

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2011-2012

Finance and Deregulation Portfolio

Department/Agency: Department of Finance and Deregulation
Outcome/Program: 2/2.2
Topic: Moorebank Project

Senator: Ryan

Question reference number: F29

Type of question: Written

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Number of pages: 5

Question:

I refer to the Moorebank Project Office (MPO) that has been established in NSW.

- a) What is the budget of the MPO?
- b) How many staff are employed in the MPO?
- c) Where are they based?
- d) What are the terms of reference of the Feasibility Study being undertaken by the MPO?
- e) What is the Study's progress?
- f) When will it be released?
- g) What is the role of KPMG in assisting with the study?
- h) How much is their contract?
- i) I understand the study is limited to the site to the west of Moorebank Avenue currently occupied by the School of Military Engineering (SME). Is that correct?
- j) What assumptions about freight movements does your assessment make?
- k) What consideration is being given to the site to the east of Moorebank road which is in the process of being developed as a private intermodal terminal?
- l) Does your study take into account the fact that a 1 million TEU (twenty foot equivalent) project is being built literally across the road? If not, why not? How is the feasibility study going to be useful if it doesn't take into account the adjacent proposal?
- m) What specific communication has been undertaken with the private proposal?
- n) What has the MPO done to ensure that your project is not impacting on the private project?
- o) What community consultation has been undertaken by the MPO? When was this undertaken?
- p) What measures are in place to ensure that community consultation undertaken by the MPO does not confuse residents in relation to the private proposal? I'm sure you can understand that two intermodal terminals being proposed at the same time, one private and one government, on adjoining defence sites would be confusing to the community.
- q) So what are you doing to ensure that your proposal is regarded as a distinct and separate facility?

Answer:

- a) The Moorebank Project Office (MPO) has been established within the Department of Finance and Deregulation in Canberra. In the 2010-11 Budget, \$35.5m from the Nation Building Program was split over 2010-11 and 2011-12 (\$21.6m/\$13.9m respectively) for the MPO. Source: Budget Measures 2010-11 – Budget Paper No. 2.
- b) As at 18 October 2011, there were 13 staff employed in the MPO, including officers from the Departments of Finance and Deregulation, Infrastructure and Transport, and Defence.
- c) The MPO is based in Canberra. Some meetings and site visits are held in Sydney and MPO staff travel as required. When in Sydney, the MPO staff are able to work from the Department of Defence offices in Sydney.
- d) The objectives of the Study are to assess the technical, financial, economic, legal, social and environmental feasibility for the development of an intermodal terminal (IMT) at Moorebank in Sydney. The Study is focused on the site currently occupied by the Department of Defence including the School of Military Engineering to the west of Moorebank Avenue. The Study's long term objectives are:
 - 1. Boost national productivity over the long-term through improved freight network capacity and rail utilisation.
 - 2. Create a flexible and commercially viable facility and enable open access for rail operators and other terminal users.
 - 3. Minimise impact on Defence's operational capability during the relocation of Defence facilities from the Moorebank site.
 - 4. Attract employment and investment to South West Sydney.
 - 5. Achieve sound environmental and social outcomes that are considerate of community views.
 - 6. Optimise value for money for the Commonwealth having regard to the other stated project objectives.
- e) The Study is on track to be provided to Government for consideration in the 2012-13 Budget process.
- f) Information concerning the work of the MPO is generally available on the Finance website, particularly the findings of investigations and assessments.

The release of the Study is a matter for consideration by Government after it has had the opportunity to review and absorb the document.

- g) KPMG is the business and lead adviser for the Study – its lead adviser role is to provide an assessment of the commercial and broader viability of the project, including the assessment of the private sector involvement, financing, construction and operation of the IMT. KPMG also co-ordinates inputs from other technical and specialist advisers to ensure that the technical, commercial, economic, legal and funding aspects receive appropriate coverage.

h)	\$14,237,369	Austender CN337651
	\$484,000	Austender CN360039
	\$2,266,000	Austender CN407438

Figures are GST inclusive. The Austender CN360039 amount reflects contract disbursements and the Austender CN407438 amount covers potential additional components to be undertaken as part of the Study. To date, these have included specific technical activities undertaken by subcontractors of KPMG, in particular Deloitte and Parsons Brinckerhoff.

