
Moree Special Activation Precinct

Final business case summary

June 2024



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1 About this report

1.1 Moree Special Activation Precinct

This report summarises the Final Business Case (FBC) for the Moree Special Activation Precinct (SAP) that was undertaken by the Department of Regional NSW.

The Moree SAP investigation area covers almost 4,500 hectares of land to the south of the Moree township and Gwydir Highway. The development of the Moree SAP is expected to occur over 40 years. As such, land activation and infrastructure and services provision will be delivered in stages: Stage 1A, 1B, 2A and 2B with flexibility in implementation accommodated in the design.

The project is driven by the need to reverse the decline in the drivers of the region's sustainable performance, including population decline, a reduction in agricultural job opportunities due to technology and rise of broadacre farming, industry trending towards containerised freight, and a lack of diversification in its agricultural economy.

The project aims to:

- ▶ Provide more sustainable employment opportunities for those in the region and increase labour force participation.
- ▶ Improve regional productivity through increased access to water for the horticultural sector.
- ▶ Address the lack of enabling infrastructure and poor transport access to facilitate an increase in private sector investment spend in the SAP.
- ▶ Improve economic and social equality in the region.

The FBC enables the NSW Government to make an informed investment decision on the Moree SAP.

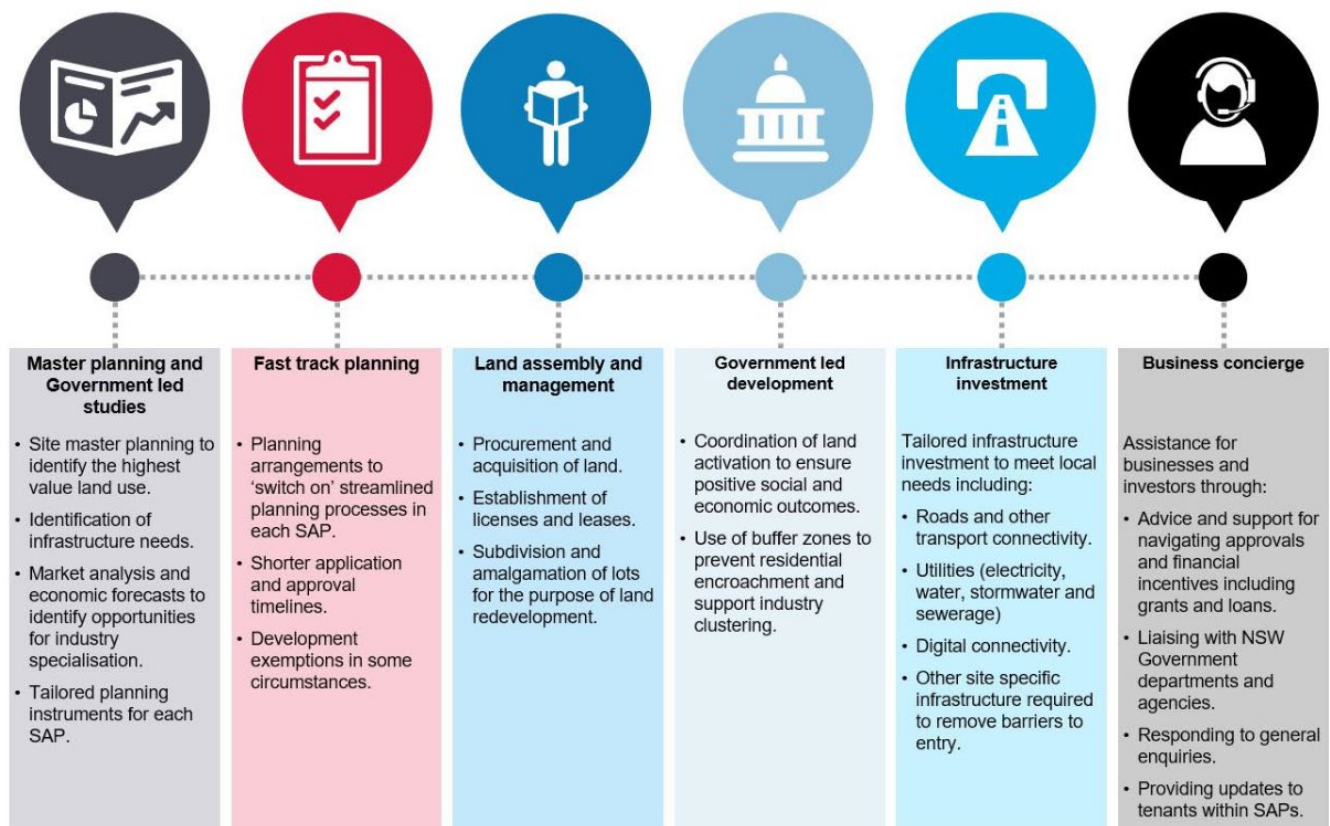
The business case summary has been prepared by Infrastructure NSW, in accordance with NSW Treasury's Guidelines for Capital Business Cases. It is based on the approved final business case and does not address any subsequent changes to the project.

2 Strategic alignment and context

2.1 Background and context

The establishment of SAPs was announced alongside the 20-Year Economic Vision for Regional NSW. They are funded through the \$4.2 billion Snowy Hydro Legacy Fund. SAPs are dedicated areas in regional NSW identified by the NSW Government to create jobs, attract business and investors, and drive economic development.

