

January 29<sup>th</sup>, 2004

Hon Tony Burke MLC  
Committee Chair  
Standing Committee on State Development  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Mr Burke,

### **Inquiry into Port Infrastructure in NSW – GrainCorp Submission**

#### *Background to GrainCorp*

GrainCorp Operations Limited (GrainCorp) is a leading ASX listed agribusiness, providing storage, handling, logistics, farm input and marketing solution to Australian grain growers. GrainCorp has over 350 country receivals sites with 25 million tonnes (Mt) of storage capacity, 9 export terminals and 20 service centres throughout Queensland, NSW, Victoria and South Australia. On average 12Mt of grain is received and 6Mt exported pa, in addition to 1.5Mt of other bulk commodity exports such as woodchips and mineral sands. GrainCorp has 60% ownership of a joint-venture with Cargill Australia in Allied Mills' 12 grain milling and blending facilities throughout Australia.

#### *GrainCorp's NSW Port Operations*

In NSW, GrainCorp owns and operates 3 bulk commodity export terminals at Newcastle, Kooragang Island and Port Kembla which handle an average of 3.4Mt pa of grain (ranging between 0.9Mt to 6.1Mt pa depending of seasonal conditions). This throughput is almost the entirety of NSW's grain exports and is of critical importance to industry (including growers). Accordingly, the Legislative Council's Inquiry into Port Infrastructure is of particular importance to GrainCorp.

The closure of Sydney's shipping facilities and the Government's Ports Growth Plan have a number of important implications for GrainCorp and our customers which include:

- increased throughput at ports exacerbating existing infrastructure upgrade requirements
- concentration and growth of port throughput emphasising the need to secure operating rights
- urgent feeder network upgrades for rail to minimise future road infrastructure requirements.

These issues are detailed below in relation to the five terms of reference (issues) specifically requiring input by the Legislative Council's Standing Committee.

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*Issue 1: NSW Government Ports Growth Plan (incl. closure of Sydney's shipping facilities)*

Increased volumes handled by other ports such as Newcastle and Port Kembla must be supported by an increase in infrastructure capacity. This is particularly pertinent for rail access to these ports as grain competes with coal for access and freight paths are already restricted. Similarly, there are situations when access for passenger trains clashes with bulk freight trains at both Newcastle and Port Kembla. Infrastructure requirements include increasing rail access to the ports through use of double lines, passing loops and increased efficiency of end-point infrastructure (eg balloon-loop needed at Newcastle, and better lighting at Port Kembla for night operations).

In addition, the concentration of activities at remaining ports increases the need to enshrine operating rights of these facilities to ensure NSW export capacity is increased by providing a suitably secure investment environment. For example: adequate buffer zones between industry and residents must be created at Newcastle to provide incentives for on-going capital expenditure requirements. The continual encroachment of residential developments in industrial areas is threatening existing operations and increasing investment risks.

Finally, up-country rail lines which feed these ports require urgent maintenance work. The mooted closure of some country branch lines may see an increase in road freight haulage to ports. If this were to eventuate, it would require significant upgrading of intra-state roads and an increase in the supporting end-point port infrastructure. Transferal of existing rail tonnages to road would also see an decrease in efficiency and commensurate increase in operating (supply chain) costs.

*Issue 2: Economic, social and environmental impact on the State (incl. Port Botany Upgrade)*

Improvements to port infrastructure to enhance growth and efficiency must be secured to ensure economic, social and environmental impacts are positive. To this end, funds from the sale of port land should be used to upgrade rail infrastructure for Newcastle and Port Kembla.

*Issue 3: Employment implications for Sydney, the Hunter and the Illawarra regions*

The relative efficiency of NSW ports and their supporting feeder networks and infrastructure must be enhanced to ensure positive employment outcomes for NSW.

*Issue 4: Current and future infrastructure needs and social impacts (incl. road and rail)*

See Issue 1 above

*Issue 5: Future of public land at Millers Point, Glebe Island and White Bay*

See Issue 2 above regarding the use of funds from the sale of this land.

Yours sincerely,



Joe Di Leo  
**Chief Operating Officer**

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