

26 November 2013

Mr Tony Shepherd AO
Chairman
National Commission of Audit
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Dear Mr Shepherd

I refer to your request for submissions to the review being undertaken by the National Commission of Audit. I understand that the terms of reference for the review include that the Commission should consider Commonwealth sector infrastructure, the appropriateness of Commonwealth Government programs, and whether taxpayers are receiving value-for-money.

In view of these terms of reference, I would like to submit the following information on the Moorebank Intermodal Terminal project, should the Commission choose to consider the project as part of its review.

I understand you are familiar with the Moorebank Intermodal Terminal project, which is a Commonwealth Government initiative to develop a facility to transfer containerised freight between road and rail. The terminal will allow more freight to make part of its journey by rail. This will underpin future productivity growth by helping Sydney to cope with the significant forecast growth in freight volumes moving through the city.

The Commonwealth Government established Moorebank Intermodal Company (MIC) to oversee development of the terminal by the private sector. MIC is about to call for expressions of interest (EOIs) from consortia capable of building and operating (and potentially financing) the terminal. A key part of MIC's role is to ensure that the terminal achieves some important Government policy objectives. These objectives include that the terminal must have capacity to satisfy interstate and regional freight needs (in addition to import-export freight), and be an open access facility that optimises competition among users of the terminal. Without government oversight, these objectives are unlikely to be satisfied fully.

The Government may contribute to the cost of the terminal, but only if this is required to kick-start the project, and provided the Government receives an appropriate return for any investment it makes. The Commonwealth will also, through MIC, provide assistance to the project by working with the NSW Government to plan the road and rail network improvements needed to support the terminal. And MIC will help to coordinate the various stakeholders to achieve an efficient freight logistics chain that relies on the terminal.

The approach to delivering the Moorebank Intermodal Terminal recognises that the private sector is best placed to design, construct and operate the terminal. However, some initial oversight and support from Government will increase the benefits for the nation. Effective collaboration between business and government can maximise private sector expertise and innovation while achieving important policy objectives – in this case, the economic,



environmental and social benefits of moving more freight by rail. MIC's EOI process is being designed to identify the best way for the public and private sectors to collaborate on this important project.

If the Commission considers the Moorebank Intermodal Terminal project as part of its review, the Chair of MIC, [REDACTED] and I would be happy to provide a further briefing. I can be contacted on [REDACTED]

Yours sincerely

[REDACTED]

[REDACTED]

Chief Executive Officer