



Incorporation No. INC9878705

A community group opposing the Port Botany expansion.

Thursday 7 June 2007

Submission to:

IPART Review of the Interface between the Land Transport Industries and the Stevedores at Port Botany

Independent Pricing and Regulatory Tribunal

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Introduction

Thank you for providing the opportunity to make a submission to the Review of the Interface between the Land Transport Industries and the Stevedores at Port Botany that the Premier, Morris Iemma, has called for to obtain an understanding of the issues, impact and implications of the inefficiencies of Port Botany and the processing of containers.

Save Botany Beach Position

Save Botany Beach was formed in 2002 to lobby and act in opposition to the proposed Port Botany expansion. It is a non-political group with membership made up of residents, family and friends and represent the largest stakeholder—the community.

Save Botany Beach believes the Premier's instigation for this IPART review may be another tactic to avoid the major issues impacting on the Port Botany operations, and we question why the NSW Government continues to push ahead with the proposal to expand Port Botany and increase its capacity when there is a current lack of appropriate road and rail infrastructure to support the current Port activities.

Save Botany Beach believes Port Botany is already at capacity and the NSW Government needs to manage container trade with a 'Whole of State' approach to spread the impact and benefits for both city and regional areas. Save Botany Beach also believes it is economically, environmentally and socially irresponsible for the NSW Government to expand Port Botany with a third terminal and seeks the NSW Government to review its decision to expand Port Botany and implement its NSW Ports Growth Plan which states, " When Port Botany reaches capacity Newcastle will be developed as the next major NSW port".

However, the NSW Government has never stated what the Port Botany capacity is and the NSW Government's decision to concentrate everything at Port Botany will continue to have dire consequences for Sydney.

Save Botany Beach is opposed to the proposed expansion due to its ongoing detrimental impact of the environment and ecology of Botany Bay from dredging the Bay as well as the various other negative impacts including the increase in noise pollution, air pollution with the release of fine diesel particles from container trucks, traffic congestion, hazard risk the loss of the use and enjoyment of Botany Beach and the affected area of Botany Bay.

NSW Government Proposal

On May 31 this year, the Premier Morris Iemma announced his Government's plans to upgrade the freight rail line from Port Botany, develop container intermodals in Western Sydney, as well as increasing the percentage of containers being transported by freight rail to 40%, as the NSW Government's answer to alleviating container truck congestion on Sydney's choking arterial roads which Save Botany Beach believes will create no improvement while the Premier intends to bulldoze ahead with the proposed Port Botany expansion to increase throughput at Port Botany to 3.2 million containers per annum.

Increasing the level of containers being transported by rail from the current 20% to 40% will still result in a 200-300 % increase in containers being transported by container trucks through Sydney's arterial roads that are already at capacity.

The NSW Government states that container trade at Port Botany is increasing by approximately 7% per annum. But if the 60 ha third terminal goes ahead the NSW Government states it will increase the port capacity by 1.6 million containers per annum to over 4.2 million containers per annum—a 300% increase on current container throughput. Although the proposed port expansion only has approval to process 3.2 million containers per annum it only takes the signature of the NSW Planning Minister to approve an increase.

There is a very real scenario that could see the 60 hectares Port Botany expansion being created with Patrick's as the only viable stevedore in a position to occupy, develop and operate it. With no competition, there could be very little financial return to the NSW taxpayer. In time, the NSW Government could also authorise an increase in the container capacity of up to 6 million containers per annum that would be unacceptable.

Save Botany Beach believes the expected increase in NSW container trade needs to be addressed in a number of ways including;

- contractual arrangements for the quota of containers being processed by the incumbent Port Botany stevedores, DP World and Patrick's (Toll Holdings), that does not exceed their combined total capacity of 2.6 million containers per annum
- provide the appropriate budget, including the \$700M+ allocated for the Port Botany expansion, in conjunction with the Federal government AusLink funding, for the development of;
 - appropriate road and rail infrastructure to support Port Botany
 - the completion of the freight rail line between Maldon and Dombarton to support freight between Port Kembla and Western Sydney
 - the upgrading of the freight rail line between Newcastle and Western Sydney

- create the road link between Foreshore Road and Hale Street, Botany, to enable the transport depots to greatly reduce the number of container trucks on Botany Road
- develop Port Newcastle as per the NSW Ports Growth Plan

Infrastructure

The NSW Government needs to address the lack of appropriate road and rail infrastructure to support the current Port operations, Sydney's increasing population, the increased activity at Sydney Airport and the urban developments around Alexandria/Green Square, let alone the forecasted 7% annual increase in container trade, which will all gradually lead to Sydney being gridlocked—yet the NSW Government is planning to triple Port Botany capacity.

These facts are supported in the recent release of the AusLink study of Sydney's Urban Corridors which shows that total vehicle trips are expected to increase by around 50 per cent over the next 20 years. It found that in 2001 there was an average of more than 9 million daily vehicle trips. The report says that figure will escalate to 12.5 million by 2026.

