

Submission from the Southern Councils Group

to

New South Wales Legislative Council

Standing Committee on State Development

### **Inquiry into Port Infrastructure in NSW**

#### *Terms of Reference*

*That the Standing Committee on State Development inquire into and report on port infrastructure in New South Wales and in particular:*

- (1) the NSW Government Ports Growth Plan, including any planned closure of shipping freight facilities in Sydney Harbour,*
- (2) the economic, social and environmental impact on the State, including on the proposed Port Botany upgrade,*
- (3) the employment implications for Sydney, the Hunter and the Illawarra regions,*
- (4) current and future infrastructure needs and social impacts including with respect to the adequacy of existing road and rail infrastructure, and*
- (5) the future of public land at Millers Point, Glebe Island and White Bay on which shipping freight operations are currently located.*

## Executive Summary

### Region united behind opportunity for growth

This submission to the NSW Legislative Council Standing Committee on State Development's Inquiry Into Port Infrastructure in NSW is designed to state Southern Council Group's support for the State Government's Ports Growth Plan in relation to the expansion of the port of Port Kembla.

In making this submission, Southern Councils Group acknowledges the support for expansion of Port Kembla that has been demonstrated right across the Illawarra and South Coast community. Particularly, we acknowledge an alliance between Wollongong City Council and the Illawarra Business Chamber, the Australian Industry Group (AiG Illawarra) and the South Coast Labour Council. We commend to you the detailed information provided to you in that submission relating to the history of the Port and have not restated such. We would emphasise that many of the identified social, economic and environmental outcomes detailed were regional in nature and would pertain to all our communities, and these have been reiterated along with additional information.

What also bears restating is that while we believe that there are important economic and employment benefits for the Illawarra region and the south-east of the State, the proposed expansion of trade through Port Kembla also has positive economic and environmental implications for Sydney. Southern Councils Group believes Port Kembla can assist the NSW freight task, helping ease Sydney's congestion while deriving significant economic benefits for the Illawarra.

The expansion and diversification of Port Kembla's trade will not only create hundreds of such jobs but it will deliver a flow-on employment dividend of thousands more jobs as companies establish support facilities in the region. Therefore, it is clear that this is a one-off golden opportunity to provide an enormous economic and employment boost to the people of Wollongong and the Illawarra (and therefore to NSW and the nation) – while also easing the growing congestion on Sydney's roads.

In addition, within the context of the first of the Terms of Reference, Southern Councils has been asked to draw to the attention of the Inquiry the potential to utilize the Port of Port Eden when considering any planned closure of shipping freight facilities in Sydney Harbour.

Also referenced is the *South Coast Transport Strategy* prepared for Southern Councils Group (then IROC) by Maunsell McIntyre in 2000. It details the capacity of the South Coast's transport infrastructure to handle and assist economic growth and also provides a detailed social and environmental profile of the area and its potential for economic growth.

The NSW Government Ports Growth Plan, including any planned closure of shipping freight in Sydney Harbour.

The Ports Growth Plan is a strategy designed to provide solutions to the transport and logistics challenges caused by the continuing growth of shipping trade through the ports of Sydney Harbour and Port Botany. This growth is causing unsustainable pressure on Sydney's urban road network.

The Ports Growth Plan proposes utilising port facilities at Port Kembla to Sydney's south and Newcastle to the north to ease some of the pressure that is building on Port Botany and Sydney Harbour. Port Kembla and Newcastle currently handle only one per cent of the State's containerised and general freight, and clearly have the capacity to take a more significant role in easing the burden on Sydney.

Bega Valley Council also believes there is some additional potential to relieve the pressure on Sydney ports to an even greater extent than the Plan proposes. The Council has written to the Premier and Minister (Michael Costa, MLC) seeking further discussions regarding the potential for the Eden multi-purpose wharf to play an expanded role in the Government's port strategy.

### **1. The economic, social and environmental impact on the State, including the proposed Port Botany upgrade.**

Southern Councils Group is well aware that councils in areas surrounding the Sydney ports hold major concerns about the problems of increased congestion on their roads as a result of the city's expanding freight load. Those councils have communicated these concerns to Wollongong, and inspected Port Kembla. They are more than capable of mounting their own arguments about balancing the economic, social and environmental impacts of the growth of trade through Port Botany.

While moving stevedoring operations from Sydney Harbour to Port Kembla will help ease congestion on the city's roads and help ease freight costs for companies in Sydney's west, at the same time it will have an extremely positive economic and social impact on the Illawarra by generating thousands of jobs in a region of high unemployment, and by adding hundreds of millions of dollars annually to the regional economy. This will of course have a positive flow-on for the economy of the state as a whole.

A study by the National Institute for Economic and Industry Research (National Economics) on Port Kembla harbour's impact on the region concluded a container terminal at the port could potentially contribute \$400 million to the regional economy.

