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COMMERCIAL IN CONFIDENCE
DEPARTMENT OF INFRASTRUCTURE AND TRANSPORT

FOR: The Hon Anthony Albanese MP cc:	eWorks Number: 01278-2012	For Decision by: 20 April 2012
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SUBJECT: Moorebank Intermodal Terminal- Announcement Arrangements

Recommendation: That you:

1. **Agree** to advise the Premier of NSW, the Hon Barry O'Farrell MP of the Commonwealth's commitment to the IMT prior to a pre-Budget joint press release (with the Ministers for Finance and Defence);
2. **sign** the letter formalising your advice to Premier O'Farrell (Attachment A); and
3. **note** that the draft Media Release at Attachment C has been provided to your office.

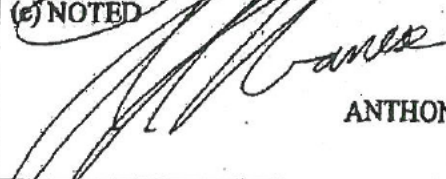

Key Issues:

1. In approving the implementation of the Moorebank IMT, Government asked that you advise the Premier of NSW of the Commonwealth's decision to proceed with the project. You may also consider it appropriate to notify NSW Planning Minister Hazzard; Transport Minister Berejiklian and Roads Minister Gay of the decision, given their portfolio responsibilities, and the Chair of Infrastructure NSW, Mr Nick Greiner. A draft letter to the Premier and talking points to draw on in discussion are attached (Attachments A and B).
2. An announcement of the decision is expected to be made by you, Minister Wong and a representative of the Defence Minister at Parliament House on Monday 23 April. A draft media release (Attachment C) has been provided in consultation with Ministers' offices for the initial announcement of the Government's decision to proceed. A follow up release for Budget night will confirm these arrangements. An Events brief including Talking Points and Questions and Answers sheet will be provided separately.
3. Officers of the Department, along with officers from the (MPO) and the Department of Defence will brief relevant stakeholders following the Government's announcement of the project.
4. It is also proposed that details of the Draft Business Case and the Greenhill Calburn peer review will be publicly released after excluding commercial-in-confidence information that could undermine the competitive tender process for the selection of private terminal operators for the Moorebank IMT and the eventual GBE privatisation. Copies of these documents are at Attachments D to G.

Consultation:

The Departments of Finance and Defence have been consulted in the preparation of this brief.

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Division: NB-II Written by: Richard Wood Contact No. : 02 6274 7413	(a) AGREED NOT AGREED (b) SIGNED NOT SIGNED (c) NOTED
Approved by: Richard Wood General Manager Rail and Intermodal	 ANTHONY ALBANESE 23/4/12
Signature:  Contact No.: 02 6274 7413	

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The Hon Anthony Albanese MP
Minister for Infrastructure and Transport
Leader of the House

 **COPY**

Reference: 01278-2012

The Hon Barry O'Farrell MP
Premier
New South Wales
GPO Box 5341
SYDNEY NSW 2001

23 APR 2012

Dear Premier

Barry,

I am pleased to advise that the Australian Government has decided to establish an intermodal terminal (IMT) at Moorebank. The project will be located on the 220 hectare School of Military Engineering site at Moorebank, following the relocation of the Moorebank defence units to Holsworthy at the end of 2014.

This decision will provide certainty that capacity to meet freight demand will be available by 2017. This will support our shared ambition to reduce congestion in Sydney to boost productivity and make it a more liveable city and can only enhance the sale price of Port Botany. By 2020 this is expected to result in 3,300 less trucks on the road each day than would otherwise be the case.

I note your earlier views and correspondence on the proposed development at Moorebank, in particular about the need for private sector participation and the proposal for a terminal and port shuttle at the adjacent privately-owned site.

The Australian Government's aim is to make available for private sector development one of the last large and strategically located parcels of land in Western Sydney suitable for both port shuttle and interstate activities. Our intention is that the terminal will be built and operated by the private sector.