Figure 1 Key activities of the SAP program



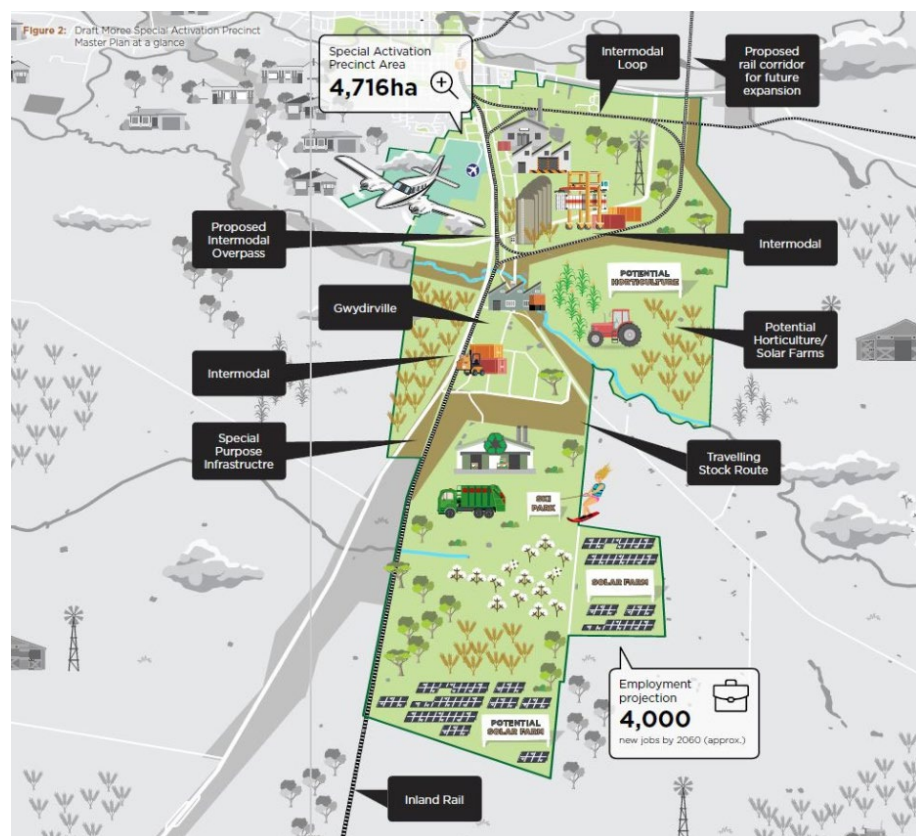
Moree was announced as the fourth SAP location in December 2019 by the NSW Minister for Agriculture and Western NSW, the Hon Adam Marshall MP. Located in the Upper Northwest Region, the Moree region is home to some of the most productive agricultural lands in NSW. The region has key strategic advantages, particularly for the agricultural industry, including reliable access to both groundwater and surface water, rich, alluvial black soils that are highly productive for agricultural purposes, and strong transport links across rail, road and air freight.

A structure plan for the Moree SAP has been prepared as part of the master planning process, articulating the long-term vision and aspirations for the SAP. The purpose of the structure plan is to illustrate the strategic planning intent for the precinct. It provides a guide for future development with two distinct areas defined - the industrial core (zoned regional enterprise) and rural landscape buffer (zoned rural activity). The Moree SAP Master Plan is summarised in Figure 2 below.

The Moree SAP is aligned with key NSW government priorities, as well as Federal government policy directions and strategies that are focused on stimulating regional economic development and

job creation. There are several related projects which have direct interfaces with the Moree SAP, including the Federal government funded Inland Rail project and Moree Intermodal Overpass project.

Figure 2 Moree SAP Draft Master Plan at a glance



Government commitments

SAPs are funded through the \$4.2 billion Snowy Hydro Legacy Fund.

Alignment with government strategies and policies

The project positively contributes to the strategic direction and vision of several key government policies and strategies. Table 1 below summarises how the project aligns with key national, state and local strategic documents.

Table 1 Government strategy or policy alignment

Region	Government strategy or policy	Project alignment
National	Planning for Australia's Future Population (2018)	▶ Targeted investment in transport and infrastructure to drive economic development in Regional NSW. ▶ Connecting regional cities and improving the transport connections between capital cities and regional centres to support economic and population growth in regional areas. ▶ Programs and funding to support regional communities to achieve their potential.
	Regional Development Australia – Charter 2020	▶ Collaboration to identify economic opportunities and the leveraging of private and public sector investment to the regions through business concierge functions. ▶ Connection of regional businesses, councils and industry sectors with international trade partners, financial markets and potential investors by

Region	Government strategy or policy	Project alignment
		providing investment attraction incentives and streamlining planning approvals processes. ▶ Engagement with regional entrepreneurs and emerging business leaders to explore new opportunities to grow local jobs in the region.
State	Snowy Hydro Legacy Fund (SHLF)	The five priority areas are improved water security, rail and road transport connections, freight linkages, digital connectivity and activation precincts to attract targeted industries investment. The funding of SAPs including master planning, enabling infrastructure delivery and investment attraction activities is within the scope of the five priority areas.
	Growth Centres (Development Corporations) Act 1974	The Growth Centres (Development Corporations) Act 1974 (the Act) relates to the growth and development of growth centres.
	NSW 2040 Economic Blueprint (2019)	▶ Supporting the establishment of place-based strategic precincts that build on regional competitive advantages and help revitalise regions. ▶ Providing employment and educational opportunities that enable people to remain in their communities, and support movement of people to the regions. ▶ Diversifying businesses in regional NSW.
	State Infrastructure Strategy 2018 – 2038: Building Momentum (2018)	▶ Adopting a place-based approach to infrastructure planning and investment which is geared towards meeting the needs of regions based on characteristics and competitive advantages. ▶ Targeted infrastructure investment that enables access to markets for regional industries, provides key services, drives industry competitiveness, and business and jobs growth. ▶ Providing transport links to key markets and international gateways, leveraging Inland Rail, facilitating investment in established and emerging sectors and supporting regional centres/hubs. ▶ Utilising non-infrastructure interventions such as industry policy, regulatory settings, land use planning, collaboration with industry and business concierge functions to support job creation and economic development in Regional NSW.
	20 Year Economic Vision for Regional NSW Refresh (2021)	▶ Supporting the establishment of place-based strategic precincts that build on regional competitive advantages and help revitalise regions. ▶ Providing employment and educational opportunities that enable people to remain in their communities, and support movement of people to the regions. ▶ Providing improved transport links. ▶ Providing improved regional digital connectivity.
	Jobs for the Future	▶ Support export growth in sectors such as food processing and packaging. ▶ Remove barriers to growth and competitiveness through streamlined planning, government led development, infrastructure investment and business concierge services.

