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Damian Colclough  
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Freight Industry  
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Dear Mr Colclough,

## **NSW Draft Freight and Ports Plan**

Thank you for providing NSW Ports with the opportunity to comment on the draft NSW Freight and Ports Plan (the Plan). NSW Ports is responsible for managing the port and freight assets of Port Botany, Port Kembla, the Cooks River Intermodal Terminal and the Enfield Intermodal Logistics Centre. These assets, along with the efficient movement of freight to and from these assets, are critical to the future economic growth, liveability, productivity and sustainability of Sydney and more broadly, New South Wales and Australia.

As the population of Sydney grows, so too does the freight task. Figure 1, below, demonstrates the historical and future growth of Sydney's population and the corresponding projected growth in container trade. This growth is a reflection of both the changing nature of consumerism and globalisation as well as historical structural changes to the manufacturing capacity of Greater Sydney.

NSW Ports supports the need for strategic policy directions and focused outcomes within the Plan, in particular the need for a transport system that grows the economy through the efficient movement of freight throughout the State. This submission is made with consideration to the five Objectives of the NSW Ports 30 Year Master Plan, which are summarised in Figure 2. These Objectives drive the advocacy and decision making of NSW Ports in order to provide for sustainable trade growth.

Specific actions, policy directions, and infrastructure projects are required in relation to addressing the growing freight task. NSW Ports believes that the Plan should provide greater strategic policy direction, including policy consistent with the Greater Sydney Region Plan, around the importance of protecting freight and port infrastructure.