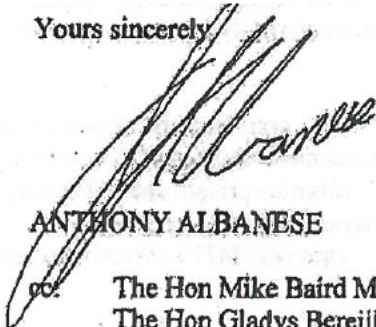
The development of the Moorebank IMT will be overseen by a Commonwealth Government Business Enterprise (GBE) which will be established with a commercial board to be drawn from the private sector. While the GBE will be required to optimise private sector funding, development and operation of the IMT will include Government support to ensure the development of the IMT within the timeframe we have set. Once the IMT is established and operational, it is our intention to privatise the GBE.

The opportunity will be made available to all interested parties from the private sector through a competitive tender process. Our market soundings demonstrate that there is a large number of private sector parties interested in this opportunity, each with its own competitive advantage that it could bring to the new terminal.

It is also expected there would be significant complementary development by the private sector in the broader Moorebank area including through the development of warehousing and other services.

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Yours sincerely



ANTHONY ALBANESE

cc: The Hon Mike Baird MP, Treasurer
The Hon Gladys Berejiklian MP, Minister for Transport
The Hon Brad Hazzard MP, Minister for Planning and Infrastructure and Minister
Assisting the Premier on Infrastructure NSW
The Hon Duncan Gay MLC, Minister for Roads and Ports
The Hon Nick Greiner AC, Chair – Infrastructure NSW

TALKING POINTS – O'FARRELL

MOOREBANK INTERMODAL TERMINAL PROJECT (PRE-BUDGET)

GOVERNMENT DECISION

- The Australian Government is going ahead to develop an Intermodal Terminal at the Commonwealth owned 220ha site at Moorebank.
- We will move the School of Military Engineering to Holsworthy by 2014 and through the private sector we will have an operational intermodal terminal in 2017.
- Some of the detail of our commitment will be outlined in the 2012-13 Budget

BENEFITS TO SYDNEY AND THE NSW ECONOMY

- This is a one-off opportunity to boost productivity, relieve congestion, and improve transport links in Sydney.
- There is no other comparable site in Sydney that is close to major markets (freight, industrial and population), sufficient distance from Port Botany and with easy access to road and rail networks (including the Southern Sydney Freight Line and the M5 and M7 Motorways).
- Import / export container volumes at Port Botany have grown rapidly at 6% p.a. in the past 5 years and a steady 6.7% p.a. increase is forecast over the next 25 years. Nearly two thirds of the container freight travels to the industrial heartland in Western Sydney. Continuing to transport Western Sydney-bound freight on trucks is inefficient, ineffective, and environmentally unsustainable.
- Truck traffic is a key factor in the congestion around Port Botany and the broader airport precinct, and a port shuttle between Port Botany and Moorebank would result in 3,300 truck movements less per day than would otherwise be the case.
- The Moorebank IMT will also generate employment for approximately 1,600 full time staff during construction and 1,700 once operational.
- The Government's decision to implement and develop the Moorebank IMT provides certainty that capacity to meet freight demand will be available by 2017. This can only enhance the sale price of Port Botany.

OPTIMISE PRIVATE SECTOR PARTICIPATION

- The perception that the Government is seeking to establish a Government-owned and operated IMT facility in competition with a private sector project is completely wrong.
- The delivery model we have chosen will optimise private sector investment, reduce risk and cost to government and provide the greatest benefits to the

Sydney and national economies. It will attract private sector capital, rather than lose it.

- The design, construction and management of the terminal will be undertaken by the private sector, following a competitive tender process. There will also be significant commercial opportunities for supporting and value adding services such as warehousing in the broader area.

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WE HAVE CARRIED OUT EXTENSIVE FEASIBILITY WORK

- This project has been developed by experts led by KPMG and has been supported by two peer reviews, including a review by Greenhill Caliburn.
- The KPMG business case and the Greenhill Caliburn review have confirmed that the proposal will optimise private sector investment and involvement in an IMT if this is done at an early stage through an open and transparent process.
- Our independent reviewers at Greenhill Caliburn can provide you with a briefing of their findings.

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