

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**SUPPLEMENTARY BUDGET ESTIMATES 2013-2014**

**Finance Portfolio**

**Department/Agency:** Department of Finance

**Outcome/Program:** 2/2.1

**Topic:** Moorebank Intermodal Terminal

**Senator:** Wong

**Question reference number:** F77

**Type of question:** Written

**Date set by the committee for the return of answer:** Friday, 17 January 2014

**Number of pages:** 2

**Question:**

1. What did the business case for the project recommend in terms of:
  - (a) location;
  - (b) business model; and
  - (c) Commonwealth government involvement?
2. Were any different business models recommended in the business case? If so, why were these not proceeded with?
3. Is the business model that has been selected for the project the better option for the Commonwealth in the long-term? If so, why is this the case?
4. The adjacent block to the Commonwealth government's selected location of the project belongs to the Sydney Intermodal Terminal Alliance. What was the advice provided in the business case in relation to this location?
5. Has any work been requested of, or advice prepared by Finance in relation to selling the Moorebank Intermodal Terminal in its current state?
6. If so, what would the cost of this be to the Commonwealth, compared to the current proposed timeline?

**Answer:**

1. (a) The detailed business case (DBC) found that additional intermodal terminal (IMT) capacity is required in Sydney to help facilitate the greater use of rail and reduce congestion at Port Botany and on local roads caused by the continuing high growth in container volumes.

The DBC noted that "the proposed site for the Moorebank IMT is comprised mainly of Commonwealth owned land currently occupied by the School of Military Engineering and a number of other Australian Defence Force units." Further, "the location of the site is ideal due to its proximity to key transport corridors including the planned

Southern Sydney Freight Line (SSFL), the M5 and M7 Motorways and the Hume Highway.”

The DBC found also that “the site is of sufficient size to handle expected import/export (IMEX) and interstate demand...and is owned by the Commonwealth.”

The Commonwealth site was selected due to: its size (approximately 220 hectares), favourable topography, and length (over two kilometres); and its proximity to the industrial centres in Sydney’s west and south west including Moorebank, Bankstown, Prestons and Ingleburn. Further, the Moorebank site is large enough to enable an IMT which can handle interstate trains of up to 1,800 metres in length.

(b) The DBC recommended that the Commonwealth establish a Government Business Enterprise (GBE) to oversee the development of the intermodal terminal (IMT). The DBC also recommended that the GBE should confirm the appropriate commercial model for the project in its procurement planning phase. Moorebank Intermodal Company Limited (MIC), the GBE which was established in late 2012, is currently finalising its procurement strategy. Under the strategy, it is intended that the Commonwealth will select the business model based on information received from the market through the expressions of interests and proposal development request phases of MIC’s procurement.

(c) The DBC found that “the project would generate substantial economic benefits.” In the DBC it was noted that “until the terminal is operating effectively, it is recommended that the Commonwealth maintain an ongoing involvement as a landlord to manage its substantial investment and to ensure the project objectives are met effectively.”

2. Twenty-five different commercial structures were considered against their potential to achieve the Australian Government’s project objectives of developing an open access, fit for purpose, integrated intermodal terminal that will meet the immediate needs of the international and interstate containerised freight markets. The model outlined in answer 1b above was considered to best meet the Commonwealth’s objectives for the intermodal terminal development.
3. The business model recommended in the detailed business case (DBC) was considered to be the best option to achieve the Commonwealth’s objectives including the development of both the import/export (IMEX) and interstate facilities and ensuring an open access facility.
4. The Sydney Intermodal Terminal Alliance (SIMTA) proposal is only referred to as a joint venture looking to deliver its own intermodal terminal (IMT). The business case does not refer to the location of the SIMTA site apart from noting that the site is adjacent to the proposed Commonwealth IMT.
5. No.
6. N/A.