In addition, having access to both container and general cargo facilities will provide companies in the Illawarra and further south along the coast with an incentive to pursue export opportunities that may not currently be cost-effective because of transport costs involved with exporting out of Sydney.

In addition, Wingecarribee Shire Council (Southern Highlands) has identified a tract of land of around 600 hectares for an Eco-enterprise Zone suitable for employment generating development. This site is suitably located to take advantage of any expansion of the Illawarra Port, with excellent access to the Unanderra/Moss Vale Rail link and the Illawarra and Hume Highways.

Expansion of the port will have negligible negative environmental or social impact on the Illawarra because the port is in an established industrial precinct. The area proposed for the container terminal is well removed from residential areas, with direct transport access. The region's road and rail infrastructure is already in place and necessary improvements are already identified and being worked towards.

In short, while there are some acknowledged transport deficiencies with the Princes Highway these are not of the scale of road upgrades required in Sydney to meet the increasing impacts of Port Botany.

## **2. The employment implications for Sydney, the Hunter and Illawarra regions.**

Clearly, Southern Council Group's major focus is on the employment implications of the Ports Growth Plan on the Illawarra and South Coast. We are excited about the potential it holds for our region because it will reverse two decades of "blue-collar" job losses in the steel, coal and manufacturing industries in the region. The most spectacular decline has been in the steel industry, which went from 23,000 in the early 1980s to less than 6000 workers in 2003.

A container-handling facility at Port Kembla is seen as a major opportunity to regain a significant number of "blue-collar" jobs for the region. It has the potential to generate thousands of direct and indirect jobs – many times the number that might be lost in Sydney by moving the Sydney Harbour facilities.

The Port Kembla Port Corporation has estimated that during the construction phase there will be an estimated 60 direct jobs. Once fully operational the terminal will support up to 300 jobs. Indirect effects will take this up to almost 1000 jobs. In the long term, with all cargoes, the National Institute of Economic and Industry study estimates 2000 jobs will be sustained.

The service industries have virtually unlimited potential for generating employment opportunities. The Illawarra Regional Development Board is supporting a high-powered regional committee charged with identifying and attracting those support industries to the region to service the container trade.

### **3. Current and future infrastructure needs and social impacts including with respect to the adequacy of existing road and rail infrastructure.**

Following is an extract from the 2000 Maunsell McIntyre South Coast Transport Strategy that summarises the capacity of the wider region's transport infrastructure and identifies its potential strengths and weaknesses. These were based on a growth scenario that included an enhanced role for Port Kembla, so are a valuable unbiased view of capacity. The scenario was designed to provide a perspective of the Illawarra and South Coast economy 20 years into the future.

With regard to the Port, the growth scenario envisaged:

*"The port attracts substantial amounts of freight from Western and South Western Sydney through an improved rail service and the development of container facilities. There is strong growth in the range of transport logistics, storage, handling and associated distribution activities based on the port, rail terminal and road networks.*

#### **Transport Infrastructure**

*There are good rail and road access facilities in the vicinity of the port. In view of the declining trade overall it appears that port-related demand for both road and rail services over the next 15–20 years will be less than in 1991, however possible new trades such as containers could bring it back to higher levels though unlikely to be as high as in 1991.*

*The majority of imports of steel making commodities and the exports of steel products are by sea, and does not affect land transport significantly. Supply of coal for steel making comes from a range of mines and uses both road and rail transport, but the amount of coal required is limited by the present plant capacity and is not expected to increase.*

*Transport problems for freight do exist, however:*

- *Primary rail access to the Illawarra is through Sydney;*
  - *freight trains are set aside during morning and evening peak passenger train periods*
  - *the length and speed of freight trains is restricted by track alignment south of Helensburg*
- *Rail access on the alternative line through Robertson is restricted by steep grades and tight curvature. The route up or down the escarpment requires extra locomotives;*
- *Road access on the Illawarra Highway through Robertson is also steep and has tight curves which makes access difficult for long vehicles;*
- *the Mt Ousley Road is heavily used by coal trucks and other road transport. As traffic volumes increase, appreciable traffic congestion is occurring. However, the recent decline in coal*

*haulage has helped to offset the increase in other road traffic;  
and*

- *the F6 Freeway through Wollongong also experiences delays during peak periods, which in turn affects the reliability of road transport to Port Kembla.*

*These problems restrict the flexibility and efficiency of transport operators, although overall capacity is sufficient."*

While the Princes Highway south of Kiama to the far south coast and Victoria was identified as a current constraint for transport to and from Port Kembla from the South, Southern Councils Group is advocating more government focus on the Highway to address this and other issues regarding the currently slow progress with its improvement.

In addition western access from the SE of NSW will be eased with the completion of Main Road 92 to Nerriga which will be fully constructed by mid-2007. To further progress this initiative, the government needs to activate studies of the route of Main Road 92 beyond Nerriga to the Hume Highway corridor via Tarago and Gunning.