



Agrimin Limited | ABN 15 122 162 396
2C Loch Street
Nedlands, Western Australia 6009
T: +61 8 9389 5363
www.agrimin.com.au



20 February 2023

Committee Secretary
House of Representatives Standing Committee on Regional Development, Infrastructure
and Transport
PO Box 6021
Parliament House
Canberra ACT 2600

By email: rdit.reps@aph.gov.au

Dear Secretary

**SUBMISSION TO THE INQUIRY INTO THE IMPLICATIONS OF SEVERE WEATHER
EVENTS ON THE NATIONAL REGIONAL, RURAL, AND REMOTE ROAD NETWORK**

This submission aims to affirm Agrimin Limited's (Agrimin or the Company) position as an active stakeholder in Australia's regional road network development. Further, Agrimin seeks to emphasise the continuing importance of prioritising investment in the sealing of the Tanami Road as critical infrastructure necessary for the success of the Mackay Potash Project. The Federal and Western Australian Governments have committed \$500 million in funding to seal the Tanami Road; however, the timing of these upgrades remains to be determined. Agrimin believes this funding must be expedited to realise the benefits of the Mackay Potash Project and driver Training Academy.¹

I. Agrimin Limited (ASX: AMN)

(a) About Agrimin

Agrimin is a Perth-based minerals company with a strategic focus on producing certified organic, premium quality Sulphate of Potash (SOP) fertiliser. Our vision is to become the world's leading supplier of seaborne SOP and empower our local communities through

¹ Agrimin acknowledges and pays respect to the past, present and future Traditional Custodians and Elders of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.

sustainable economic development.

The company is listed on the Australian Stock Exchange (ASX: AMN) with a market capitalisation of circa \$100 million. We have a highly regarded board of directors with a proven track record of financing and developing world-class resource projects.

(b) Mackay Potash Project

Our Flagship Mackay Potash Project (Project) is 100% owned by Agrimin and located at Western Australia's Lake Mackay, the world's largest undeveloped SOP-bearing salt lake. To date, approximately \$55 million has been invested in the Project. Our current timeline will see SOP production commence in 2025/2026 at a rate of 450,000 tonnes per annum over a +40-year life.

Haulage logistics are critical to the success of the Mackay Potash Project. Once operations commence, the anticipated annual capacity of 450,000 tonnes of SOP will be transported from Lake Mackay to Wyndham Port by a fleet of 25 triple-road trains. The integrated mine-to-ship logistics chain will transport the SOP 940 kilometres north of the site via Agrimin's private haul road (345 kilometres), the Tanami Road (205 kilometres) and the Great Northern Highway (390 kilometres), creating approximately ten quad-road train movements each way per day.

The net public benefits of the Project are estimated to be \$1.6 billion. Our vision is to empower local Indigenous communities through sustainable economic development. The Project is anticipated to support over 200 direct full-time employees and create 600 jobs through the regional supply chain over its life, generating valuable long-term opportunities for the Kiwirrkurra native title holders, Central Desert communities and the broader Kimberley region.

(c) Driver Academy

In partnership with Newhaul Bulk, Agrimin's haulage Joint Venture partner, Agrimin plans to establish a Driver Training Academy and associated job readiness programs to provide graduates with the skills needed to operate and maintain heavy freight vehicles in remote Western Australia. The academy and the haulage operation will be based out of Wyndham and will offer inspiring pathways to three young people every year in Central Desert communities and the broader Kimberley region to pursue a long-term career in logistics.

Newhaul Bulk will aim to offer employment to all candidates who complete the program or

support placing them with other companies. Newhaul Bulk will require approximately 100 personnel to operate the haulage operation and is aiming to fill as many of these roles as possible with academy graduates and local residents to mitigate the need for a FIFO workforce.

School programs and recruitment will be offered via partnered indigenous education providers, including Clontarf. We will also offer opportunities for workers at retired mining and industrial operations in the Kimberley, such as the Argyle Diamond Mine.

Sealing the Tanami Road in a timely manner is essential to the success of Agrimin's Project and its driver training initiative, which will provide long-term employment pathways for young people in remote Indigenous communities and support transitioning regional workers.

The 100 regional jobs required to support Agrimin's haulage operation from Lake Mackay to Wyndham Port are also underpinned by the sealing of the Tanami Road. Commercial assumptions in the Definitive Feasibility Study for the Project are based on the 205-kilometre section of the Tanami Road being sealed before the Project's commencement. Investment in Australia's regional roads is crucial to realising this vision. The feasibility of these initiatives is inherently contingent on developing the infrastructure.

