

Our Ref: 20180326-COR-Cardno Response to Draft Freights & Port Plan
Contact: David Laing / Robert Kempton

27 March 2018

Transport for NSW
18 Lee Street
Chippendale NSW 2008

Attention: **Rodd Staples,**
Secretary, Transport for NSW

Cardno (NSW/ACT) Pty Ltd
ABN 95 001 145 035

16 Burelli Street
Wollongong 2500
Australia

Phone +612 4228 4133
Fax +612 4228 6811

Dear Rodd,

RESPONSE TO TfNSW DRAFT FREIGHT & PORTS PLAN

We greatly appreciate TfNSW's consultation with the Illawarra community regarding your draft freight and port plan, and appreciated the opportunity to participate in the recent round table workshop with other local leaders representing both business and government.

With NSW's planned priority growth area in Western Sydney, the provision of employment opportunities and connectivity with global markets via efficient, robust and cost competitive supply chains are essential.

Located within equal journey times as Port Botany, the Illawarra's international, deep water port of Port Kembla and the associated employment lands are an essential growth enabler for Western Sydney.

The development of a secondary container terminal at Port Kembla combined with a dual carriage freight / passenger rail line between the Illawarra and Western Sydney via the Maldon / Dombarton rail corridor will lower the cost of goods to and from Western Sydney and provide direct access to up to 68,000 jobs associated with the Illawarra's employment lands. It will also provide the added benefit of freeing up additional commuter train capacity on the existing South Coast rail line to meet the growing demand for passenger services from the Illawarra to central Sydney.

Further investigation and progression of these strategic growth enablers for Western Sydney and the Illawarra need to be actioned within the next 5yrs in order for NSW to successfully deliver upon the planned growth targets for Western Sydney.

These matters are explored in further detail in the following points of this submission.

Journey Time from Western Sydney to International Ports and Freight Costs

As shown in the Western Sydney proximity map attached in Appendix A, both Port Botany and Port Kembla are located just over 60 minutes by road from the Western Sydney Priority Growth Area. This means that both current freight times and therefore domestic road freight costs (which are directly proportional to journey time), are comparable from both Port Botany and Port Kembla. In comparison, Newcastle Port is an additional 1.5hrs further from both Port Kembla and Port Botany, which is equivalent to almost double the road freight cost.

This assessment of journey times is based on the current road network and congestion levels.

In addition to considering the journey time and cost of freight from domestic ports to Western Sydney, the cost of international freight and port charges need to be considered. Port Kembla offers reduced costs in both international freight and lower port services charges as compared with Port Botany, meaning that Port Kembla offers structural freight cost savings for delivering sea bound freight to/from Western Sydney.

Noting TfNSW's own assessment that freight costs contribute to approximately 30% of the final cost of goods for consumers in the Sydney region, the impact of rising costs of

freight costs to consumers in Western Sydney will have a significant impact on the region's economic development and cost of living.

As such, Port Kembla offers a significant opportunity to reduce the freight costs for goods to and from Western Sydney, as well as diversifying and strengthening existing supply chains via Port Botany.

Illawarra Employment Lands and Associated Employment Opportunities

The Illawarra has currently has 313Ha undeveloped employment lands that presents an opportunity for the creation of a further 10,000 jobs across a broad range of industries and sectors. With its strong heritage in global manufacturing and mining, world leading education facilities and a diverse range of experienced support services, the Illawarra provides a mature market place in which world leading businesses can establish and develop their operations in Australia. Furthermore, the cost of employment lands in the Illawarra are 40-60% less than those in Sydney metropolitan areas, and operating costs are 10-20% lower, offering businesses a lower cost market in which to establish their operations.

In addition to currently undeveloped land, the Illawarra boasts a further 1,700Ha of employment lands, a large portion of which are currently unoccupied or underdeveloped. As outlined in Appendix B, if all employment lands in the Illawarra were fully activated up to 68,000 jobs could be generated.

This presents a major employment opportunity for Western Sydney, as travel times via road to the Illawarra are already comparable to that of the Sydney CBD as shown in Appendix A. The implementation of a dual carriageway freight & passenger rail line from Western Sydney to the Illawarra would further enhance the connectivity and employment opportunities for residents in both Western Sydney and the Illawarra.

South Coast Rail Line Commuter Services

The current South Coast Rail Line is struggling in peak periods to provide adequate commuter train services for the 25,000 people that commute to Sydney each day from the Illawarra for work purposes. With ongoing urban development and forecast population growth in the Illawarra, the demand for further commuter services will continue over the next 30yrs.