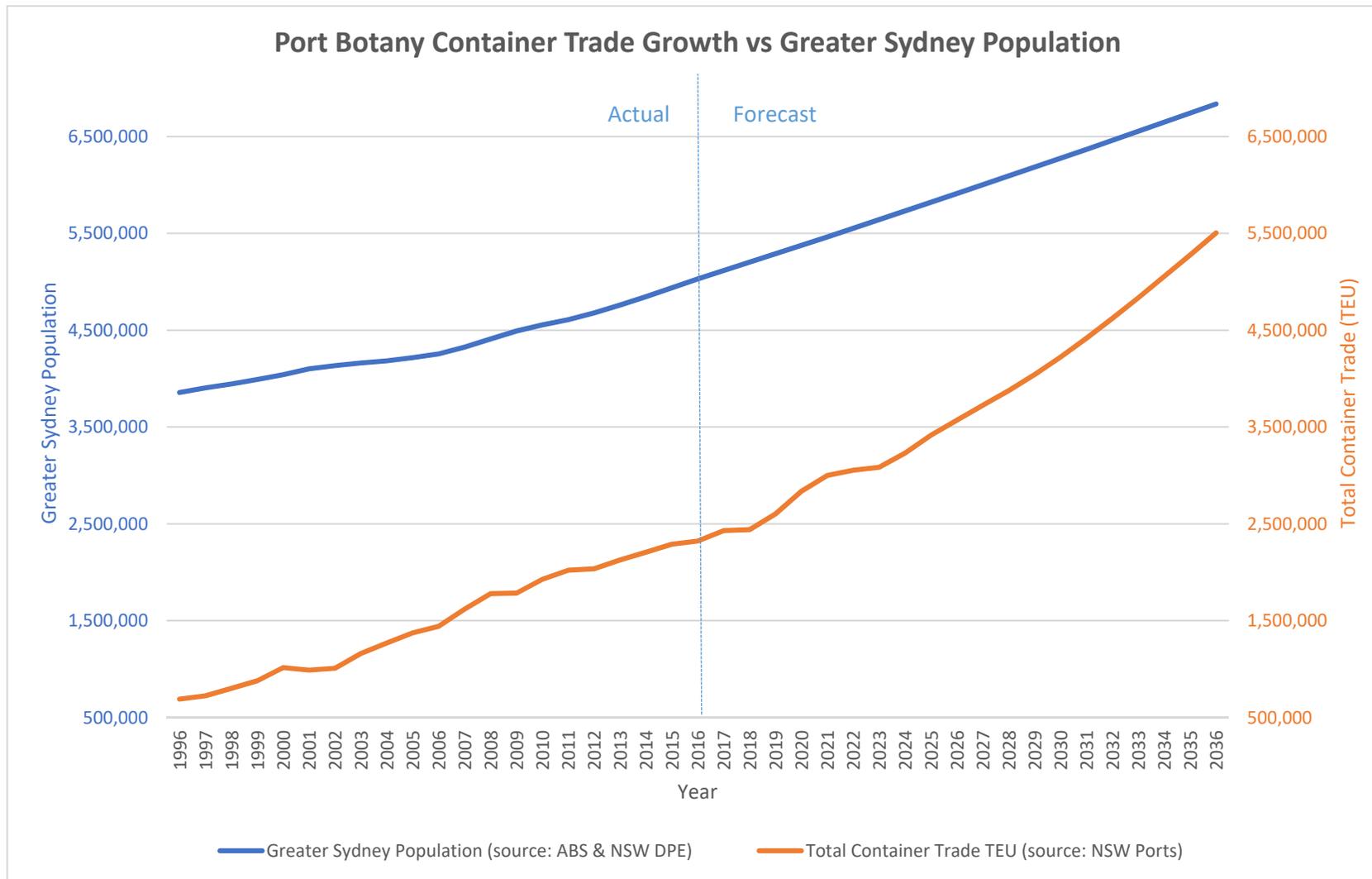


Figure 1 – NSW Ports Forecasted Port Botany Container Growth vs Greater Sydney Population

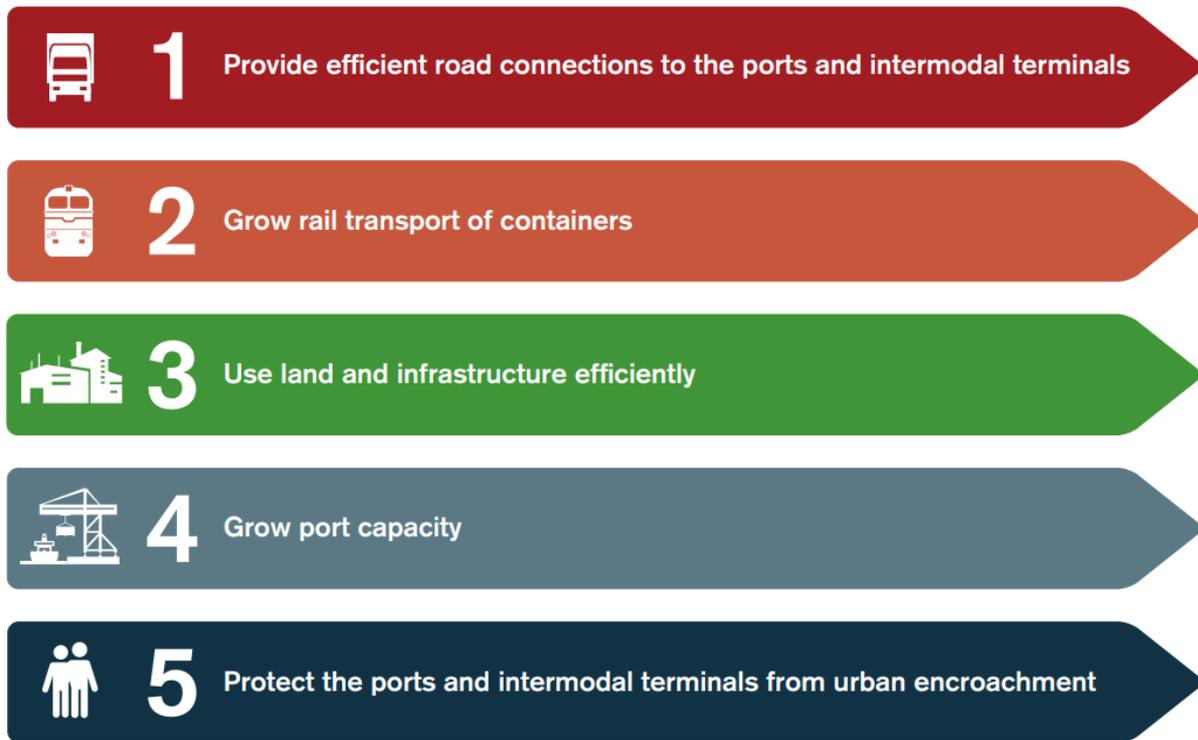


Figure 2 - NSW Ports 30 Year Master Plan Objectives

## 1. Forecast Trade Growth

NSW Ports undertakes regular trade forecasting and has done so since its inception in 2013. This trade forecasting informs the required policies and projects that NSW Ports believes are crucial in servicing the freight needs of NSW in to the future.