Region	Government strategy or policy	Project alignment
		- Promote the development of freight and logistics, value add industries, and renewable energy and sustainability industry clusters. - Support for entrepreneurs and small-to-medium enterprises through financial incentives.
	Standing Committee on State Development Regional Planning Processes in NSW	The Moree SAP is aligned to the recommendations made in the Standing Committee on State Development inquiry into Regional Planning Processes through: - Undertaking master planning and technical studies to identify the highest value land use and potential infrastructure requirements. - Streamlined planning including the development of the Activation Precinct State Environmental Planning Policy (SEPP) planning instrument that will 'switch-on' streamlined planning processes in the Moree SAP. - Facilitating infrastructure investment including roads and other transport connectivity, utilities, digital connectivity and other site-specific infrastructure.
	NSW Freight and Ports Plan 2018 – 2023	- Investment and delivery of new and improved freight infrastructure including upgrades to regional roads and regional rail network improvements. - Improvement of the road network through projects targeted at supporting freight precincts, terminals and key freight routes. - Simplification of regulatory approvals processes to make NSW a better place to do business. - More effective planning for freight through assistance with necessary road and rail link extensions.
	Regional Development Framework	- Providing quality services and infrastructure in regional NSW. - Aligning effort to support growing regional centre. - Identifying and activating economic potential by looking for regional opportunities to activate local economies.
	NSW Water Strategy	The Gwydir Regional Water Strategy covers the Moree region and was on public exhibition from 25 September until 13 December 2020. It is now undergoing assessment and prioritisation of options with the final strategy is expected to be implemented by 2022. The Moree SAP is aligned to the options presented in the draft strategy and will continue to engage Department of Planning, Industry and Environment (DPIE) Water as the preferred options are determined for the final strategy.
	New England North West Regional Plan 2036	- Diversify the local economy by supporting new industry development and opportunities in intensive horticulture, value add agriculture, manufacturing, and renewable energy. - Increase connectivity to the region to stimulate growth. - Promote expansion of education and training opportunities and establish an environment conducive to entrepreneurship and start-up businesses. - Grow the agribusiness sector and supply chain through investment in freight and logistics. - Encourage sustainable development of industrial and employment land to maximise infrastructure and connect to the existing freight network.

Region	Government strategy or policy	Project alignment
		▶ Support industrial land development for intensive horticulture activities, renewable energy, value-add food production and freight and logistics. ▶ Facilitate a greater share of the national freight activity.
Local	Moree Plains Economic Development Strategy and Action Plan	The Moree SAP is aligned to the Moree Plains Economic Development Strategy and Action Plan strategic priorities including: ▶ Priority 1: People and Place – an environment that supports population retention and attraction. ▶ Priority 2: Fostering industry diversification – developing new industry sectors and value adding to existing sectors. ▶ Priority 3: Leveraging connectivity – through road, rail, air and digital. ▶ Priority 4: Empowering local businesses – supporting business and education.
	Moree Plains Community Strategic Plan 2035	▶ Leading freight and logistics facilities that encourage business investment (this will be facilitated by the upgrade of rail intermodal and road infrastructure). ▶ Enabling technology that supports local business and industry. ▶ Investment opportunities that foster entrepreneurs and start-ups by removing barriers to entry and accelerating major project assessment. ▶ Educational and training opportunities and provide employment opportunities boosting public sector diversity and skilled labour. ▶ A strong sense of place that values heritage. ▶ Sustainable development outcomes through master planning as well as the identification and maintenance of assets required for the future growth of the city. ▶ Sustainable practices, ongoing education, and training that minimise the impact on the environment.
	Moree Plains Local Strategic Planning Statement 2020	The Moree Plains Local Strategic Planning Statement (LSPS) identifies clear planning, land use issues, and opportunities in the Moree Plains Shire local government area. The goals aligning with the SAP include: ▶ Encourage a more diverse agricultural sector and deliver new industries of the future. ▶ Maximise benefits to the Shire from the Inland Rail, the proposed Intermodal and related development including a SAP. ▶ Expand emerging industries through freight and logistics connectivity. ▶ Enhance transport and infrastructure networks.

3 Project need

Moree Plains Shire is located at the junction of the Newell Highway and Gwydir Highway and is a natural midpoint between Sydney (640km) and Brisbane (473km). The region is a significant agricultural producer and represents 17 per cent of the gross agricultural product of the state. Much of the success behind the high economic output of the town is related to two environmental factors: proximity to a range of water sources and relatively cheap and productive land compared to other regional locations. Furthermore, Moree has recently been included as part of Australian Rail Track Corporation (ARTC)'s Inland Rail program.

Whilst this investment represents a significant opportunity for economic growth in an already high output regional economy, the drivers behind the region's sustainable performance are in decline.

