

2 November 2018

The Hon. Rosemary Armitage MLC
Chair
Government Administration Committee 'B'
Legislative Council
Parliament House
HOBART TAS 7000

**Re: Legislative Council Government Administration Committee 'B' Inquiry into
Tasmania's North East Railway Corridor**

Dear Ms Armitage

Thank you for your letter dated 17 October 2018 inviting TasRail to make a submission to the above inquiry into tourism opportunities provided by the *Strategic Infrastructure Corridors (Strategic and recreational Use) Act 2016* in relation to Tasmania's North East Railway Corridor.

As the Committee will be aware, prior to the creation of the *Strategic Infrastructure Corridors (Strategic and recreational Use) Act 2016* TasRail had provided advice to the government that it wanted to relinquish its lease over the non-operational rail lines, conditional on the rail corridor land being preserved for transport use should it be required in the future.

The TasRail Board of Directors had previously determined that there was little prospect of a commercially viable freight task on the non-operational lines in the short to medium term, at least not of a scale to justify the significant investment required to recommission the rail infrastructure.

In addition to the likely cost to upgrade and/or renew the rail and sleepers on the non-operational lines including the North East Line, substantial investment would be required to renew the rail formation to ensure it is capable to support the integrity and safety of rail operations including the need for new and/or refurbished culverts and drainage.

It was also recognised that structures such as rail bridges would need considerable investment as well as the level crossings that would need to be appropriately risk assessed and contemporary controls installed so as to comply with current Australian Standards relevant for the conditions. Additional expenditure would also be required in order to clear and maintain vegetation, erect new rail safety signage within the corridor for train operations, as well as private crossings, stock crossings and fencing and public safety notices where appropriate.

In considering whether to retain the non-operational lines within its portfolio, TasRail took the view that the likely cost to install new rail and sleepers within an existing corridor would not be materially different to the cost to recommission the existing assets, taking into account a number of factors including:

- the extent of disrepair of assets across these lines and an acknowledgment that they will only continue to deteriorate over time;
- the reality that the existing rail and sleepers would likely need to be removed in order to repair or renew the existing formation and drainage system to support future rail operations;
- that it was neither economic or sensible for TasRail to divert scarce funds and resources to repairing or maintaining assets for no commercial purpose;
- a recognition that road networks had been upgraded subsequent to the lines ceasing operation; and
- should a viable future freight task of the scale required be identified in the future, the type of rollingstock and track best suited to the commodity may be different to what currently exists.

With no commercial reason for TasRail to retain the non-operational lines and with a commitment that appropriate legislative safeguards would be put in place to protect and preserve these land corridors for future rail use, it was TasRail's determination that decisions about alternative and/or interim use of these strategic land corridors are beyond the remit of a freight rail operator.

Consequently it was agreed with TasRail's then portfolio Minister that decisions about the use of the non-operational lines is appropriately a matter for government.

In the event that the Parliament approves the declaration of a Strategic Infrastructure Corridor, the relevant non-operational line (or part thereof) the process provides that it be removed from Schedule One of the *Rail Infrastructure Act 2007* as well as from TasRail's Corridor Lease with the Crown. This has the effect that TasRail is removed from all responsibility for the declared Strategic Infrastructure Corridor and the permitted activity, and is not a party to any new arrangements between the Crown and the relevant leasee or corridor manager.

TasRail's Board of Directors is satisfied the provisions of the *Strategic Infrastructure Corridors (Strategic and Recreational Use) Act 2016* adequately provide for a future scenario whereby these land corridors can again be made available for rail or other strategic use.

In the interim, TasRail accepts that it is necessary for it to retain custodianship and responsibility for the non-operational lines that remain part of the Tasmanian Rail Network.

Please be assured the Company will continue to meet its obligations to the Crown with respect to the Rail Corridor Lease and the relevant legislative and regulatory framework that governs the assets.

TasRail's primary focus remains to operate a sustainable and competitive freight rail and logistics business to support industry and commerce and that Tasmanians can be proud of.

As decisions about the most appropriate use of non-operational lines and the opportunities that arise from such activities are matters for the government, I respectfully advise that TasRail has no opinion to offer the Committee as to the tourism opportunities provided by the *Strategic Infrastructure Corridors (Strategic and recreational Use) Act 2016* in relation to the North East Line

Yours sincerely

A handwritten signature in blue ink, appearing to read 'SD', with a stylized flourish extending from the end.

Steven Dietrich
Chief Executive Officer