The figure below shows a high level summary of the freight throughput forecasts of NSW Ports to 2045. These forecasts are developed through external sources using historical data and trends and have proven accurate on a year-to-year basis to date. NSW Ports uses these forecasts for its strategic planning decisions and it is within the context of these forecasts that this submission is made.

### 30 year trade forecast (combined trade through Port Botany and Port Kembla)

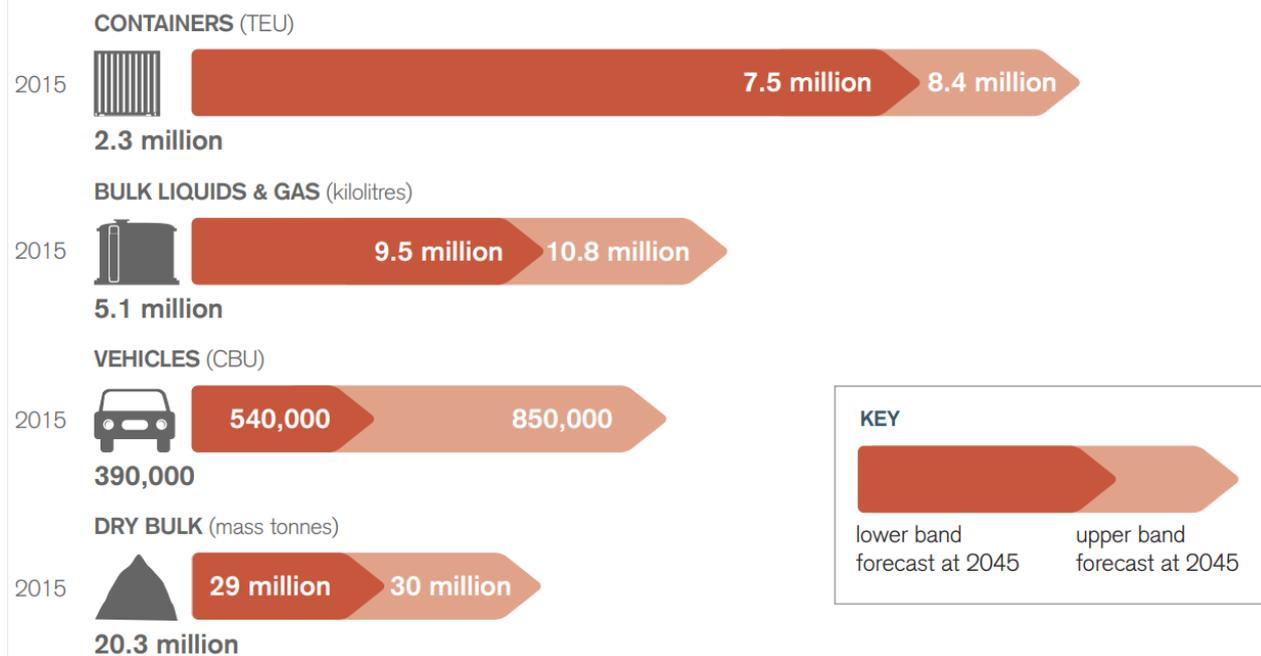


Figure 3 - NSW Ports Forecast Trade Growth (2045)

## 2. Policy Directions

It is essential that the Plan is the primary document for freight and ports policy in NSW. To that end, the Plan should set specific policy directions for decision makers in the State. This should be policy that provides guidance to land use planners, strategic planners, rail and road regulators, and in to the budget process. NSW Ports highlights the below policies which should be identified and addressed within the Plan in order to assist with the growth of freight in the State and in order to maintain high levels of livability as the population continues to increase.