Capacity for additional rail commuter services are currently limited by the dual usage of the South Coast Rail Line for freight services, which are also near full capacity. Due to both geographic constraints and available land along the current South Coast Rail Line corridor, there is no simple or low cost alternatives for providing additional capacity for either commuter or freight services.

However, if a secondary container terminal were to be established in Port Kembla it would free up valuable capacity on the current South Coast Rail Line for additional passenger services by eliminating the need for movements of containerised exports from Manildra Group's Shoalhaven starches plant, which are currently exported via Port Botany. This capacity would be provided at no additional cost or modification to the existing South Coast Rail Line, presenting a major opportunity to address both current and forecast shortfalls in rail commuter services between the Illawarra and central Sydney.

Furthermore, an opportunity exists to reduce the number of commuters to central Sydney by opening up the employment opportunities that will be created in Western Sydney to residents in the Illawarra via the implementation of a dual carriageway freight & passenger rail line from Western Sydney to the Illawarra. This in turn would lessen the forecast demand on the current South Coast Rail Line.

Benefits of the Combined Development of a Secondary Container Terminal in Port Kembla and Dual Carriageway Freight & Passenger Rail Line from Western Sydney to the Illawarra

The plans for the proposed development of a secondary container terminal in Port Kembla and a dual carriageway freight & passenger rail line from Western Sydney to the Illawarra are well established.

Port Kembla has an approved concept plan for the outer harbour container terminal and has been previously identified as the preferred location for a secondary container port in NSW. Similarly, the Maldon / Dombarton rail corridor is well established, and recent studies into a dual carriageway freight & passenger rail line from Western Sydney to the Illawarra (nick named "SWIRL") have found that there is a baseline economic return, notwithstanding the additional benefits that would be brought from the opportunities and connectivity with Western Sydney that have been identified in this submission.

The concurrent development of both of these major infrastructure projects will yield the following significant benefits that will enhance the growth of both Western Sydney and the Illawarra, and enhance global connectivity of broader NSW.

- > Reduce the cost of containerised freight into NSW, Western Sydney, Central NSW and ACT
- > Provide additional growth capacity and increase competition in NSW's containerised freight industry

- > Enhance the modal share of rail for containers and improve the utilisation of current and planned intermodal facilities in Sydney by providing a secondary rail access route for containers
- > Provide an efficient means of commuter transport to employment lands in both Western Sydney and the Illawarra, diversifying and enhancing job growth in both regions
- > Provide unhindered freight rail movements between Port Kembla, Western Sydney, central Sydney and Port Botany
- > Free up valuable capacity on the current South Coast Line for additional passenger services

It is recommended that further investigation and progression of these strategic growth enablers for Western Sydney as outlined in this submission are actioned within the next 5yrs to facilitate the planned growth in Western Sydney, as well as deliver significant opportunities for both the Illawarra and broader NSW /ACT regions.

In addition to these major considerations, and the items discussed at the roundtable workshop held in Wollongong recently, the following additional comments are provided for consideration regarding the draft freight & ports plan.

Land use planning and protection

- > Key future freight and transport corridors need to be protected from urban encroachment; however, the timeframe for developing these transport corridors also needs to be realistic so that development is not unduly constrained by future transport projects that never eventuate
- > Land use planning should be directly linked with infrastructure
- > Consider incorporating stakeholder/community engagement during the strategic phase rather than the statutory phase to ensure stakeholders are well aware of what is coming, while allowing stakeholders to help shape projects and prevent delays during the statutory phase
- > Consider establishing a dedicated SSI team that is familiar with multi modal infrastructure projects within DP&E to coordinate a multi-agency steering committee to manage approvals and the associated environmental/social/economic aspects of these projects as they come in

Technology

- > Consider changing legislative requirements for hardcopy paperwork to be carried in vehicles for the fuel industry. Current hardcopy requirements reduces the efficiency and throughput of bulk fuel loading facilities by 10-25% (depending on vehicle size and infrastructure), and requires emergency services personnel to access vehicle cabins to obtain the paperwork in the event of an emergency. There are a number of electronic mobile platforms currently available that can securely capture and communicate the information currently recorded in hardcopy files between both operators, regulators and emergency services personnel. The adoption of such modern technology would increase safety and efficiency, and reduce costs associated with fuel handling and transport.
- > Develop a regional transport model for the Illawarra that will allow for informed decisions to be made on the best use of infrastructure funds and also infrastructure requirements for new major developments.
- > Update previous employment land audits for the Illawarra and incorporate required transport and infrastructure requirements to fully activate employment lands.