II. Critical Infrastructure Developments

(a) *The Tanami Road*

The Tanami Road (Tanami) spans 1,013 kilometres connecting the Great Northern Highway through Halls Creek to the Stuart Highway near Alice Springs. On the Northern Territory side of the border, the Tanami facilitates access to the lands of the Warlpiri People and Arrernte People and the neighbouring Aboriginal communities of Yuendumu and Nyirripi.² On the Western Australia side, the Tanami passes through the Native Title Determinations of the Jaru People and the Tjurabalan People and allows access to the neighbouring Aboriginal communities of Billiluna, Mulan and Balgo. Forming part of the North-West Connector Route, the Tanami and Great Northern Highway link the Stuart Highway with expansion areas in the

² Agrimin acknowledges the Traditional Custodians of the Land through which the Tanami passes. We recognise that a number of other language groups are present, and the communities enumerated consist of multiple language groups.

Kimberly and Wyndham port.³

(b) *Funding the Tanami Road*

The Federal and Western Australian Governments respectively committed \$400 million⁴ and \$100 million⁵ to upgrade the Tanami Road in the 2022-23 Budgets. This commitment will ensure more efficient access to Agrimin's Lake Mackay site – allowing services and supplies to be quickly and safely delivered to the site and enabling a reliable supply chain to support a major industrial operation.

(c) *Stakeholder Benefits from Sealing the Tanami Road*

Sealing the Tanami will see State, local and regional stakeholders benefit by:

- unlocking economic and employment opportunities for Aboriginal communities along the route, including by opening Kimberley tourism to a broader Eastern States market;
- providing safer and more reliable access to essential services for neighbouring regional communities of Balgo, Mulan, and Kiwirrkurra, as well as surrounding agricultural projects;
- servicing agricultural development in the Fitzroy Catchment;
- providing a strategic link for defence vehicles and personnel, providing efficient, unimpeded access to Northern Australia;
- servicing the exploration and development of resource projects in the highly prospective West Arunta and West Tanami regions;
- increasing safety for heavy vehicle operators by reducing driver fatigue and minimising the risk of vehicle or freight damage;
- improving conditions for vehicles carrying livestock, reducing the risk of bruising or dust inhalation, which can cause significant injury or death to animals in transit;

³ Geoscience Australia map with relevant layers for overview
<<https://portal.ga.gov.au/restore/eee22eac-cfda-4308-834c-97d6344d73ef>>.

⁴ 'Federal Government Funding For Tanami Road' (ASX Release, Agrimin Limited, 30 March 2022)
https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02504452-6A1084112?access_token=83ff96335c2d45a094df02a206a39ff4.

⁵ 'W.A. State Government Funding For Tanami Road' (ASX Release, Agrimin Limited, 16 May 2022)
<https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02521687-6A1091735?access_token=83ff96335c2d45a094df02a206a39ff4>.

- reducing the cost of business interruption through road closures and reduced storage costs for essential supplies to cater for significant periods of isolation;
- lowering vehicle operating costs for freight carriers and regional communities, reducing air pollution and other environmental externalities; and
- facilitating the Federal Government's Exploring for the Future program, led by Geoscience Australia, for new energy, minerals and groundwater resource exploration along this corridor.

(d) *Agrimin's Commitments*

Agrimin will separately fund and construct a 345-kilometre sealed private road within its tenements to connect the Project to the Tanami Road. Additionally, we will build a sealed all-weather aerodrome nearby at Lake Mackay and make seats on company staff flights available for the local community. This represents a significant reduction in journey time for members of the local communities around Lake Mackay.

The development and maintenance of Western Australia's rural road network are both imperative to the success of Agrimin's Mackay Potash Project and inherently requisite to the public benefits which will flow from the Project.

III. The Current On-The-Ground Reality of Western Australia's Regional Roads

The following is a breakdown of some rural roads that Agrimin often uses to operate. The descriptions and anecdotes of our team's experiences on these roads are intended to communicate the current state of the roads and the necessary investment needed to support Western Australia's economy.

(a) *Tanami Road – Halls Creek to Balgo (Western Australia)*

This section of the Tanami is extremely corrugated at certain times of the year, requiring constant maintenance. Constructed from locally sourced natural gravels, the road has a prolific fine (Talcum-like) dust which leaves long-lasting dust plumes resulting in poor visibility. Our team has reported coming across recent roll-over accidents in the area in 2020 and 2021.

The road is becoming more heavily trafficked, with increasing numbers of commercial trucks and personal vehicles using this road. In addition to servicing indigenous communities, such

as Balgo, the road has become a strategically important transport artery for military, mining, agriculture, and tourism.