### Relationship with the Greater Sydney Region Plan

On 18 March 2018 the Greater Sydney Commission released the final *Greater Sydney Region Plan* providing the strategic planning directions for Sydney. The *Greater Sydney Region Plan* was informed through extensive consultation with stakeholders and includes key policy positions that NSW Ports believes are vital for the ongoing sustainable growth of freight in Sydney.

These policies should be reflected in the Plan and repeated where necessary as they relate directly to freight and ports and provide strategic certainty around certain elements in the supply chain. In particular, NSW Ports would seek for the following policies to be reinforced through the Plan:

- providing buffer areas to nearby activities that are sensitive to emissions from 24-hour port and freight functions such as residential uses
- protecting industrial lands for port, intermodal and logistics uses from the encroachment of commercial, residential and other non-compatible uses which would adversely affect industry viability to facilitate ongoing operation and long-term growth
- requiring sensitive developments within the influence of port and airport operations to implement measures that reduce amenity impacts
- improving communication of current and future noise conditions around Port Botany, airports, surrounding road and rail networks, intermodals and supporting private lands
- identifying and preserving land for future port and airport, intermodal and rail infrastructure
- preventing uses that generate additional private vehicle traffic on roads that service Port Botany and Sydney Airport such as large scale car based retail and high density residential, to reduce conflicts with large dangerous goods vehicles (for example, Foreshore Road and Denison Street, Banksmeadow)
- the protection of all industrial zoned land in the Eastern Harbour City
- a review to confirm protection or transition of industrial land in the Central River City
- the protection of existing, and review of potential future, industrial land in the Western Parkland City

### Operational Flexibility

Land use planners in NSW require policy guidance when making freight and port-related development decisions. The operations of the freight supply chain have a high exposure to commercial forces that have real impacts on the State. For instance, the movement of a container from Port Botany by either road or rail is an economic decision (i.e. which mode provides greatest value for money). Further, consumer expectations have changed in the last 10 years around delivery timeframes for online orders and the availability of time-sensitive freight such as fresh produce. To this end, it is essential that operational flexibility be considered for rail freight terminals and freight infrastructure in order to allow for operations to compete with a purely road based solution and to address the changing nature of consumerism across the globe.

Consent authorities attempt to enforce the movement of freight by rail through the Conditions imposed on a particular development. In reality, if there is no operational flexibility for intermodal operators or warehousing located adjacent to an intermodal terminal, then the ability to attract tenants is therefore restricted and the ability to move freight by rail is restricted as a result.

**Suggested policy position:** *Consent authorities should allow for operational flexibility in Conditions applying to freight infrastructure to ensure the establishment and viability of intermodal terminals in order to position them as a competitive commercial option. Examples would include allowing freight to move to and from a rail terminal by truck and the identification that warehouses at an intermodal may operate as a warehouse and not necessarily exclusively as an extension of the intermodal itself.*

## Port Kembla as the next Container Port

Strategic planning for ports and freight infrastructure is a long term task. The Port of Port Kembla has long been slated as the next container terminal for NSW once Port Botany reaches capacity. Development approval for a container terminal in Port Kembla has been received in anticipation for such a need and strategic planning in NSW has long slated its requirement. The following excerpts indicate the ongoing strategic planning of the State for containers to be handled at Port Kembla as the next container port:

*“The innovative University of Wollongong is driving the growth of new knowledge based industries while Port Kembla is diversifying into containerised trade and car importation.”*

NSW Premier’s Department (November 2006) NSW State Plan: A New Direction for NSW (pg.153)

*“Improvements across existing road and rail networks will also unlock greater capacity and performance to meet increasing demands over the next twenty years: ... Outer Harbour Expansion at Port Kembla”*

NSW Government (December 2012) NSW Transport Master Plan 2012 (pg.245)

*“Port Kembla has been identified as the location for the development of a future container terminal to augment the capacity of Port Botany when required.”*

Transport for NSW (November 2013) NSW Freight and Ports Strategy (pg.117)