- i) The primary focus of the Study is the Commonwealth land on the western side of Moorebank Avenue which houses a number of Australian Defence Force Units, the largest of which is the School of Military Engineering. The MPO and Defence are working closely together in this regard. The Study also examines the broader logistic issues and constraints of freight movement and distribution including to and from Port Botany.
- j) A staged approach has been taken to estimating forecast demand for an IMT at Moorebank. This has involved identifying potential freight markets, reviewing the way in which this freight is distributed, and determining the viability of freight transported via an IMT at Moorebank against other transport alternatives. The growth of freight handled at Port Botany, the growth of the interstate freight market and the major transport cost drivers are an integral part of the study. In addition, the Study also considers transport network capacity constraints and demand at pre-existing freight terminals. The MPO will incorporate assessments about the freight demands to help determine the potential capacity for the proposed (Commonwealth) IMT at Moorebank.
- k) Consideration is being given to all private sector options for the delivery of the Government's objectives, including the private sector proposal on the site east of Moorebank Avenue. The private sector requirements include a possible financial contribution from the Commonwealth, the release of Defence occupied land, and of leasing considerations by Defence for the Defence National Storage and Distribution Centre (the DNSDC site).
- l) The Study is considering all private sector options including the adjacent private sector proposal and the cumulative impacts of existing and proposed freight distribution facilities in the locality. The MPO is aware that there is a private sector proposal that is in the early stages of development, having submitted a concept plan under the relevant NSW legislation. A consideration for the Commonwealth is the ongoing operational requirements with regard to Defence activities on the DNSDC site which is the focus of the private sector proposal. The current Defence lease on the DNSDC site expires on 26 March 2013 and Defence holds options, at its discretion, to extend its lease over that site for two further periods of five years each.

- m) The MPO has engaged appropriately with the proponents of the private sector proposal in a number of ways, subject to probity guidance, to ensure that all private sector interests are engaged equitably. The private sector proponent participated in the industry market sounding process for the Feasibility Study which occurred in February and October this year. The MPO and other Commonwealth officers met with the private sector proponent on several occasions during 2011 as a neighbour and to understand their proposal. An exchange of correspondence has taken place with the private sector proponent over this period.

There has been significant interest in the Commonwealth project from potential private sector participants. The MPO has sought to ensure that the same opportunities are available to all private sector entities who may wish to be involved and that no particular interests are given an advantage over another. For this reason, all contact with private sector entities that may wish to be involved in the project is being overseen by a Probity Adviser engaged to ensure that the highest standards of probity and integrity are applied to the work of the MPO.

- n) The work of the MPO is being conducted in accordance with the task and timeframes set for it by the Federal Government. The MPO is working in an open and transparent manner, and is not directly impacting on the progress of the private sector proponent's application within the NSW planning and approval process.
- o) Community engagement for the feasibility study has included the following:
- Establishment of and regular updates to the project website;
 - Establishment of a project 1300 inquiry line;
 - Establishment of an email subscription service that updates interested stakeholders and residents. There are more than 300 subscribers;
 - Meetings and presentations to councils, individual residents, state agencies, industry bodies and peak business groups;
 - Undertaking a telephone survey of 1000 Moorebank area and other Sydney residents in December 2010. The survey questions were published on the project website in January 2011;
 - Distribution of two Community Updates to 10,000 households in August and October 2011;
 - Two community information sessions on 28 and 29 October at Wattle Grove Community Centre and Hunts Welcome Inn Casula. These sessions were attended by a total of 150 people;
 - Advertising for the Information Sessions in the Liverpool City Champion, Liverpool Leader and Daily Telegraph; and
 - Regular briefings provided to the local media outlets which are a key source of community information.
- p) All community communications by the MPO are clearly designated with Australian Government branding and include contact information to enable citizens to obtain further information on the Commonwealth's IMT Project.

The MPO's website and other communications materials have made it clear that the IMT study and the private sector proposal, of which the Commonwealth is aware, are separate proposals.

q) The response to this question is the same as that for the previous question.