Further, the road becomes inoperable during severe weather events due to inundation and as a preventative measure to avoid damage to the unsealed road.

(b) Marble Bar to Telfer Road

This stretch of road is intensely busy with continuous road trains moving between Telfer, Rippon Hills, other mines, and significant drilling exploration sites. The road requires constant maintenance, and our team reports that crews are working to repair the road on almost all occasions they pass by.

The road is constructed primarily of natural gravel with sealed floodways closer to Marble Bar. However, the natural gravel has a high Pilbara clay content and deficient saturated strength meaning the road is quickly damaged. Large road sections are cut below the surrounding ground without the appropriate side drains and centre fall. This means water can fill the road corridor and saturate the pavement, forcing the road closures after even small amounts of rainfall (5-10mm). Once closed, the road takes 2-7 days from the last rain to re-open. On occasion, this has stranded our team for consecutive days, forcing them to camp at the Rippon Hills turn-off.

This road is unsuitable for servicing any construction and exploration happening further to the East along the Gary Junction.

(c) Telfer to Punmu Turn-off to Kiwirrkurra

Due to the road design, lack of maintenance responsibility and susceptibility to weather, this road has presented the most challenges for our team to date. Responsibility for maintaining the road on the Western Australia side of the border falls to the East Pilbara Shire.

Currently, the road is used predominantly by the communities of Punmu, Kunawarritji and Kiwirrkurra and logistics providers for these communities. However, this is changing with the increased rate of tourism and numerous mining exploration companies now active along the route.

This section is an original Len Beadell-constructed road (Gary Junction Road) and has seen minimal upgrades since. It has been sheeted in some sections with 100-200mm natural gravels and other areas around Jupiter Well with natural Calcretes. Generally, the road is formed of a single-lane gravel track, most straddled by drainage. However, other areas have been graded out to surrounding ground level.

Consequently, the road is very susceptible to weather, and large washouts are prevalent in many places unmarked by warnings. There are no designed floodways or creek crossings, and the land is exceptionally flat desert.

The road has minimal signage or hazard markings and often no warning of sharp corners, crests and dips.

The track is heavily corrugated and very hard on vehicles. During our recent Civil Trial, road trains mobilising equipment to the site could only travel 7-10 kilometres per hour for most of the road due to these corrugations. The 950 kilometres from Marble Bar to Kiwirrkurra took nine days to travel. This is not conducive to mining or logistics. Many trucking companies refuse to drive this road, and those that do charge a high premium.

The road has not been maintained. Until 2020, the annual grading of the road was conducted by Youngs Earthmoving. This contract wasn't renewed, and subsequent maintenance wasn't completed until late 2022, by which stage the state of the road was almost entirely inoperable.

The remote nature and condition of the road are very dangerous. On multiple occasions, our team has encountered local people broken down with no phone range or means to get help. New discarded vehicles are frequently found along the road when our team drive through.

Driving the road in its current state requires experience on loose gravel roads and high focus over a very long distance. There is a lack of ownership of this road which translates to a lack of responsibility for maintenance.

In severe weather events, this road is impassable and is frequently subject to closure. Fuel and food are delivered to the communities from Alice Springs (rather than from Western Australia), and the communities are effectively cut off during weather events. One example of this happened in 2001 when Floods cut off Kiwirrkurra, and the community as a whole had to be relocated to Kintore.

IV. Acknowledgement of Recent Flooding Events

We recognise that the commencement of this inquiry proceeded the flooding across the Kimberly region in the wake of ex-tropical cyclone Ellie. We appreciate that these events have, no doubt, served to emphasise and prompt many submissions outlining the issues of safety and accessibility inherent to underdeveloped roads in regional Australia.

V. The Purpose of This Submission

Investment in developing our regional roads will make them more resilient to flooding and other severe weather events and needs to be a priority for Federal and State Governments. Flagging infrastructure projects like the Tanami as a 'near term' priority for decades will not materialise the development alone.⁶ The effect of severe weather events on Australia's regional road network is of diminished relevance if the roads are already unsafe and rendered inoperable by everyday weather events.

The Federal and Western Australian Governments have committed \$500 million to seal the Tanami Road. This funding must be expedited to ensure the significant benefits of the Mackay Potash Project and driver Training Academy are realised.

Yours faithfully



Mark Savich

Chief Executive Officer and Executive Director

20/2/23

Date

⁶ Sealing the Tanami Road has been identified as a 'near term' priority in all ten Infrastructure Australia Infrastructure Priority Lists produced since 2000. North-west Connector Route (Tanami Road Upgrade): Business Case Review 2019 (March 2019).