*“Once Port Botany reaches capacity, Port Kembla will become NSW’s second container port, in addition to continuing to accommodate an increasing number of bulk exporters and motor vehicle imports.”*

Infrastructure NSW (November 2014) 2014 State Infrastructure Strategy Update (pg.57)

*“Logistics-related industry is predicted to grow in the region as the port of Port Kembla expands into containerised trade and other exports.”*

Department of Planning and Environment (November 2015) Illawarra Shoalhaven Regional Plan (pg.17)

*“By 2056, the state will be served by two high performing container ports, with Port Botany and Port Kembla servicing our growing population centres. Integrated road and rail logistics chains supported by intermodal terminals and dedicated, high performing freight pathways will connect the city and regions.”*

Transport for NSW (October 2017) Draft Strategy – Future Transport 2056 (pg.23)

*“When Port Botany reaches capacity, Port Kembla will need to support servicing the containerised freight needs of Greater Sydney.”*

Infrastructure NSW (February 2018) State Infrastructure Strategy 2018-2038 (pg.127)

Sydney and NSW will need a second container port in the future and Port Kembla is strongly positioned to service this need. The work of the Greater Sydney Commission has strengthened the role of the Western Parkland City and this has been further emphasized by the Australian and NSW Governments, together with eight local governments of Western Sydney, signing the Western Sydney City Deal on 4 March 2018. The investment committed to in Western Sydney including the development of the Aerotropolis in the south-west, positions the region as one of growth for the next twenty years.

With the identification of the outer orbital for Sydney and the protection of this corridor, there will be a direct route from Port Kembla to the Western Parkland City. This serves to highlight the important role that Port Kembla will play in serving the freight needs of Sydney and the State as a container terminal.

It is important that the Plan reinforces the role of Port Kembla as the next container port for NSW so that investment decisions for freight infrastructure and corridor protection can be made with consideration to meeting the needs of the State and Western Sydney. This would be consistent with existing policy positions in NSW and will allow for certainty for freight infrastructure investment.

**Suggested policy position:** *Port Kembla will be developed as the next container port serving the freight needs of Sydney and NSW.*

### Urban Encroachment

Urban encroachment presents one of the biggest risks to port operations and the freight network as a whole and this is identified within the draft Plan as it currently stands. Inappropriate development has continued to occur within the vicinity of Port Botany and the freight routes that service it despite submissions and objections from NSW Ports to historic strategic plans and specific development applications and planning proposals. Policy direction is needed for consent authorities around the appropriateness of rezoning land and developing land in close proximity to freight infrastructure given the potential implications of land use conflict.

The draft Plan states Transport for NSW's commitment to "*look at strategies to address urban encroachment*". NSW Ports is of the opinion that a final Plan should be providing the actual strategies to address urban encroachment – the issues and implications are already well known and guidance and policy is now required. This could include the implementation of a development overlay in the form of a contour similar to the protections for the Airport.

As discussed above, the Greater Sydney Commission has already provided policy around the issues of urban encroachment, however these only apply to the Sydney Metropolitan Area. Where relevant, these policies should be extended, particularly to the Wollongong LGA and the area surrounding Port Kembla, to avoid making similar mistakes and to allow Port Kembla unencumbered opportunity to develop to allow for the sustainable growth of freight.

Further, the Plan should provide policy around educating the community moving in to an area that may be impacted by freight infrastructure. An appropriate method may be through the reporting of freight growth in the area in Section 10.7 (formerly s149) Certificates.

**Suggested policy position:** *Section 10.7 Certificates issued by Councils should note freight routes (including heavy vehicle routes and freight rail routes) and note that the freight task will continue to grow.*

### High Productivity Vehicles (HPV)

Since 2012 several carriers have had permits to operate HPV's (either Super B-Doubles or A-Doubles) at 72.5 Tonne (T) Gross Vehicle Mass (GVM), for a Quad / Tri axle combination or 77T GVM for a Quad / Quad axle combination to and from Port Botany. The 72.5T limit fails to achieve the full potential of these combinations to work to their maximum GVM capability of 109T (4 TEU / 2 FEU).