Port Botany Capacity and Expansion Construction

At present DP World and Patrick's process about 1.4million TEU's (twentyfoot equivalent units) per annum with 80% transported by trucks and 20% by rail. The proposed 60 hectares expansion will provide extra capacity to process 1.6 million containers per annum increasing the combined capacity to 4.2 million containers per annum. These figures are excessive and would have a massive impact on the surrounding arterial roads that are currently at 100% capacity now. However, the NSW Government's long-term vision includes larger trucks like super B doubles on Prince Highway, Foreshore Rd, King Georges Rd, the M5 etc.

Also, there is a need to understand the potential impact from the deal between the NSW Government and Patrick's of which Patrick's was offered an 18 hectares option on any expansion of Port Botany to vacate Darling Harbour prior to the Sydney 2000 Olympics. Save Botany Beach believes there are a number of major implications for the port expansion, the NSW Government and the NSW taxpayer depending on Patrick's decision to exercise its 18 hectares option or not.

Another important factor at this point in time is the successful tenderer for the "design and construct" of the Port Botany 60 hectares third terminal footprint which is due to be announced and the contract signed in July 2007.

The NSW Government is also progressing the port expansion against any sound commercial development principles by planning to construct the third terminal footprint prior to securing contracts with a stevedoring company to develop and operate a third terminal on the 60 hectares footprints.

As both DP World and Patrick's have been excluded from tendering for the development and operation of the third terminal footprint, the Port Botany expansion is looming as another NSW Government infrastructure debacle. If there were any need for the port expansion surely there would be signed contractual agreements in place to guarantee surety of tenure before the first sod of valuable seagrasses are destroyed.

Background

The Sydney Ports Corporation's original Development Application was for a \$500M NSW taxpayer funded 60 hectares expansion stating that as of 2000/2001 Port Botany was processing approximately 1 million containers per annum and if it continued at its current average increase of 7% per annum in container trade it would reach capacity by 2015. The SPC said the 60 hectares expansion would cater for 3.2M containers per annum and would reach capacity by 2025.

The NSW Government's push for the port expansion will require the expenditure of over \$700M of NSW taxpayer's money to create a 51 hectare third terminal (with 4 shipping berths) by dredging 7.5 billion cubic metres of Botany Bay seabed to increase the port's current processing of 1.4m containers per annum to 3.2 million containers per annum. A further 10 hectares (5th shipping berth) is also planned.

The NSW Government has approved the port expansion without contracting a stevedoring company to develop and operate the third terminal, there is no business plan or transport strategy. In making its decision, the NSW Government disregarded the proposals by P&O (DP World) and Patrick's (Toll Holdings) to self-fund the upgrading of their current Port Botany operations and saving NSW taxpayers money. The incumbent stevedores upgraded Port Botany facilities will have the capacity to process 2.6 million containers per annum, without dredging Botany Bay.

During the Commission of Inquiry (COI) DIPNR's submission recommended a smaller expansion. The Commissioner's Final Report recommended a maximum expansion between 30-35 hectares after considering the incumbent stevedores submissions because the expansion would only need to provide a capacity for 600k containers per annum when combined with the incumbent stevedores upgraded 2.6M capacity.

On October 14, 2005 Premier Morris Iemma announced that his Government would ignore the COI recommendations and bulldoze ahead with a 51 hectares Stage 1 expansion. He then employed an 'Expert Panel' to consider a Stage 2 expansion and recommend which of the 3 proposed options is preferred. The Panel wasn't to consider if a Stage 2 expansion was required, but to recommend which of the 3 proposed options was to be built.

The Expert Panel advised on a 10 hectares expansion to adjoin the western end of Stage 1 that gave the SPC and the NSW Government what it wanted—a 60 hectares port expansion that is plans to develop in one stage costing over \$700M+ of NSW taxpayer's money. A decision made by the NSW Government hiding behind its 'State significant' legislation.

The 60 hectares expansion will create a total capacity of 4.2 million containers per annum when combined with the incumbent stevedores 2.6 million capacity. Although Port Botany, and its expansion, has only been approved to process 3.2 million containers per annum. However, the current IPART Review of the Interface between the Land Transport Industries and the Stevedores at Port Botany Terms Of Reference are already referring to 3.9 million containers by 2025.

Safety Concerns and Increased Hazard Risk and Impact on Nearby Residents

Safety concerns have also be raised in regard to the impact on the Sydney Airport radar system from the proposed Port Botany expansion at the large container ships that would be manoeuvring and docking at the third terminal adjacent to the third runway.

The development will be expanded west to within 450 m of residential homes placing these homes within a "hazard zone" increasing the risk to local residents. This hazard risk was highlighted in the Botany Bay City Council's submission to the Port Botany Commission of Inquiry. With the expanded ports new proximity to residential properties, and its 24/7 operational hours, it will create excessive noise and light pollution with the potential to cause sleep deprivation. The operations will also have a negative impact on residential property values. The NSW Government has not proposed any type of compensation for people residing in the area to provide their homes with noise/soundproofing e.g. double-glazing, insulation, air-conditioning etc.

Industry Stakeholder Concerns

Apart from the above-mentioned issues that call into question the need, or urgency, for the proposed Port Botany expansion, there were a number of issues raised by industry stakeholders during a Freight Forum at the Sydney Transport Summit on 3 & 4 August 2006.