Investment Certainty

- > The lag between the construction of key infrastructure and urban and industrial development is a major contributor for slow and disjointed growth, and results in poor planning and urban encroachment issues. Ideally, major infrastructure should proceed urban and industrial development, the costs of which could then be recouped from subsequent development contributions. This would also ensure that development contributions are aligned with the real cost of establishing the required infrastructure to support the development.

- > The high logistics costs of moving containerised materials from Port Botany to the Illawarra is a major hurdle for manufacturing businesses looking to relocate from Sydney's inner suburbs to the Illawarra. Progress and confirmation of the planned timing for developing a secondary container terminal and a dual carriageway freight & passenger rail line from Western Sydney to the Illawarra is required to assist businesses determine the long term costs and timing of potentially relocating to the Illawarra.

We trust these comments and feedback are useful in the preparation of TfNSW's final Freight and Ports plan, and we would welcome the opportunity to discuss these matters further and work with TfNSW to progress the freight and ports opportunities outlined in this submission.

Yours sincerely,

David Laing
Senior Principal
for Cardno

Robert Kempton
Senior Project Engineer
for Cardno

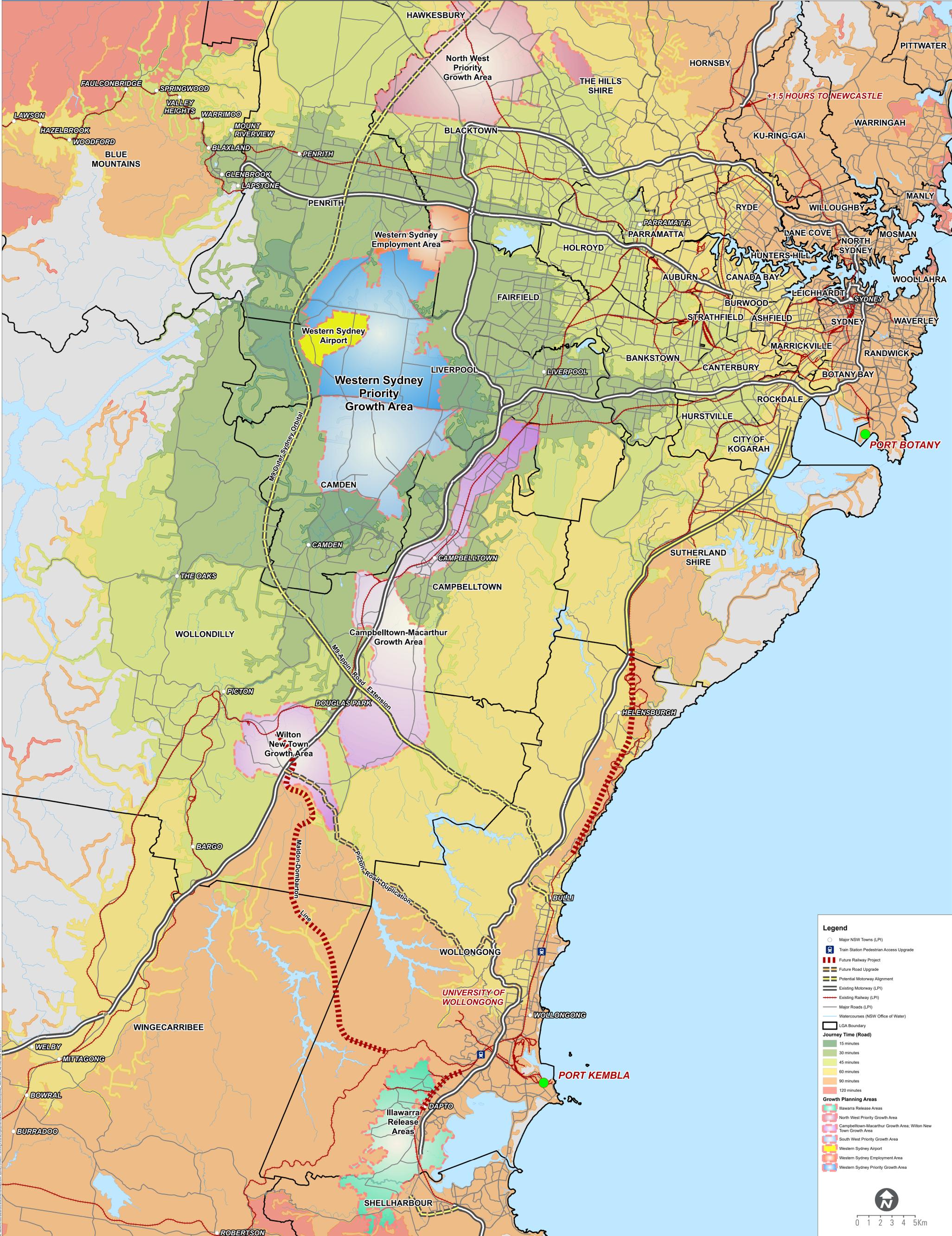
Enc: Appendix A – Western Sydney Proximity Map, Port Botany and Port Kembla
Appendix B – Illawarra Employment Lands Job Estimate