In 2013 TfNSW permitted an increase GVM to 109T for all trucks operating within the southern side of Port Botany only. This decision did not extend to the northern side of Port Botany or the roads connecting the northern and southern parts of the Port.

NSW Ports is fully supportive of the increase in freight mode shift from road to rail however the HPV permits are still, and will always be required to service warehouse precincts that are unserviceable by rail – especially those in close proximity to the port. The HPV combinations also provide industry with the best possible form of transportation in regards to safety, cost and productivity.

Government policies should be in place to allow for an increase in the use of HPVs. Such a policy should include the removal of metropolitan Councils from the permitting process for HPVs, where there is a clear and definitive efficiency gain for the state. This should still be controlled through the centralised National Heavy Vehicle Accreditation Scheme, but with greater powers to both the NHVR and TfNSW to make decisions that benefit both industry and NSW.

**Suggested policy position:** *The NHVR and Transport for NSW will take over the role of metropolitan Councils in the heavy vehicle permitting process.*

### **3. Infrastructure Project Priorities**

NSW Ports is of the opinion that the following freight-related infrastructure projects need to be incorporated within the Plan in order to entrench them as policy and to facilitate the efficient movement of freight in NSW now and into the future. These projects include those identified in various plans that have been released including *Future Transport 2056* and the *NSW State Infrastructure Strategy 2018-2056*:

## Port Botany Freight Rail Duplication

NSW Ports has set a target of three million TEU to be transported by rail to and from Port Botany by 2045 – around 40 per cent of the forecast container volumes. In order to achieve this level, efficiencies and improvements are required in the rail network immediately surrounding Port Botany and beyond, through the development of dedicated freight rail lines and a network of intermodal terminals.

The duplication of the Port Botany Freight Rail Line between Port Botany and Mascot (where it is currently a single line) will both increase reliability for rail operators now and will create long-term capacity to achieve the rail target in the future. In addition, the duplication will facilitate rail freight that will help reduce road congestion on the M5 corridor and will support existing and planned intermodal terminals. Every one million TEU moved by rail reduces the number of trucks on the roads around Port Botany by more than 900 trucks each day.

NSW Ports believes the duplication of the freight line to be a high priority requirement to meet the growing freight demands of Sydney and to help grow the rail transport of containers to and from Port Botany.

## Sydney Gateway

Port Botany and the Cooks River Intermodal Terminal are strategic assets of significant importance to the future economic growth of NSW. Efficient road access to and from the Port and supporting intermodal terminals is critical for managing the cost of goods to Australian consumers and Australia's export competitiveness. Infrastructure that adds capacity to the currently congested access to and from the Port should be progressed as a priority.

An efficient road connection from the St Peter's interchange of the WestConnex project to Port Botany (known as Sydney Gateway) would assist in adding access capacity to and from Port Botany and Cooks River.

Sydney Gateway should provide a direct connection to the Port with the ability for trucks to be able to join the Sydney motorway network from Port Botany without passing through signalised intersections (i.e. General Holmes Drive / Foreshore Road and General Holmes Drive / Wentworth Avenue).

Without the development of a connection between the WestConnex St Peters Interchange and Foreshore Road at Port Botany, improved traffic flow to and from Port Botany and the M4 and M5 will not be achieved. Equally, the long-term operation and development of the Cooks River Intermodal Terminal, located next to the planned St Peters Interchange would be restricted.

NSW Ports believes the Sydney Gateway project to be a high priority requirement to meet the growing freight demands of Sydney and to provide efficient road connections to and from Port Botany and the Cooks River Intermodal Terminal.

#### Preserve Corridor for Western Sydney Freight Line and Intermodal Terminal Access

Intermodal terminals are critical to the logistics chain and are essential in achieving an increased volume of containers moved by rail. NSW Ports supports the provision of new intermodal terminals in Western Sydney, within or in proximity to the Western Sydney Employment Lands Area (Badgery's Creek) as well as in the vicinity of Eastern Creek in order to cater for the future container freight task. These future intermodal terminals require dedicated freight rail access to ensure efficient operations.

NSW Ports advocates that Government identifies, reserves and protects land for these future intermodal terminals as well as the dedicated freight rail corridors which connect to both Port Botany and Port Kembla (as the next container terminal for NSW).