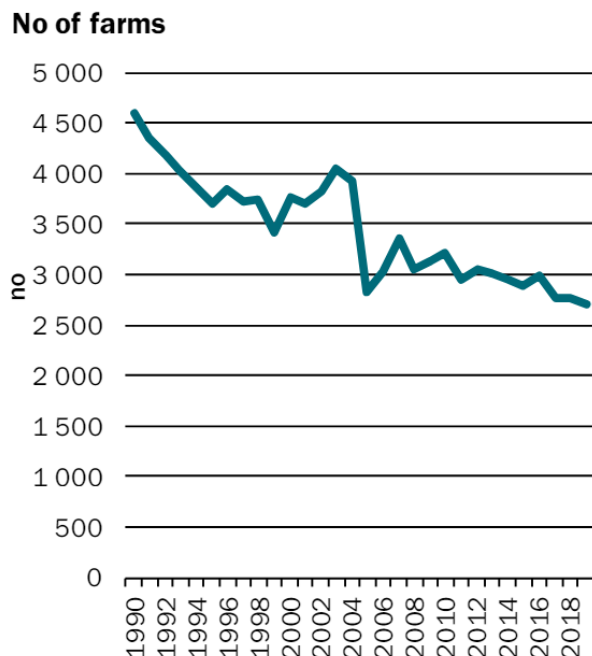
The following needs for the project were identified in the business case:

Need 1: Increasing efficiency in broadacre farming is resulting in a decline in regional employment

The agricultural sector has transformed significantly over the past few decades. This has led to various productivity and efficiency improvements and operational requirements, such as:

- ▶ Continuous adoption of advanced machinery and automation - this has resulted in increased yields per hectare and an increase in water efficiency. However, this has also led to a reduction in the number of staff employed by the sector, as the productivity of labour increased. Since 1990, improvements in labour productivity have seen the amount of labour use per hectare roughly halve¹.
- ▶ There has been a trend of farms consolidating, with farmers selling to either their neighbours or to corporate farming enterprises. This has the overall impact of rationalising overheads and unlocking economies of scale (such as through higher utilisation of capital). Mostly it allows for reductions in labour force which is evidenced in Moree's falling employment rates.

Figure 3 Trends in farm consolidation



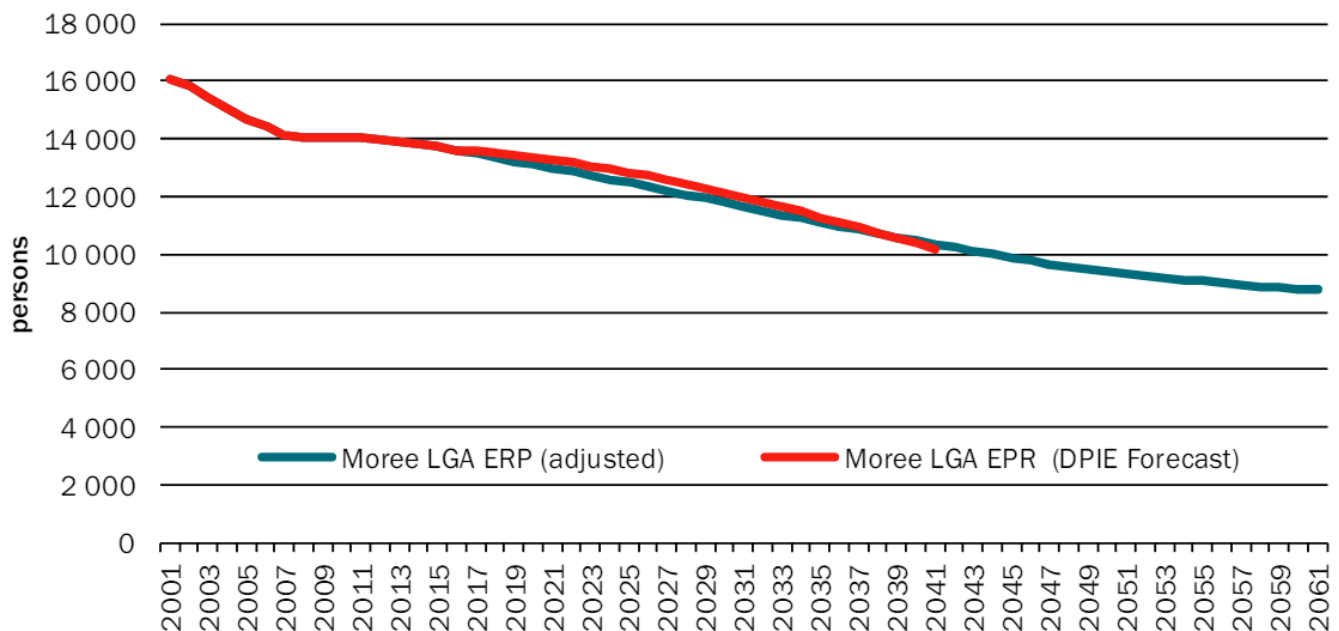
- ▶ With an increased level of investment into automation and other technologies, there has been an increasing requirement for highly skilled staff and supporting businesses to service the

¹ ABARES Broadacre Survey and ABS. Labour measured on a full-time equivalent basis.

agriculture industry. This is coupled with a reduction in demand for local unskilled labour, and a reduction in demand for seasonal staff, such as additional low skilled labour that was previously drawn into the Moree township (such as backpackers).

Taken as a whole, these factors explain why the Moree LGA has been experiencing a decline in the number of jobs. For instance, between 2010 and 2019, the labour force decreased by 3.9 per cent.

Figure 4 Population projections of Moree Plains LGA²



Need 2: Coordination failure of water endowments is a barrier to higher value horticulture opportunities

Although there are limited high-value horticulture businesses within the Moree region currently, horticulture/intensive agriculture businesses are consistent with Moree's endowment of black soil and availability of water and have been identified as potential land uses to enable the SAP to achieve its objective of diversifying the local agricultural economy.³

However, a coordination failure is preventing Moree's water endowment being accessed and is a barrier to establishment of high-value horticulture opportunities. This is manifesting itself in several ways:

- ▶ Whilst in the northern part of the SAP investigation area the Lower Gwydir Alluvium Aquifer (LGAA) is physically capable of providing water suitable for agricultural use within the SAP, useful yields will probably not be possible in the southern two thirds of the area. In addition, the LGAA is a stressed resource that is fully allocated.
- ▶ Whilst the Great Artesian Basin (GAB) Surat water source is available and has abundant water allocation within the Moree SAP investigation area, it is both cost prohibitive for individual users to drill and complete these bores, and the quality of the extracted water is unsuitable for traditional irrigation uses when applied directly without treatment or efficient spacing of bores.
- ▶ A wellfield and groundwater impact assessment has determined that the ability of individual landowners installing their own bores in the GAB aquifer is not considered to be economically or hydro-geologically viable.