Mr Peter Sinclair, Director Landside Logistics P&O Ports ANZ, questioned the need for the proposed Port Botany expansion. He explained there is an urgent need to upgrade the freight rail lines to increase the number of containers moved by train to alleviate the current congestion. Mr Sinclair said; "The current congestion at Port Botany is mainly due to containers remaining on the wharf for an average of 3.5 days compared to its operations at Port Brisbane with a 1.5 days average". Mr Sinclair also raised concern of the increased carcinogenic fine diesel particles that will be emitted from another 2000 container trucks each day.

The issue of increased carcinogenic fine diesel particles from container trucks was also raised by Mr Geoff Farnsworth, Chairman, Sea Freight Council of NSW Inc. He was highlighting the impact of the NSW Government's decision to switch the location to receive new motor vehicles from Sydney Harbour to Port Kembla. With the new vehicles transported on 150,000 trucks per annum back to Sydney where the major car dealerships are located.

Mr Simon Barney, General Manager Commerce & Logistics, Sydney Port's Corporation (SPC) also revealed that the forecasted 7% per annum increase in container trade has been downgraded to increase by about 4% per annum.

Questions of the NSW Government

When scratching beneath the surface there are some serious questions that need to be raised in regard to the NSW Government's decision to bulldoze ahead with the proposed Port Botany expansion, such as;

1. Does the NSW Government acknowledge that by the SPC signing the contract to build the new Port Botany terminal before getting a committed operator it may get no return or value from \$700m of taxpayers money?
2. Does SPC have the legal right to dredge and build a new port terminal in Botany Bay beyond the current Port boundaries?
3. Will SPC finalise the contract for the Patrick's 18 hectares option before committing to building those 18 hectares?
4. If Patrick's does not exercise its 18 hectares option then is the NSW Government going to reduce the size of the Port expansion to be constructed before signing a construction contract?
5. As the Patrick's 18 hectares option is approximately 30% of the 60 hectares expansion, its development would have an approximate cost of \$230M of the estimated \$700M. Is this option a \$230m gift to Patrick's or what actual return will NSW taxpayers get from Patrick's if the Government builds the 18 hectares for them?
6. If Patrick's does exercise its 18 hectares option, and if the NSW Government doesn't secure a third operator to develop and operate the remaining 42 hectares which are being built adjacent to Patrick's, will this leave Patrick's as the only stevedore in a position to place a bid? And if so, as this will put Patrick's in a financially favourable position, how is the NSW Government going to entice Patrick's to make any offer when it has just upgraded its current Port Botany operations at a cost of over \$220M?
7. What government assistance is going to be provided to local residents living in Botany/Banksmeadow whose lives will be disrupted by the continuous Port Botany related noise and light (evenings)?
8. What is the NSW Government planning to do to compensate local residents living in Botany/Banksmeadow whose properties will be placed within 450 m of the Port Botany expansion and within a Hazard Zone identified as a major concern by Botany Bay City Council in its submission to the Port Botany Commission of Inquiry?
9. With the NSW Government's recent reputation for its gross economic mismanagement and the inability to plan and fund appropriate infrastructure following on the back of a number of debacles including the Cross City Tunnel, Sydney Airport Rail Link, the M5, M2 and the Lane Cove bypass etc, why is it so determined to bulldoze ahead with a port expansion twice the size of that recommended by the COI?

Summary

The Premier's decision to undertake the IPART review is welcome and Save Botany Beach hope that all stakeholders make submissions to highlight the inefficiencies of the current Port Botany operations and that a positive outcome is forthcoming from the recommendations, however, Save Botany Beach believes the Premier is ignoring the need to manage container trade with a "Whole of State" approach and concentrating everything at Port Botany with the proposed expansion equates to economic, environmental and social mismanagement and is being bulldozed ahead without any sound commercial development processes and contractual arrangements.

There is a definite need to review the NSW Government's decision to expand Port Botany. The combination of DP World and Patrick's self-funded upgrade providing them with a capacity of 2.6M containers per annum without dredging Botany Bay and saving over \$700M of NSW taxpayer's money, the lack of appropriate road and rail infrastructure to support the current container trade of approximately 1.4 million containers per annum, with the major arterial roads around the port and Sydney airport at capacity as well as an expanding Sydney population will see Sydney choking and the traffic at gridlock as well as the lack of contractual arrangements with a stevedore to develop and operate the third terminal before the actual design and construction of the 60 hectares footprint.

Premier Morris Iemma seems to replace appropriate commercial business planning and development practices with a 'win at all costs' attitude as the excuse to expand Port Botany. This attitude is reflected the NSW Government's media release of October 14 2005 (available at: http://www.planning.nsw.gov.au/mediareplan/fs20051014_252.html).

Conclusion

Again, thank you for providing the opportunity for Save Botany Beach to make this submission to the IPART Review and anticipate the content will provide the review committee with a better understanding of the various issues related to the current Port Botany operation and the expected impact of the proposed port expansion and Save Botany Beach trusts that the content will be given serious consideration.

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