

Section 34



PRIME MINISTER
CANBERRA

Reference: C12/20860

The Hon Barry O'Farrell MP
Premier of New South Wales
Parliament House
Macquarie Street
SYDNEY NSW 2000

30 MAR 2012

Dear Mr O'Farrell

Thank you for your letters of 7 March and 29 March 2012 about the development of intermodal freight facilities at Moorebank in Sydney.

I welcome the fact that the NSW Government is now supportive of an Intermodal Terminal in Moorebank and no longer believes the project should be halted.

With few options left within the Sydney Basin for a facility of this nature we are determined the get this right, not just for the next three years but for the next three decades. Our actions will at all times be guided by the national interest.

I understand that officials from New South Wales and the Commonwealth, including from my department, met on 15 March 2012 to discuss these issues and that there is ongoing consultation across both jurisdictions.

Like you, I believe that a cooperative approach to major infrastructure proposals will ensure delivery of the best overall solution for both New South Wales and for Australia and I look forward to a continued close engagement with New South Wales at all levels.

I have asked the Minister for Infrastructure and Minister for Defence to send me a detailed response to the points you have raised.

Copies of our correspondence have been forwarded to the Treasurer and the Minister for Finance and Deregulation for their information.

Yours sincerely

Julia Gillard



PRIME MINISTER
CANBERRA

Reference: C12/20860

Mr Maurice James
Managing Director
Qube Logistics Holdings Limited
Level 22, 44 Market Street
SYDNEY NSW 2000

30 MAR 2012

Dear Mr James

Thank you for your letter of 21 March 2012 about the private sector proposal for an intermodal terminal at Moorebank in Sydney.

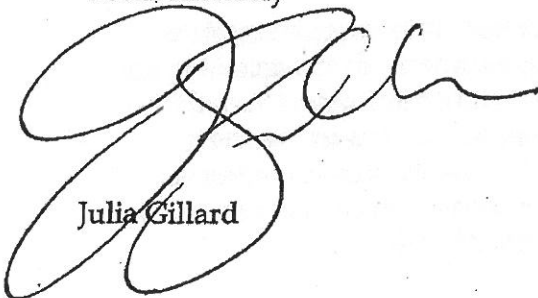
I have noted your advice about the proposal being developed by the SIMTA consortium and understand that you provided a presentation to Commonwealth and New South Wales government officials on 15 March 2012.

While I am unable to meet you to discuss your proposal on this occasion, I have been briefed on your project and am advised that you are continuing to keep Commonwealth officials informed of developments.

I ask that you arrange a meeting to discuss the matter further with my Chief of Staff.

I have copied our correspondence to the Treasurer, the Minister for Defence, the Minister for Infrastructure and Transport and the Minister for Finance and Deregulation.

Yours sincerely



Julia Gillard

2012/19535

The Hon Julia Gillard
Prime Minister of Australia
Parliament House
Canberra ACT 2600

Dear Prime Minister *Julia*,

I write again about Moorebank as I believe that the Commonwealth is close to making some critical decisions.

First, thank you for your support for the meeting convened by Sir Rod Eddington and Nick Greiner on Thursday 15th of March 2012. I am advised that the meeting was a useful start in increasing understanding between the many entities who are involved. All agreed that the development of an intermodal freight facility at Moorebank is critical for the national economy, and that the two governments must take strong collaborative action to ensure success.

As I have previously advised, the NSW Government's goal is to see an open access rail intermodal facility operating as soon as possible, at least cost to our governments. I am concerned that the current approach is at risk of falling short on both counts.

NSW is concerned that you may be presented with a proposal so unnecessarily costly that it may be rejected. Although we are not privy to the Moorebank Project Office's (MPO) business case, publicly available information suggests that a relocation of current Defence activities might require over half a billion dollars to produce an empty site.

Expenditure of \$500 million to provide a site for this critical infrastructure might be justified if there was no alternative. However, the private owners of the adjoining site (SIMTA) have written to the NSW Government advising that they intend to build the connecting rail line and the freight facilities that are needed for at least the next fifteen years at no cost to either of our governments. The facility could commence operations at least four years sooner than the MPO proposal, and would help reduce traffic congestion growth around Port Botany and on the M5 freeway.

SIMTA presented their requests of governments at the Eddington-Greiner meeting, which essentially comprise:

- Planning approvals (their EIS has now been lodged with the NSW Government and referral has been made to the Commonwealth Environment Minister).

- Agreement from NSW to allow use of a portion of the East Hills rail corridor for construction of a parallel track.
- Agreement from the Commonwealth to grant an easement for rail access through non-operational Defence land.
- Agreement from Defence to immediately relocate some facilities within the SIMTA site, at SIMTA's cost.

I cannot see that these requests are particularly difficult to provide, especially considering the potential cost and time savings. I understand that SIMTA has sought to brief you on their competitive proposal, and I encourage you to accept that offer.

The NSW Government is not part of the SIMTA proposal, but we are very concerned about the prospect of a higher than necessary cost approach being adopted by the Commonwealth. This would reduce the opportunities to fund the essential off-site road, rail and other infrastructure.

The final matter is a proposal for new collaborative arrangements for facilitating development in the precinct (whichever proposal is ultimately supported). Development is likely to ultimately require significant upgrades of connecting roads and other State infrastructure, and NSW should be part of the planning process before decisions are finalised by the Commonwealth.

I propose that the best way to signal a new shared and determined approach between our governments would be an immediate sharing of economic analysis, followed by an agreement to a joint team to facilitate a least cost, precinct-based approach. This could be known as the *Moorebank Logistics Precinct Development Office*, jointly staffed by NSW and Commonwealth officials, tasked with implementing an optimal development pathway for the precinct and its connections. This new Office could also support us both in communicating the vital nature and the benefits of this facility to the local and wider communities.

In conclusion, I would like to emphasise that the least desirable outcome for NSW would be a decision by the Commonwealth not to fund works at Moorebank and also further delay or no commitment to cooperate with the private sector proposal. I look forward to your intervention to ensure that decisions are made to ensure that NSW and Australia secure the urgently needed rail intermodal freight facilities at Moorebank.

Yours sincerely



Barry O'Farrell MP
Premier

29 MAR 2012