Need 3: Lack of enabling infrastructure and transport access is deterring new business from establishing in the region

² The CIE Report, Volume 2, Report 4

³ Moree SAP Economics Technical Report (2021)

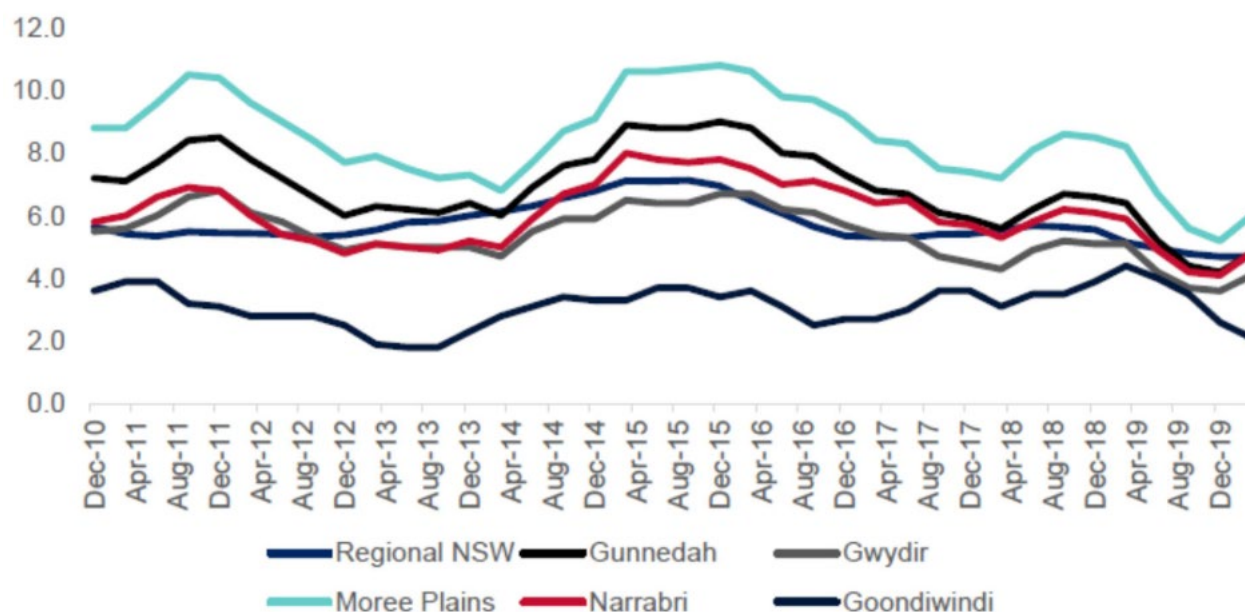
Preliminary industry attraction assessments have demonstrated that the inland rail assets to be rolled out in Moree will create a valuable site for horticultural and value-add agriculture to establish operations.⁴ However, without enabling investments to provide availability of electricity, water, sewer and roads, new industry will be challenged in accessing the inland rail's benefits.⁵

In Moree, it is particularly challenging for businesses to establish operations near the inland rail port (even with access to lots) as energy and water services are not available. Further, inadequate provisioning of access roads, combined with limited options for mode shift from road to rail, diminishes the opportunity to diversify the Moree economy. Together, these components drive up the projected costs for prospective horticultural and value-add manufacturing entrants into Moree. The Centre for International Economics (CIE) has noted that not solving the accessibility issues will mean that the ARTC's inland rail port investment is never fully utilised because businesses will be unable to successfully mode shift containerised freight volumes from road to rail.

Need 4: High levels of unemployment are resulting in increasing social and economic disadvantage

Moree Plains LGA is noted to be disadvantaged compared to the rest of North Western NSW. The ABS SEIFA index shows the Moree Plains to be the 94th most socio-economically disadvantaged LGA in Australia and 18th in NSW.⁶ Lower socioeconomic advantage drives down the immediate availability of a skilled workforce to produce higher economic output. In addition, the unemployment rate of Moree has remained stubbornly high compared to neighbouring LGAs.

Figure 5 Small area labour markets, March quarter 2020⁷



In 2016, Indigenous people comprised at least 21.6% of the Moree Plains LGA population compared with 2.9% in NSW. The indigenous unemployment rate in Moree was 25% in 2016, considerably higher than the non-indigenous rate of 3%. Indigenous unemployment and labour force participation are also worse in the Moree Plain LGA versus the region overall. High rates of indigenous crime in Moree correlate with observed high indigenous unemployment.

Skills gaps and perceived social issues in Moree are reducing industrial opportunities in the region, and without intervention there is a risk that social and economic disadvantage will be exacerbated.

⁴ Moree Structure Plan, WSP (Volume 2, Report 2)

⁵ Moree Technical Economics Study, The CIE (Volume 2, Report 4)

⁶ Australian Bureau of Statistics, cat no 2033.0.55.001 Socio-Economic Indexes for Areas (SEIFA), 2016

⁷ Australian Government Department of Education, Skills and Employment LGA tables

4 Project objectives and design

4.1 Objectives

The primary objectives of the project are to:

- ▶ Increase opportunities for value-add food manufacturing and processing, and intensive horticulture by removing uncertainty in the planning process and activating suitable industrial land.
- ▶ Provide sustainable economic growth and employment opportunities in the Moree region through economic diversification.
- ▶ Leverage the investment being made by the Inland Rail project to increase efficiency, connectivity and access of the freight and logistics industry in Moree to existing ports.
- ▶ Contribute to Close the Gap outcomes by working with the local Aboriginal community to create Aboriginal employment opportunities through a whole of government approach.

