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The Research Director
State Development, Infrastructure and Industry Committee
Parliament House
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Inquiry into the future and continued relevance of Government land tenure across Queensland

ATEC Rail Group Limited (ARG) commends the Queensland Government for establishing this Parliamentary Committee to ensure that an appropriate balance in competing land interests is achieved. ARG welcomes the opportunity to contribute to a debate that will facilitate a more efficient process to foster private investment in freight rail infrastructure in Queensland.

ARG (www.ateclimited.com.au) is a Queensland company that develops below-rail open-access rail infrastructure that connects bulk commodity assets in regional areas to coastal export ports. Our most advanced project to date is the Surat Basin Rail project, a +\$1B freight rail asset that will complete the supply chain from the Surat Basin coal fields to the Port of Gladstone. As founder and joint-venture proponent in this project and in working on other similar projects in Queensland and other states, ARG has learnt some valuable lessons.

Through these experiences we have engaged in extensive commercial negotiations with the Queensland Government, and have some unique insights into developing land tenure arrangements for linear infrastructure that facilitate private capital investment.

We recognise this inquiry's Terms of Reference will cover a broad range of land tenure issues, but this submission is centred around our business objective, which is to bring value to mining assets which facilitates greater revenue streams for Governments by developing *at no cost to Government* commercially-driven rail infrastructure. In ARG's view, a key focus of any land tenure reform should be to improve policy and planning such that it removes impediments to the delivery of infrastructure that supports resource deposits.

Overview

A key to this, and a broader more focussed facilitation, would be to appoint a "Minister of Freight". Whilst further in this submission we provide practical examples and suggestions, an overarching issue, we have found, is the many and complex interaction one needs to have to determine appropriate level tenure for long linear infrastructure projects such as rent freight corridors.

In an ideal scenario one department or "Minister" overseeing both policy and planning issues specifically associated with freight corridors would also, in ARG's view, facilitate more harmonised interactions between land owners and freight corridor developers.

Potential Areas of Focus

ARG considers that a secure and consistent tenure arrangement for the entire length of the corridor is essential when transporting bulk commodities from mines to export ports. This is particularly relevant in Queensland, as the majority of future rail infrastructure will be 'greenfield' investments, due to increased development of stranded assets further inland from the current coastal infrastructure grid.

Evidence to-date suggests that the current Queensland land tenure system is unable to provide either security or consistency due to vagaries in the current legislature. The State's current position is that it is unable to provide any tenure at all, no matter how secure or insecure, over certain categories of land, for example, the '*non-tidal boundary watercourse land*' (Section 13A of the *Land Act 1994*). So when attempting to negotiate a commercially acceptable and bankable outcome with the State Government, impediments occur when linear rail corridors traverse various watercourses throughout regional Queensland, because the private sector is unable to produce security over numerous gaps in the corridor.

ARG understands that the Government is currently investigating project-specific legislation to remove this impediment. However, we feel that this is currently inadequate, as it raises the potential for significant sovereign risk for the private sector to continue to invest in regional infrastructure. Factored into this is a highly competitive market for the use of private capital, and if the Government's decision-making processes are too onerous or unpredictable, private capital will seek other investment projects.

In particular, given the size of linear projects that are typically in excess of AUD\$1B, the quantum of capital required to deliver these projects is often sought from the international marketplace. Intermediaries who have access to international capital, therefore by implication, have global investment remits. As a consequence, Australian developers of privately-financed infrastructure are not only competing for finance for different classes of projects (eg: rail lines, versus road, versus port) but also in different jurisdictions (eg: Australia, versus Canada, versus USA).

ARG is particularly familiar with international capital, as we recently completed an AUD\$300M offshore equity raising program, and our major shareholder is now the US-based Energy and Minerals Group (EMG), an investment firm with a family of funds that invest in the energy and minerals sectors across the globe.

ARG considers that one of the most critical aspects of any government's role in facilitating private sector investment in freight infrastructure is *certainty*. Therefore, in Queensland, a consistent and secure land tenure arrangement for the entire length of any linear corridor will assist in achieving this certainty, this would be an ideal central focal point to be facilitated by the first ever "Minister of Freight".

ARG appreciates the opportunity to contribute to this valuable policy development process, and would be available to further discuss the contents of this submission.

Should you require any additional information, please do not hesitate to contact me directly on (07) 3031 1700.

Yours sincerely



John Balassis
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