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21 January 2026

Committee Secretary
Finance and Public Administration References Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Secretary

Thank you for the opportunity to comment on the Senate Finance and Public Administration References Committee's "Inquiry into Federal Financial support for state and territory infrastructure projects".

Tasmanian Railway Pty Ltd (TasRail) is a State-Owned Company that is solely responsible for freight rail in Tasmania. TasRail currently moves approximately one-third of the State's overall freight task, equating to almost 3 million tonnes and generates around \$50 million in revenue annually.

The Tasmanian Government took back ownership of TasRail from the private sector in 2009, and subsequently there has been significant investment in both the below and above rail assets by the State and Federal Governments. This ongoing investment continues to deliver performance metrics that are well above national benchmarks, year-on-year growth in freight volumes and highlights the value TasRail provides to the broader Tasmanian economy.

TasRail is also the preferred freight option for the majority of Tasmania's major industrials, including zinc, cement, aluminium, paper, coal and mining concentrates. A recently commissioned report "The Economic Value of TasRail", highlights the value TasRail provides to the State's economy, stating: "...operating a freight rail system over the next 10 years is economically beneficial to Tasmania, with benefits exceeding costs". The report also produced a benefit-cost ratio (BCR) of 1.3. In simple terms this means that, for every \$1 invested, \$1.30 in economic investment is returned.

Since 2009, the single biggest investment that the State and Federal Government has made in TasRail has been via the Infrastructure Investment Program (IIP), which is coordinated by the State through the Tasmanian Freight Rail Revitalisation Program (TFRRP). Currently progressing through Tranche 4 of the program, this long-term investment is giving TasRail capacity to replace and renew the below rail asset, having fallen into disrepair under previous private ownership. The ongoing nature of the TFRRP is allowing TasRail to strategically plan ahead to restore and manage the network to a high standard as well as maintain a well-mobilised contractor work force who specialise in below rail civil works. This reliable work stream supports local contractors and regional economic activity, with 70 cents in every dollar being spent locally in Tasmania.

In order to secure funds for the TFRRP under the Federal Government's IIP, TasRail is required to submit a detailed Project Proposal Report (PPR), which is essentially the business case that justifies the level of investment required. With regards to the Committee's Terms of Reference, TasRail provides the following comments in relation to the PPR process specifically:



1. The criteria and processes used by the federal government to assess, prioritise and allocate infrastructure funding

TasRail believes that the current processes used by the Federal Government to assess, prioritise and allocate infrastructure funding are appropriate. TasRail highlights the value to Tasmania in the historical arrangement insofar as jointly-funded projects are done so on an 80:20 basis. TasRail strongly recommends that this arrangement be maintained going forward and notes that any move to jointly fund projects on a 50:50 basis would likely lead to an overall reduction in critical investment. Further, there would be a genuine risk of negative impacts on Tasmanian industries that depend on effective and efficient rail services, along with a reduction in employment created through investment should the investment level fall. TasRail also highlights (and is grateful for) recent projects that have been fully-funded by the Federal Government, with specific reference to the new shiploader at the Port of Burnie. Put simply, Tasmania's balance sheet does not currently have the capacity to fund projects of this nature and it is only via Federal Government support that they are realised. The value of this \$64 million asset to the State (and the broader national economy) cannot be underestimated, with the new facility providing valuable shiploading services to all of the State's current mining operations. As a beneficiary of both fully-funded projects and those programs on an 80:20 split, TasRail remains a strong supporter of the processes used by the Federal Government to assess, prioritise and allocate infrastructure funding and recommends little change.

2. The transparency, consistency and accountability of federal funding decisions

TasRail strongly believes that the Federal Government's current approach in relation to decisions regarding Federal financial support for state and territory infrastructure projects is appropriate. TasRail has built strong relationships with relevant people and agencies in Canberra over time and maintains clear and regular lines of communication, which includes discussions in relation to funding decisions. In all matters, the Federal Government's approach has maintained a position of transparency and consistency. When issues around a decision need to be discussed, clear levels of accountability remain and TasRail continues to value the direct and open dialogue it maintains with Canberra.

3. How the viability and appropriateness of state and territory projects receiving federal funding is assessed, including the adequacy of business cases, rural and regional distribution impacts, and use of independent assessments

From TasRail's perspective, the assessment of project viability and appropriateness for federal funding has been conducted through well-defined Commonwealth frameworks, supporting the comprehensive business cases and associated analysis issued by TasRail. TasRail can confirm that all submissions have been formally lodged with the relevant federal agencies and that communication has been consistent and ongoing throughout the assessment lifecycle. At no stage has TasRail identified deficiencies in engagement, acknowledgment, or procedural clarity in the consideration of its proposals.

4. How the economic, social, cultural and community impacts of federally supported infrastructure projects are considered during assessments

These factors make up a significant element for the submission reviews. These factors are articulated within project proposals and supporting analysis and are subsequently tested through engagement with Commonwealth agencies during the assessment process, ensuring that broader community and regional outcomes are considered alongside financial and technical viability.



5. Federal oversight mechanisms used to track progress and performance of a state or territory project receiving federal funding and opportunities to improve governance, oversight and public reporting

In TasRail's experience, these oversight arrangements provide an appropriate level of transparency and accountability throughout the project lifecycle, with Commonwealth agencies actively engaged in monitoring delivery progress and risk.

TasRail appreciates the work that the Committee is undertaking with regards to this important issue and thanks the Committee for the opportunity to provide a submission.

If any Members of the Committee require more clarity with regards to anything raised in this submission, please email TasRail's Manager of Strategy and Corporate Affairs,

Yours sincerely

Steven Dietrich
Chief Executive Officer