4.2 Design considerations

Project design considered several factors, including:

- ▶ Planned as a rural industrial environment that will accommodate both small and large developments in a rural low-density environment.
- ▶ Building on the solar energy potential of the region.
- ▶ The use of Connecting with Country guidelines to shape the master plan and partnerships with the indigenous community to activate Aboriginal owned land within the Moree SAP will create empowerment and self-determination for local Aboriginal people.

5 Options identification and assessment

5.1 Strategic business case

The Strategic Business Case (SBC) identified several core activations that would achieve the objectives of the Moree SAP. The SBC activation rationale for Moree SAP focused on catalysing the opportunities associated with the Federal Government's Inland Rail investment and Moree's strategic location along the rail line which is currently being constructed. In addition, the SBC identified existing barriers associated with limited funding and resources available from Moree Plains Shire Council (MPSC) to deliver key infrastructure projects that would accelerate regional economic development. Key activation options identified included:

- ▶ Common-user infrastructure to support the Moree Intermodal Park.
- ▶ Transport infrastructure including the East-West Connector, North-South Link and Inland Rail Overpass.
- ▶ Non-infrastructure solutions including streamlined planning approvals, regional development coordination and more suitable land use planning for the agricultural industry.

5.2 Final business case

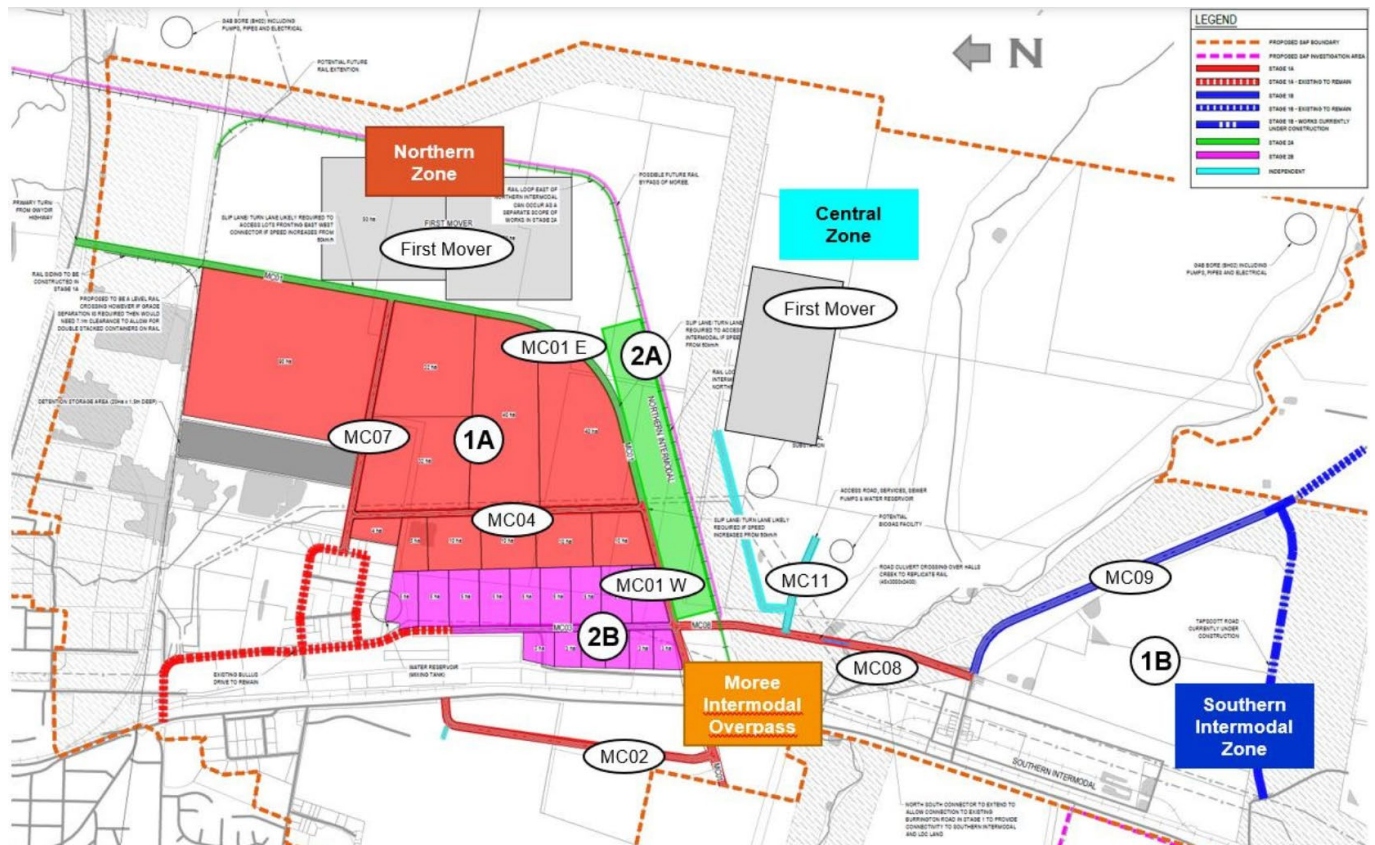
The non-infrastructure and infrastructure solutions were developed to address existing market failures and barriers to regional economic development and job creation. In addition to the base case and non-infrastructure option, three infrastructure project options aligning to the service needs identified earlier were developed as part of the FBC. Market sounding and investor attraction have driven the option selection process along with alignment to the service need for the SAP.

Staging

The concept design and staging developed the work done during the Moree SAP master plan. It was influenced by the expected timing of industry activation, proximity to existing infrastructure, biodiversity and other constraints associated with the Moree Local Aboriginal Land Council (LALC). It also considered the needs and timing of potential tenants who have shown immediate interest in establishing in the SAP (first movers).

The Moree SAP structure plan is broken up into seven land use zones and interfaces with the Newell Highway, Moree Regional Airport and Inland Rail.

