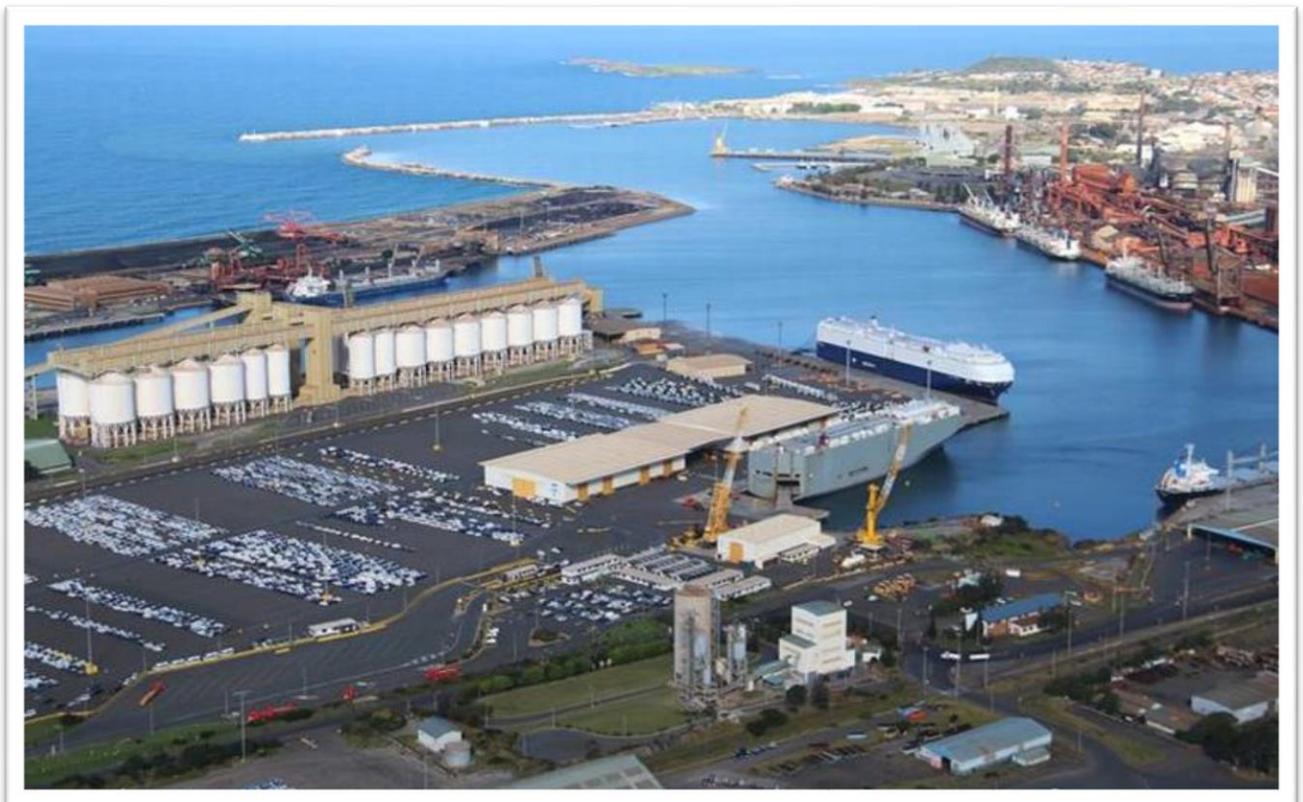


Illawarra Business Chamber/Illawarra First

Submission on NSW Draft Freight and Ports Plan



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1. Introduction

The NSW Draft Freight and Ports Plan identifies priorities to deliver a better transport system to the important and growing freight task. These include investment initiatives and investigations for both Greater Sydney and Regional NSW.

The key outcomes will be designed to ensure the supply chains can compete and operate efficiently, meeting ever increasing demand. The necessary infrastructure, policies and programs that are needed to support productivity improvements and the safe movement of our goods will be delivered through the Plan by the NSW Government.

2. Illawarra Business Chamber/Illawarra First

The Illawarra Business Chamber (IBC) is the Illawarra Region's peak business organisation and is dedicated to helping businesses of all sizes maximise their potential. Through initiatives such as Illawarra First, the IBC is promoting the economic development of the Illawarra through evidence-based policies and targeted advocacy.