Appendix A

Western Sydney Proximity Map, Port Botany and Port Kembla

Western Sydney Proximity Map

Port Botany and Port Kembla



Legend

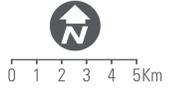
- Major NSW Towns (LPI)
- Train Station Pedestrian Access Upgrade
- Future Railway Project
- Future Road Upgrade
- Potential Motorway Alignment
- Existing Motorway (LPI)
- Existing Railway (LPI)
- Major Roads (LPI)
- Watercourses (NSW Office of Water)
- LGA Boundary

Journey Time (Road)

- 15 minutes
- 30 minutes
- 45 minutes
- 60 minutes
- 90 minutes
- 120 minutes

Growth Planning Areas

- Illawarra Release Areas
- North West Priority Growth Area
- Campbelltown-Macarthur Growth Area; Wilton New Town Growth Area
- South West Priority Growth Area
- Western Sydney Airport
- Western Sydney Employment Area
- Western Sydney Priority Growth Area



Appendix B

Illawarra Employment Lands Job Estimate

In June 2014, Cardno undertook an audit and constraints analysis on employment lands in the Illawarra on behalf of the NSW Department of Planning and Environment. This study found that there are a total of 2,003ha of employment lands in the Wollongong LGA, of which approximately 16% remains vacant and undeveloped. It was also found that the majority of these undeveloped employment land areas (97%) are subject to constraints (either physical or services), which would be unlikely to restrict the development of these sites but would increase the cost, timing and complexity. The results from this study are outlined in the Wollongong LGA employment lands map provided on the following page.

Table 1, below, provides a further detailed breakdown of these employment lands by zoning, size and vacancy. As can be seen, employment lands in the Wollongong LGA are comprised primarily of large IN1 and IN3 zoned lots, with moderate amounts of smaller IN2 and B6 zoned lots, and a minor amount of B7 and other zoned lots.

An estimation of the potential job creation from development of the currently vacant employment lands in the Wollongong LGA was prepared utilising published data from SGS Economics¹ that were determined for the Illawarra as part of their assessment of the proposed Tallawarra Lands development. These figures were used in conjunction with an estimation of the assumed developed land area (typical rates of 40% were assumed for industrial zoned lots, and 30% for business and other zoned lots).

It should be noted that the employment generation rates used are averages based on SGS's research of the local Illawarra area, and do not consider the effects of increasing automation and lower value land use (such as car storage & handling) that may reduce these rates in practice.

Table 1 - Illawarra Employment Lands Job Estimate

Zoning	No. parcels	Land Area (Ha)	Average parcel size (Ha)	Average parcel size (m2)	% Vacant	Job / Ha ¹	Vacant Land (Ha)	% Land Area Dev'd	Max. Jobs if Vacant Land Dev'd	Max. Total Jobs For WCC LGA
IN1 - General Industrial	77	91	1.182	11,818		160	14	40%	874	5,824
IN2 - Light Industrial	1,221	531	0.435	4,349	15%	120	80	40%	3,823	25,488
IN3 - Heavy Industrial	562	1,208	2.149	21,495		60	181	40%	4,349	28,992
B6 - Enterprise Corridor	1,011	124	0.123	1,227		140	27	30%	1,146	5,208
B7 - Business Park	29	23	0.793	7,931	22%	200	5	30%	304	1,380
Other	31	26	0.839	8,387		140	6	30%	240	1,092
TOTAL	2,931	2,003	0.683	6,834			313		10,735	67,984

From this assessment, an estimated maximum of 10,735 jobs could be generated via development of the currently vacant employment lands in the Wollongong LGA.

As a significant proportion of the currently occupied/developed employment lands are either mothballed/underutilised, a further estimate was prepared considering the maximum employment potential of all employment lands in the Wollongong LGA. This identified that in total, up to 68,000 jobs could be generated in the Wollongong LGA if all employment lands were developed and fully activated.

Whilst these are optimistic figures and are contingent on a large number of assumptions, it highlights both the importance and significance of developing currently vacant employment lands and reactivating existing areas that have been mothballed or are underutilised to generate substantial amounts of new employment in the local area.

¹ Tallawarra Lands Employment Strategy, SGS Economics April 2011, tables 11 & 12