Figure 6 Infrastructure Staging Diagram



Option O: Base case – do minimum

Reflects the current situation in Moree if the existing conditions were to continue to unfold without any intervention from the SAP program.

Option A: Non-infrastructure

The non-infrastructure solution is based on facilitating investment to provide the planning and concierge support to enable the SAP's engine industries. The non-infrastructure option includes:

- ▶ Master planning and government led studies to identify infrastructure needs and opportunities for industry specialisation, and to ensure land is used in the most effective and valuable way.
- ▶ Streamlined planning to shorten development application and approval timelines and provide greater outcome certainty.
- ▶ Business concierge to improve the coordination and effectiveness of investment attraction in SAPs as well as identify existing and future workforce skills requirements and gaps.

Option B: Infrastructure – core infrastructure activation (964 ha)

Option B activates the stages with imminent market need (first movers/southern intermodal) and the enabling trunk infrastructure necessary to establish the Moree SAP. This option corresponds with the works proposed in the concept design under Stage 1A (Northern Zone), 1B (Southern Intermodal Zone), and the Central Zone off accessed via road MC11.

Option B is the core enabling infrastructure scenario that activates or futureproofs all the regional enterprise areas outlined in the master planning process. Option B activates a total of 964ha of new land.

Option C: Infrastructure – strategic infrastructure activation (1,159 ha)

Activate Stages 1A, 1B, central zone and 2A (road only). Option C is incremental to Option B and includes the strategic road activation of the eastern portion of the proposed Moree township east-west bypass road. This option activates efficiencies in freight movement for the precinct and will be

fully optimised once the western portion (out of scope) of the east-west bypass road is constructed. Option C activates a total of 1,159ha of new land.

Option D: Infrastructure – structure plan activation (2,109 ha)

Activates Stages 1A, 1B, central zone and 2A. Option D is incremental to option C and includes the full construction of the northern intermodal rail loop and activation of the large-scale solar precinct to the south. Option D land and infrastructure activation is a long-term growth aspiration for the SAP and activates the full structure plan proposed. Option D activates a total of 2,109ha of new land.

Table 2 Summary of Moree SAP land-activating infrastructure options

Stage	First Mover	1A				1B		2A			2B	Independent	
Land	118 ha	351 ha				223 ha		195 ha			41 ha	390 ha	950 ha
Services (rds, water)	5.2 ha	58.4 ha				7.2 ha		13.8 ha			3.6 ha	5.9 ha	4.1 ha
Zone	North	North	North	North	Central	South	South	North	North	North	North	Central	South
Road / Feature	MC07	MC01 West	MC02	MC04	MC08	MC09	Inter-modal	MC01 East	Inter-modal	Rail loop	MC03	MC11	Solar
Option B	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✓	✗
Option C	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✓	✗
Option D	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓

Preferred option

Option B was the preferred option based on the assessment of infrastructure options undertaken during the options development process and the cost benefit analysis (identified in Section 6).

Stakeholder engagement

Engagement activities with key project stakeholders were undertaken as part of developing the SAP Program SBC, the Moree SAP Master Plan, the Moree SAP concept design and FBC; as well as through Regional Growth NSW Development Corporation (RGDC) engagement. Key stakeholders include:

- ▶ **Moree Plains Shire Council** - MPSC design standards were consulted during the development of the Moree SAP concept design. MPSC was involved in all key workshops, design reviews and decisions during the design phase.
- ▶ **Transport for NSW (TfNSW)** - engaged throughout the project via the master planning project control group, as an invitee to the Moree SAP Executive Strategy Group. Discussions with TfNSW were undertaken in developing the Moree SAP concept design for potential alternatives and interfaces and their requirements for intersection upgrades involving highways and potential level crossings of rail infrastructure.
- ▶ **Essential Energy** - discussions were undertaken with Essential Energy on requirements and staging of electrical upgrade works as part of the Moree SAP. Consultation is required in the next design stage for new electrical infrastructure requirements, including street lighting.
- ▶ **TransGrid** - engaged during the concept design to confirm existing substation capacity and upgrades required, ability to connect solar proponents and future planned network upgrades.
- ▶ **ARTC** - engaged throughout the project via the master planning project control group. ARTC was consulted during the concept design in relation to rail interfaces in the SAP. Continued engagement will occur via the MIO working group after Gate 2.

6 Cost and economic evaluation

6.1 Estimated costs

The total P90 capital cost of the preferred option is estimated in the range of \$146 million to \$178 million in nominal and undiscounted terms.

Total costs incurred throughout the operations phase of the asset, including lifecycle and replacement costs, are estimated to be \$25.4 million per year in nominal terms.

6.2 Evaluation

The economic appraisal parameters used in the (cost-benefit analysis) CBA follow the NSW Government Cost Benefit Analysis Framework for Special Activation Precincts and NSW Government Guide to Cost-Benefit Analysis (TPP17-03).

The benefits of the project are derived as a combination of labour and producer surplus which is informed by full-time equivalent (FTE) projections from CIE⁸ across expected industry profiles.

The benefits of the preferred option include:

- ▶ Direct benefit-producers (tenants)-producer surplus (business profits).
- ▶ Direct benefit-labour surplus-Wages.
- ▶ Direct benefit-government-additional State tax receipts.
- ▶ Direct benefit-producers-avoided planning costs.
- ▶ Indirect benefit-related markets – producers-additional producer surplus to suppliers / input markets.
- ▶ Indirect benefit-related markets – labour-additional wages from input markets.

The proposed options for the Moree SAP show a range of potential net economic impacts which scale with investment funding and land activated. Based on the assessment conducted, Option B represents the lowest risk opportunity to achieve the estimated returns. Option B is expected to return:

- ▶ 510ha of land take-up in 20 years from an available area activated of 964ha.
- ▶ 690 FTEs from ‘first movers’ and 2,610 total FTEs at full operations in 40 years.
- ▶ \$15 million present value (PV) of producer surplus to NSW.
- ▶ \$123 million PV of labour surplus.

