Delivering customer-focused, efficient and secure port services:

Upgrade and expansions of Oldtown Port

EASTERN PORT AUTHORITY

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| Context | What is the compelling reason this investment should be considered further? |
|  | Growing and changing demand from critical local industries cannot be met by the ageing and inadequate facilities of Oldtown Port. Importers and exporters are incurring costly delays in cargo and freight movements, inhibiting the efficiency of their operations and the wider economic prospects for the region, particularly in the expanding mineral sands and renewable energy sectors. Capacity constraints at the port are compounded by congested port access roads which are slow, dangerous, and do not adequately segregate local and port traffic. Inadequate precinct security is further undermining the port’s viability. |

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| Cost | What are the likely costs of this investment? | Cost (range) |
|  | Modernisation of port facilities and services | $60-90 mi |
|  | Road and rail access improvements | $35-50 mil |
|  | Security infrastructure and services upgrade | $5-10 mil |
|  | **Investment Total** | **$100 – 150 mil** |
|  | What are the likely net incremental operating costs (pa), if significant? |  |
|  | Operational costs | Not significant |

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| Time | What are the expected timeframes for the key deliverables? | Time from funding |
|  | Security upgrade completed | 12 mm-14mm |
|  | Road by-pass construction completed | 24mm-28 mm |
|  | Existing wharves and port infrastructure upgraded and extended | 40mm-48mm |
|  | New land acquired and zoned for future expansion | 44mm-48 mm |

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| Risks | What are the primary risks to the success of this investment delivering the benefits? (H, M, L)  Complexity of implementation results in cost and time overruns  Upgrade insufficiently flexible to respond to future demand/industry shifts  Adverse impact of upgrade on existing operations is underestimated  Zoning for port expansion land not obtained | Risk |
|  | M |
|  | H |
|  | M |
|  | H |

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| Dis-benefits | What negative impacts are likely to occur by successfully implementing this solution? (H, M, L)  Long term growth of Newtown Port will be constrained  Increased maintenance and asset liability for Eastern Port Authority | Impact |
|  | M |
|  | M |
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| Inter | What external conditions are critical to the success of this investment? (H, M, L) | Criticality |
| Dependencies | Alignment with State key transport and economic policies. | H |
|  | Continued growth in freight volumes | H |

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| Policy | What is the primary policy to which this investment will contribute? |
| Alignment | Regional Economic Development Policy; Value creation and Capture Framework |

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| Managing Uncertainty | What are the main uncertainties in the external operating environment which may affect the investment’s future benefit delivery? |
| Impacts of climate change on agriculture production, performance and reliability of port systems and infrastructure  Shifts in international demand on local agricultural production and volumes expected to be exported  Timing and locational uncertainties relating to Government’s long-term requirements for a new, additional commercial port in the state impact the future demand for an expanded Oldtown port |
|  | Is a real options workshop required during business case development?  Yes, real options analysis is required to consider whether significant short-medium term investment in Oldtown Port services will be impacted in the event that a second commercial port is established in the state in the long term, recognising current uncertainty about the likely timing and location of a second port. Additionally, examination of opportunities to increase flexibility in staging and procurement. |

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| Investor | Who is the senior person who will ultimately be responsible for delivering the identified benefits? | | | |
|  | Jane Grey | CEO Eastern Ports Authority | Signature | dd/mm/yyyy |