A freight rail corridor from the Southern Sydney Freight Line at Villawood (Leightonfield) via Yennora and Wetherill Park (identified as the Western Sydney Freight Line) would be necessary to support an intermodal terminal at Eastern Creek.

The protection of not only the corridor land but its surrounds is vital in securing the freight route and minimising any future land use conflict. As such, consideration should be given to restricting urban encroachment around the planned corridor, as well as protection of the corridor itself.

NSW Ports identifies this as a high priority given the rate of development in Western Sydney and in order to secure the viability of Western Sydney intermodal developments in the long term and meet the freight needs of the growing population.

#### Preserve Corridor for Western Sydney Airport Fuel Pipeline

Along with road and rail, bulk liquids are moved to and from the ports by dedicated pipeline. An aviation fuel connection exists between Port Botany and Sydney Airport. The safe and continuous supply of on-time and economically delivered jet fuel is a critical component of airport operations. Any disruption to the fuel supply chain can have significant flow-on effects to all aircraft movements and passengers. The current maximum storage capacity at the joint user hydrant installation (JUHI) aviation fuel facility at Sydney Airport is 29 million litres contained in five bulk tanks. The arrangements provide for approximately two to three days capacity at current consumption rates<sup>1</sup>.

Similarly, aviation fuel will be required at the new Western Sydney Airport and the most efficient method of supplying this fuel is via pipeline connection with fuel facilities connected to Port Botany or Port Kembla. The Environmental Impact Statement for the Western

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<sup>1</sup> Sydney Airport Master Plan 2033 (February 2014)

Sydney Airport identifies that following construction of Stage 1, a dedicated pipeline would be required to supply fuel to the site. A corridor should be identified within the Plan and protected to ensure that future fuel deliveries to the Western Sydney Airport will not be limited to road tankers.

In addition to jet fuel, there is a requirement for fuel distribution generally to be undertaken from sites in Western Sydney (such as is currently the case at the Viva facility in Clyde and the Caltex facility in Silverwater). A new distribution centre for fuel in Western Sydney is required to meet ongoing demand and a facility that is supplied via pipeline would assist in removing trucks off the roads around the aforementioned facilities.

### F6 Extension and Western Sydney Orbital

NSW Ports supports efficient connections to and from Port Botany and Port Kembla and the Sydney, Illawarra, and South Coast regions.

The F6 Freeway extension and the Western Sydney Orbital projects would both improve the efficiency of road freight movement to the south of Sydney and would provide a direct motorway link between Port Kembla and the Sydney motorway network. In addition, the F6 extensions would provide an important connection for containers to and from Port Botany and the Illawarra region prior to Port Kembla's future development to cater for containers when the Western Sydney Orbital will be required.

Port Kembla currently receives an average 800 trucks per day. Subject to future trade volumes, port trucks are forecast to grow to between 1,300 and 1,600 trucks per day by 2045 largely driven by the growth of motor vehicle, coal, cement and bulk liquid trades. As NSW's (and Australia's) largest motor vehicle import hub, Port Kembla is critical in supplying motor vehicles to the entire Sydney region and NSW as a whole. Motor vehicle imports could more than double from 390,000 to 850,000 over the next 30 years. Efficient connections to and from Port Kembla are therefore vital for efficient and safe movements.

An existing bottleneck exists on the Sydney motorway network around the Foreshore Road / General Holmes Drive / M5 intersection. The missing F6 link is one cause of this congestion as vehicles heading south are required to leave the motorway. Efficient road connections to and from Port Botany are dependent on Foreshore Road and the F6 extension has the potential to reduce delays on this corridor.

The F6 extension and the Western Sydney Orbital would improve the connectivity of Port Kembla to the entire Sydney region, Port Botany to the Illawarra and South Coast regions, and would allow for greater efficiency and safer movement of trucks.

### Port Kembla and the Maldon-Dombarton Rail Line

Freight rail connections to and from Port Kembla are vital to the efficiency of ongoing operations and to cater for the Outer Harbour Expansion project. This has been recognised

by Infrastructure Australia through the inclusion of 'Freight Rail Access to Port Kembla' as a proposed initiative on the Infrastructure Priority List.