⁸ Moree Technical Economics Study, The CIE (Volume 2, Report 4)

6.3 Outcomes of the analysis

The CBA results are summarised in Table 3 below. At a seven per cent discount rate, the preferred option returns a 1.31 benefit-cost ratio (BCR) and a positive net present value (NPV).

Table 3 Summary of the project's CBA

Option appraisal	Criteria	Preferred option
Economic appraisal (7.00% real discount rate)	NPV (\$ million)	37.9
	BCR	1.31

7 Deliverability

7.1 Procurement

The preferred model for the Moree SAP includes the procurement of one design consultant to undertake a reference design of all the enabling infrastructure. Depending on the final design and sequencing of the preferred infrastructure solution, the early works is proposed to be delivered by a Design and Construct (D&C) with the remainder of works to be delivered by a managing contractor:

1. Roads, utilities (early works) – expression of interest, followed by a select tender under D&C contract.
2. Roads, utilities, bores, rail, basins – expression of interest, followed by a select tender under managing contractor package.
3. Bridge structures (Moree Intermodal Overpass) – expression of interest, followed by a select tender under a D&C contract (or may be combined with item 2 under large managing contractor package).

The preferred procurement model will be further refined to align with key milestone and transition hold points between Gate 2 and Gate 3. It is also noted that RGDC would require procurement assurance by an accredited government agency (delivery partner) to engage the managing contractor.

7.2 Timeframe

At the time of the business case, construction of the preferred option was planned to be completed by June 2025 with asset handover in December 2026.

7.3 Key risks and mitigation

Table 4 summarises the most significant risks identified for the project and mitigation strategies.

Table 4 Project risks and mitigation strategies

Key risk	Mitigation strategy
Business take-up / precinct activation is less than anticipated and forecasted in the FBC.	▶ Increase focus and reach of investment attraction and business concierge activities by NSW Government and RGDC including networks with Council and industry peak bodies. ▶ Undertake market sounding and engagement with targeted industries likely to expand and/or establish in the SAP. ▶ Implement enabling infrastructure, streamlined master planning and investment attraction processes to attract businesses to precinct. ▶ Develop land in alignment with anticipated precinct demand.
Delivery mobilisation schedule slippage associated with transition from FBC by DPIE to delivery by RGDC.	▶ Include RGDC/delivery partner in the SAP governance and in the development of the FBC and master plan. ▶ Colocation key resources during project handover. ▶ Initiate recruitment and resourcing prior to finalisation of FBC. ▶ Initiate partnering agreements between RGDC/delivery partner prior to finalisation of FBC.

Key risk	Mitigation strategy
Detailed design P50 cost estimate and/or construction tendered price is greater than budget allocated to RGDC to deliver the SAP.	▶ Undertake further design and delivery staging refinement including value engineering in consultation with delivery partners. ▶ Develop a robust change management process that articulates the necessary processes and delegations of approval for changes. ▶ Investigate options for further refinement of staging as part of preliminary design/detailed design. ▶ Stage the release of design and construction tenders for the services infrastructure items to support budget control. ▶ Investigate options for incentivising the design and construction tenders for the services infrastructure. ▶ Utilise Project Assurance Framework Gates to support investment decisions and funding requests through SHLF Steering Committee.
Negative community sentiment around types of businesses (and related impacts) proposed and/or locating in the SAP.	▶ Robust messaging around the impacts and benefits of certain low amenity businesses being in a specific location within the precinct.
Compound infrastructure projects in region causing impacts for same stakeholder across several projects, construction/consultation fatigue and legacy engagement issues.	▶ Undertake a partnering approach to stakeholder engagement with related projects in the region. ▶ Clear, concise, and transparent communications and engagement processes that the community understands. ▶ Planning of engagement and project activities with consideration of the activities of adjacent projects and their impacts.
Vision and aspirations of the SAP are not achieved.	▶ Develop a robust change management process that articulates the necessary processes and delegations of approval for changes. ▶ Maintain flexibility in the master planning and delivery staging to adjust infrastructure delivery to support businesses. ▶ Support businesses through RGDC business concierge activities. ▶ Implement enabling infrastructure, streamlined master planning and investment attraction processes to attract businesses to precinct. ▶ Develop land in alignment with anticipated precinct demand.
Interface between two or more contractors undertaking construction works within the same geographic area.	▶ During the tender process, provide the opportunity for open discussions and/or interactive sessions between interfacing contractors prior to the finalisation of contracts, so that interface arrangements can be optimised. ▶ Investigate the suitability of establishing a temporary interface committee including a mix of lead representatives from the contractors responsible for project delivery.

8 The Infrastructure NSW view

Consistent with the NSW Government's Infrastructure Investor Assurance Framework, Infrastructure NSW routinely assesses business cases and provides advice to Government on the efficacy of their findings.

In October 2021, Infrastructure NSW conducted a review of the Moree Special Activation Precinct (SAP) final business case (FBC).

In Infrastructure NSW's view, the FBC demonstrated:

- ▶ The preferred option (option B) of the Moree SAP enabling infrastructure is clearly articulated and evaluated against the project need and objectives.
- ▶ That Moree SAP will deliver economic benefits including an estimated \$123 million for direct labour surplus benefits to SAP workers.
- ▶ Comprehensive masterplanning including an enquiry by design process has been undertaken with the Moree community including meaningful engagement with the local Aboriginal community to inform the preferred option.
- ▶ A structured governance approach has been established across the SAP program including the Moree SAP Governance Framework.

Infrastructure NSW recommended that a whole-of-government approach is needed to address local workforce participation targets to deliver the economic and job creation outcomes.

The business case summary has been prepared by Infrastructure NSW, in accordance with NSW Treasury's Guidelines for Capital Business Cases. It is based on the approved final business case and does not address any subsequent changes to the project.