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Maldon to Dombarton Rail Link Feasibility Study  
Nation Building Infrastructure Investment Division  
Department of Infrastructure and Transport  
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Dear Sir/Madam,

### **Maldon to Dombarton Rail Link Feasibility Study Issues Paper**

The NSW Minerals Council (NSWMC) welcomes the opportunity to comment on the issues paper regarding the Maldon-Dombarton Rail Link Feasibility Study.

NSWMC represents the State's \$17 billion minerals industry. We are a not-for-profit industry association whose members include producers, operators, explorers and associated service providers. Many of our members operate across multiple Australian jurisdictions, as well as internationally. We work closely with state and federal governments, industry groups, Unions and the community to foster a dynamic, efficient and sustainable mining industry in NSW.

This submission takes an overarching view of the impact of a Maldon-Dombarton rail link on the mining industry. NSWMC understands that a number of member companies will also provide comments with more specific application to their individual circumstances. NSWMC's response predominantly focuses on the impact of a Maldon-Dombarton rail link on coal transport to Port Kembla.

NSWMC strongly supports investment in additional rail capacity to Port Kembla, subject to the following considerations:

- Additional capacity is needed to increase coal transport capacity and efficiency from the Southern and Western coalfields
- The Maldon-Dombarton link will be of limited utility to some existing mines in the Southern coalfield, but could provide coal producers in the Western coalfield with a more efficient alternative to the Illawarra and Moss Vale lines
- The link would reduce the interaction between freight and commuter traffic, with benefits for both groups
- The link can only provide a truly viable alternative for existing coal transport options if there is adequate supporting infrastructure in adjoining routes to ensure supply chain certainty
- Certainty of supply would promote greater economic development in the region.

#### **1. Additional capacity is needed**

Coal production in NSW is projected to grow significantly in coming decades. According to a Wood Mackenzie study, coal exports are forecast to increase from 117 million tonnes per annum (Mtpa) in 2010 to 187Mtpa by 2020, with associated growth in employment and economic benefits. A substantial part of that increase in production is set to come from the Southern and Western coalfields.



Port Kembla Coal Terminal (PKCT) is considering an expansion to allow exports through the Port to increase from 14Mtpa to up to 30Mtpa.

However, coal transport to Port Kembla already faces considerable constraints. Transport via rail is limited by multiple factors, particularly passenger traffic on the Sydney rail network, and the Moss Vale line's steep gradients and single track. These limitations increase transport costs and cause significant delays. Industry growth combined with growth among other transport users will further increase pressure on the network and exacerbate these problems.

Since 2009, the NSW Department of Planning (DoP) has capped road transport of coal to Port Kembla at 7.5Mtpa. DoP can raise the cap to a maximum of 10Mtpa, after which all coal received at the Terminal must arrive by rail. According to the Port Kembla Port Corporation, this cap would likely be reached within five years. The risk of both rail and road congestion poses a significant obstacle to supply chain security, which could seriously undermine investment in mining activity and port expansion, in turn adversely affecting the region's economic development.

## **2. The link could improve coal transport from the Western coalfield**

The additional capacity created by the Maldon-Dombarton rail link would enable coal transport from the Western coalfield to shift from the Illawarra and Moss Vale lines, streamlining the coal supply chain and increasing capacity on those lines for other users. The extra capacity would potentially reduce congestion on roads as well as rail.

In the Southern coalfield, the link may improve transport efficiency for nearby mines. It is important to note, however, that it is unlikely to be practical or economically feasible for a number of coal mining operations in the Southern coalfields to use the link, instead continuing to rely on road or the existing rail lines. Moreover, use of the link will increase rail traffic on the Moss Vale line between Dombarton and Port Kembla, potentially constraining or reducing capacity for mines currently using this line.

Nonetheless, these mines may benefit from a reduction in road or rail use resulting from other traffic shifting to the Maldon-Dombarton link.

## **3. Reduced interaction between freight traffic and the community would benefit both groups**

The Maldon-Dombarton link would enable coal freight coming from the Western Coalfield to avoid or reduce journeys through Sydney and down the Illawarra line. This would significantly reduce interaction between freight and passenger traffic, with advantages both for mining operators and for commuters / passengers. Mining operators would suffer fewer delays caused by priority given to passenger trains and the requirement to avoid passing through Sydney within peak periods. Public benefits include greater capacity available for passenger traffic; greater reliability of passenger services; and reduced potential impacts of freight traffic – such as noise, vibrations and dust – on residents living along the Illawarra line.

## **4. The link needs adequate supporting infrastructure in adjoining routes to ensure supply chain certainty**

The Maldon-Dombarton link could play an important role in improving the reliability and efficiency of the supply chains from the Western and Southern coalfields. For this to occur the link must be supported by sufficient auxiliary infrastructure for the increase in traffic along the route, so that freight transport on lines adjoining the link is not disadvantaged.

## **5. Certainty of supply would promote greater economic development in the region**

The minerals industry is a key driver of economic growth across the Illawarra and Central West regions, as it is for the State as a whole. In 2009-10 the industry contributed \$985 million in royalties to the State Budget. Mining employs over 35,000 people directly, including 3,000 in the Southern and 2,400 in the Western Coalfields. High wages in the sector, along with billions of dollars spent by mining companies with local service providers, means that each mining job creates a further 4.5 jobs, many of them in regional NSW. Growth in the mining industry thus enhances economic vibrancy and diversity in mining regions in multiple ways.

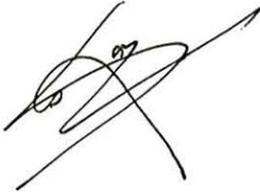
By improving coal freight capacity and efficiency, the Maldon-Dombarton link could further encourage economic development in the Illawarra and Central West regions. The Illawarra Business Chamber's



report *Illawarra Transport Infrastructure Priorities* (2008) rates completion of the link as an "immediate" priority. Conversely, failure to complete the link could constrain economic growth, as decisions on investment in new mines, mine expansions, and port expansion will be contingent on transport infrastructure from mine to port being adequate to meet investors' needs.

For further information please contact Olivia Kember, Senior Policy Adviser on (02) 9274 1411 or [okember@nswmin.com.au](mailto:okember@nswmin.com.au).

Yours sincerely



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DEPUTY CHIEF EXECUTIVE OFFICER