The IBC appreciates the opportunity to provide a response to the Plan.

3. Overview of the Illawarra

The Illawarra region lies immediately south of the Sydney Metropolitan area, with its economic centre in Wollongong, 85 kms south of the Sydney CBD. The region extends from Helensburgh in the north to south of Nowra, including the area to the southern boundary of the Shoalhaven local government area (LGA) and the western boundary of the Wingecarribee LGA.

The Illawarra region has been growing steadily. The population between 2011 and 2016 has increased by around 1.3 per cent per year to 454,000. It has a workforce of some 177,000 which has also shown steady growth in recent years.

The Illawarra is the third largest economy in NSW behind Sydney and Western Sydney, contributing \$25.6 billion to the state's economy each year. The main industries that generate the need for freight transport are the manufacturing, construction, mining and transport. These industries together account for 36 per cent of the economic output of the Illawarra.

Port Kembla is a key asset for the Illawarra. The port is a vital source of employment for the people of the Illawarra supporting some 5,200 jobs and making a \$760 million annual contribution to the Gross State Product of NSW. The continuation of the Illawarra's economic transition and expansion is dependent on maximising the value of strategic assets like Port Kembla.

As the development of Sydney continues, and in particular Western Sydney, many industry sectors and businesses will see direct and indirect benefits of relocating to regions like the Illawarra. These benefits will be particularly relevant for manufacturing and logistics operations.

Further to this, it is essential the Illawarra region has measures to promote and leverage the value of the port so it may continue to make a tangible and growing contribution to the economic development of the region, state and nation.

Ninety-nine per cent of Australian freight comes through sea ports. Even though the vast majority of this freight will be shipped through major city-based ports, the contribution of regional ports is central to Australia's supply chains and has the potential to grow in importance.

Specific comments in relation to the matters raised in the Draft Freight and Ports Plan are provided in this submission.

4. Recommendations

In addition to the commentary provided in this submission, the IBC provides the following recommendations:

- The widening of the Princes Motorway at Mt Ousley to three lanes on the southbound side from Mt Pleasant should be investigated in conjunction with the NSW Government's planned upgrade of the intersection at the base of Mt Ousley. There are over 53,000 vehicles using Mt Ousley each weekday, of which 15 per cent are heavy vehicles. It should be emphasized Mt Ousley is the common connection for both north-south and east-west travel to Greater Sydney. These works should be completed before Mt Ousley reaches its estimated capacity in the mid-2020s.
- The upgrade of the Picton Road to a 4-lane divided highway prior to it reaching its estimated capacity in mid-2020s. With the growing volume of traffic and the numbers of heavy vehicles (around 25 per cent) using the road, undertaking more than improvement works is required for the primary east-west link to and from Wollongong, Port Kembla the surrounding areas. The road currently carries approximately 21,000 vehicles each day during the week.
- The construction of the South West Illawarra Rail Link (SWIRL) as a freight and passenger line should be a priority project delivered within the next 10 years. The estimated cost is \$1.7 billion (2016-17 prices).
- The current timings for consideration of M9 Outer Orbital in the 20+ timeframe raises a concern about future road links to Western Sydney. This means the Picton Road will be the only major east-west link for the next 20 years. This is a risky strategy and could result in significant problems for the region's road connections to the south-west and west. An investigation into an additional crossing of the escarpment should occur within the next 5 years.

5. Port Kembla

Port Kembla is the most significant bulk goods port in southern NSW, providing NSW's largest grain handling facility and second largest coal export facility in NSW. The port has 18 operational berths, 12 within the Inner Harbour and six in the Outer Harbour. The maximum size for ships using the harbour is around 300 metres, although larger ships (eg. cruise ships) can be accommodated on a case-by-case basis.

The benefits that can be attributed to Port Kembla are:

- Multi-use port, capable of operating 24 hours per day
- Proximity to growing population and employment areas in south-west and west Sydney and the Illawarra
- Capacity to diversify into new trades and expand existing trades
- Deep water shipping channel and berths that require minimal maintenance dredging
- Capable of handling large cargo vessels
- Capable of handling large cruise ships
- Short shipping channel that minimises vessel transit time and contributes to port efficiency
- Abundant supply of well-connected nearby industrial land

The port benefits from its physical location with well-defined boundaries created by arterial roads which provide convenient buffers for commercial and heavy industrial uses. Protecting the integrity of the port and surrounding precinct is crucial for a sustainable future with 24-hour operations. Land zoning must remain compatible with port activities and the types of industries that support it. The present zonings around the port are compatible with its current uses but could face future pressure similar to ports such as Port Botany.

