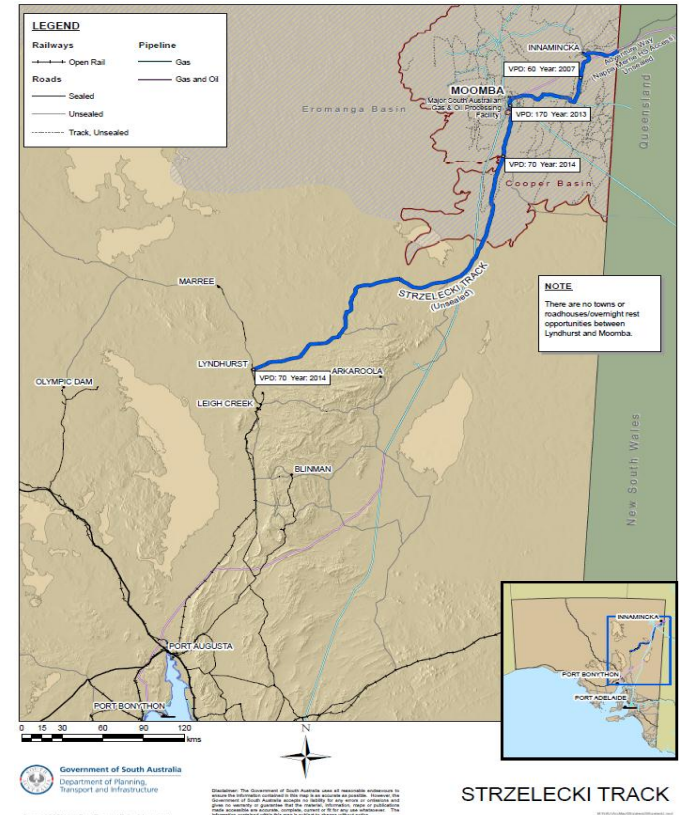


Government of South Australia

Department of Planning,
Transport and Infrastructure

WORKING GROUP 2

- **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**



Working Group 2

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



Government of South Australia

Department of Planning,
Transport and Infrastructure

Working Group 2

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?**



Government of South Australia

Department of Planning,
Transport and Infrastructure

Working Group 2

- **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**



Government of South Australia

Department of Planning,
Transport and Infrastructure

Working Group 2

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**



Government of South Australia

Department of Planning,
Transport and Infrastructure



Government of South Australia

Department of Planning,
Transport and Infrastructure