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Cormann confirms infrastructure cash unit

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The federal government's proposed infrastructure financing unit is "definitely going ahead" despite savage criticism from infrastructure bodies, Finance Minister Mathias Cormann said as construction starts on Sydney's \$1.7 billion Moorebank freight hub.

"The infrastructure financing unit will be assessing opportunities where the government, with innovative financing arrangements, can support the development of more infrastructure projects, that's the whole purpose," Senator Cormann told The Australian Financial Review.

The proposed unit was slammed this week by Infrastructure Partnerships Australia, which said it should not be established because there is no shortage of private debt or equity finance for infrastructure projects.

The Commonwealth is promoting the Moorebank hub, which has been named "Moorebank Logistics Park", as an example of the projects it can support to ease congestion and improve connectivity. The hub will enable freight to move between Port Botany and warehouses at Moorebank by rail, taking many trucks off already congested roads. It has been years in the planning, with the Commonwealth and logistics company Qube previously planning competing projects before teaming up in 2015.

The Commonwealth and Qube combined their adjacent land holdings, with Qube receiving a 99-year lease to build and operate the hub.

The Commonwealth, which will contribute \$370 million to the freight hub through its **Moorebank Intermodal Company (MIC)** as well as 158 hectares of land, will be able to "monetise" and get a return on its investment, Senator Cormann said. Working with the private sector allowed it to minimise "risk and exposure", he said.

Senator Cormann said the government was evaluating its proposed Inland Rail project. That involved looking at ways it could be built using the Australian Rail Track Corporation and its balance sheet as a foundation and involving private sector partners "in the appropriate way" as it has done through the MIC. Deloitte, which has done a new economic evaluation of the freight hub, has forecast shifting more freight to rail will lead to 630 fewer trucks entering and leaving Port Botany each day by 2020, and 3149 less trucks daily by 2040. Deloitte estimates the freight hub's benefit-cost ratio at 1.93, an increase on the previous ratio of 1.7 cited in Infrastructure Australia's evaluation of the project.

Qube is understood to be in advanced discussions with major retailers and container industry participants interested in moving to Moorebank and is on track to reveal the names of tenants in the next six months. It plans to hold industry briefings next month on the Moorebank terminals, and warehousing and container logistics opportunities.

Qube chairman Chris Corrigan, who is retiring this year, said it had been "a long and sometimes frustrating track" to get the Moorebank project off the ground. "But I'm delighted we and the government have finally got there," Mr Corrigan said.

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