NSW Ports believes it is essential that efficient transport connections from Port Kembla to South and Western Sydney are planned for through the reservation of corridors and the delivery of infrastructure to provide for the needs of a growing Sydney. The Maldon-Dombarton Rail Line would provide such a connection.

Port Kembla's coal, grain, copper concentrate and steel are the main products currently handled by rail. Currently, about 10 trains arrive and depart from the Port each day. This is forecast to grow to about 17 trains a day based on the forecast trade growth of existing commodities. Additional to this is freight along the main line, which currently utilises the Illawarra Line. There is up to 5 services a week, moving over 1,000,000 tonnes of exports a year. This freight could also use the Maldon-Dombarton link, thus freeing up capacity on the Illawarra line for passenger growth.

In addition to the above growth of existing commodities, the Port Kembla Outer Harbour Development provides for additional trade capacity capability at Port Kembla. NSW Ports has approval to develop a container and multi-purpose facility at Port Kembla's Outer Harbour, which envisages new wharves, berths, and terminal facilities for NSW's second container terminal. As outlined above strategic planning in NSW has also focused on the need for the Outer Harbour container terminal as Port Botany reaches capacity. A container terminal facility capable of handling at least three million TEU with both road and rail access is required for a viable facility.

The Illawarra Line and the Moss Vale-Unanderra Line, managed by the NSW Government and ARTC respectively, currently provide rail connections to Port Kembla from markets in regional NSW. The Illawarra Line is a shared passenger and freight rail line. Due to this set up, freight is not permitted to use the line during the peak commuter periods when priority is given to passenger trains and longer train paths for freight trains are more difficult to secure. Growth in the passenger network, coupled with initiatives such as the Federal Government development of business cases for faster commuter rail, will further impact the availability of train paths on the Illawarra Line for freight trains and limit its ability to cater for the forecast growth in freight trains.

The Maldon-Dombarton Line would maximise rail transport of containers and bulk products to and from Port Kembla. It would free up capacity for commuter needs on the Illawarra Line while providing a more direct and dedicated rail connection to the Sydney metropolitan freight network and Western Sydney. This rail line will help to attract additional trade opportunities to the Outer Harbour area and the Port and will assist with managing the growth of truck movements in to the future. The Plan should position the Maldon-Dombarton Line as a requirement for the sustainable growth of freight in NSW.

The Illawarra Business Chamber (Illawarra First) commissioned the SMART Infrastructure Facility UOW (SMART) to investigate options to improve the speed and reliability of

passenger and freight rail transport services between the Illawarra Region and the Sydney metropolitan area<sup>2</sup>. SMART has found that reducing passenger commute times on the South Coast Line is severely constrained by the geological conditions of the Illawarra escarpment and the consequent engineering challenges, and would require a significant public investment in the order of \$2 billion.

Given these issues, SMART investigated the potential for an additional passenger and freight line between the Illawarra and Sydney, by completing the 35 km Maldon-Dombarton rail line, which was partially built in the mid-1980s, and adding a predominantly dual track electrified passenger and freight line with a 7 km link along the Moss Vale-Unanderra Line connecting to the South Coast Line south of Unanderra station. SMART estimates the cost of building the 42 km Maldon-Dombarton would be around \$1.7 billion which is less than the cost of tunnelling through the Illawarra escarpment to get material improvements in efficiency on the South Coast Line.

SMART has estimated the economic impact on the Illawarra region of a suite of infrastructure measures aimed at significantly improving rail transport connectivity between the Illawarra and Sydney to be \$2.6 billion (in NPV terms) and over 1,100 permanent additional jobs (in FTE terms). SMART recommended that the NSW Government make a submission under the National Regional Partnership Program to secure funding to develop a detailed business case for the construction of the Maldon-Dombarton.

NSW Ports advocates for the inclusion of the Maldon-Dombarton rail link in State Government planning and policy.

Mick Cronin

**General Manager – Strategy and Commercial**

<sup>2</sup> Upgrading rail connectivity between Illawarra and Sydney (August 2017)