Planning approval has been given for the development of a container and multi-purpose facility in the Outer Harbour and is included in NSW Ports' 30 Year Master Plan produced in 2015. The development of an overflow container terminal at Port Kembla is dependent on the operations at Port Botany.

6. Improving Transport Connectivity

The Illawarra is increasingly becoming integrated with Sydney and in particular Western Sydney. Yet, inadequate transport linkages are constraining the potential benefit to the Illawarra, Sydney and NSW, with congestion on the existing rail and road network between the Illawarra and Greater Sydney. Without intervention, congestion caused by growing demand will severely exacerbate conditions on the main Illawarra road corridors.

Key stakeholders who rely on Port Kembla for their business operations have highlighted increasing concern around the future capacity of the road and rail networks in and out of Port Kembla. The port receives around 800 trucks each weekday and this is expected to progressively increase, particularly as Port Kembla is now the main importer of motor vehicles into Australia.

There are good linkages from the port directly to the main regional roads and the Princes Motorway. However, the road network within the Illawarra region is showing signs of overload and is over-reliant on a limited number of main roads and a single rail line.

Road

The principal road freight routes for heavy vehicles are along Mt Ousley, to Picton Road and then the Hume Highway, southwards to Victoria and beyond and northwards to Sydney and beyond. The preferred route to Sydney is via Picton Road, Hume Highway and M5 East. Although this route is over 30 kms longer, it takes on average only an extra six minutes. Some 70 per cent of heavy vehicles on Mt Ousley divert to or originate from Picton Road. The majority of the remaining vehicles travel on the Princes Motorway with others using Appin Road.

Today, over 53,000 vehicles use Mt Ousley on weekdays. The heavy vehicles on the steep grades are testing the capacity of the road. In both directions, the heavy vehicles travel in the left lane, reducing the capacity of the road for cars to two lanes for much of the road and a single lane in some sections. At the same time, daily traffic volumes on Mt Ousley have been growing at 3-4 per cent per annum. More recently, heavy vehicle volumes have grown at an average of 6 per cent per year. Adding an additional lane on the southbound section of Mt Ousley should be investigated in conjunction with the planned upgrade of the intersection of the Princes Motorway at the base of Mt Ousley.

Traffic volumes on the Picton Road have increased by an average of 7 per cent per annum during recent years. Today, around 20,800 vehicles travel on the road each weekday. Heavy vehicles represent 25 per cent of vehicles which is one of the highest heavy vehicle ratios for this standard of road in Australia. The number of heavy vehicles is also growing at a faster rate than passenger vehicles. Currently, there are 8 kms of passing lanes in both directions of the 27 km journey from the Princes Motorway to the Hume Highway.

Daily traffic volumes on Appin Road are about half of those on the Picton Road and have shown little growth in the same period. This indicates Appin Road is not as significant in east-west connectivity as Picton Road.

It is recommended to upgrade the Picton Road to a 4-lane divided highway. Recent improvements to the road have made a substantial difference and ongoing improvements focussing on the safety and utility of the road are necessary. However, priority should be given to full duplication of the Picton Road between the Hume Highway and Princes Motorway, rather than just improvements, to match the projected growth and usage of the road as the predominant east-west link to and from Wollongong and environs for the foreseeable future. Picton Road is a key economic asset for the Illawarra.

Rail

The Australian Infrastructure Audit 2015 identified that Port Kembla would face capacity constraints in the absence of any rail network improvements (Infrastructure Australia, 2017). In the State Investment Strategy 2018-2038, Infrastructure NSW notes “forecasts suggest that, by around 2030, freight movements will be displaced entirely from the rail network between Sydney and the Illawarra-Shoalhaven to make way for passenger services. It is strategically critical to maintain long-term rail freight connectivity between Sydney and Illawarra-Shoalhaven”.

The NSW Government’s Future Transport Strategy 2056 indicates completion of the Maldon-Dombarton railway line as an initiative for investigation in the next 10-20 years. Should it be decided to proceed with the project in the early part of that period, the rail line is unlikely to be completed before 2035. This highlights a potential gap for rail infrastructure to support freight services in the Illawarra and NSW.

There are two freight lines in the Illawarra connecting Port Kembla to several markets in Sydney and across regional NSW: the South Coast Line and the freight-dedicated Moss Vale-Unanderra Line, managed by the NSW Government and Australian Rail Transport Corporation (ARTC) respectively. Figure 1 shows the freight paths, rail and road, to or from Port Kembla. Currently, 60-65 per cent of freight moving to and from Port Kembla is transported by rail on either the South Coast Line or the Moss Vale-Unanderra Line. Operations on the South Coast Line are impacted by passenger rail services in the region, resulting in disruptions to freight scheduling as passenger trains are given priority. Growing train patronage on the Sydney rail network will reduce the number of ‘train paths’ available for freight rail. The capacity of the network is also limited by geographical constraints in and out of the Illawarra which restrict train lengths, operating speeds and, in some cases, the type of cargo that can be transported by rail (Infrastructure Australia, 2017).

The main type of freight moving to or from Port Kembla via South Coast Line is coal, but other types of bulk freight include grain, copper concentrates, limestone, kaolin and cement, plus import and export containers. The movement of freight to or from Port Kembla by rail has a direct impact not only on the Illawarra, but also on the Sydney rail network given the volumes of grain and coal that transit through Sydney from western NSW. Likewise, the domestic steel produced by BlueScope and the steel products imported to Port Kembla are mostly transported interstate and intrastate starting their journey on the South Coast Line.

Congestion on the South Coast Line and Sydney Trains Network and the limitation of train paths on the Sydney Trains Network available to coal services is an ongoing concern to this industry in NSW. There is only one path for coal freight trains to travel from the Western and Southern Coalfields to Port Kembla and that is the Sydney Trains Network. Also, the rail line is primarily set up for passenger trains, which makes it difficult to secure longer train paths for freight trains.



Figure 1: Port Kembla Rail Network

Source: NSW Ports (2015)

South West Illawarra Rail Link (SWIRL)

In 2017, Illawarra First commissioned the SMART Infrastructure Facility at the University of Wollongong to look at the potential benefits that could be achieved from improving rail connectivity between the Illawarra and Sydney. The study was completed in August 2017. The link to the report is:

<https://www.nswbusinesschamber.com.au/NSWBCWebsite/media/Regional/Illawarra/Media%20Releases/Master-Final-Report-Rail-Research-July-2017.pdf>

In the event there is extended shut down on the South Coast Line, the implications for Wollongong are serious and freight users have limited other options. Furthermore, major upgrades could be carried out on the South Coast Line once the SWIRL is constructed as there would be a much needed alternate link for freight users and commuters.

The SMART study found that considerable economic benefit could be realised as a result of the construction of the SWIRL as a means of greatly expanding freight and passenger capacity between the Illawarra and Greater Sydney.

The SWIRL involves completing the 35 km Maldon-Dombarton rail line (originally proposed only as a freight line) and making the line a dual passenger and freight track with electrification. In addition, seven kilometres of the Moss Vale-Unanderra Line would be electrified to connect to the South Coast Line. At Maldon, near Picton, the line would connect to the Main South Line. The 4 km tunnel and major bridges would be single track.

The estimated cost of SWIRL is \$1.7 billion dollars (2016-17) and has a mid-range benefit cost ratio of 1.13. This rail link would improve connections between Port Kembla and Greater Sydney, improve connectivity between the Illawarra and Badgerys Creek and reduce congestion pressures on the existing South Coast Rail Line and the present road network. The assessment was deliberately conservative and did not, for example, factor in the benefits flowing from the construction and subsequent operation of the new Western Sydney Airport or any land value uplift or associated tax revenue derived from subsequent development.

The following infographic provides an overview of the SWIRL proposal. The estimated travel times relate to passenger trains although there should be comparable benefits for freight movements.

The SMART study reviewed expanding the capacity on the Moss Vale-Unanderra Line but rejected that option based on limited potential expansion of freight capacity and the steep gradient of the line preventing certain types of heavy freight utilising the line.

The creation of a rail freight corridor to south-west Sydney and beyond would bring significant economic benefits for the Illawarra and NSW. The fact that freight movements on the South Coast Line could cease around 2030 needs to be addressed. Not aligning infrastructure investment with the expansion of the Illawarra and surrounding economies, and for key assets such as Port Kembla, will have significant consequences.

