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REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON STATE DEVELOPMENT

INQUIRY INTO PORT INFRASTRUCTURE

At Sydney on Tuesday 18 May 2004

The Committee met at 9.00 a.m.

PRESENT

The Hon. A.S. Burke (Chair)

The Hon. A. Catanzariti

Mr I. Cohen

The Hon. P. Forsythe

The Hon. M. J. Pavey

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CHAIR: Members of the media, the Standing Committee on State Development has previously resolved that press and public be admitted to proceedings of the Committee and that the media may broadcast sound and video excerpts of its public proceedings. I point out that in accordance with the Legislative Council's guidelines for the broadcast of proceedings that only members of the Committee and witnesses should be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In recording the proceedings of this Committee you must take responsibility for what you publish or what interpretation is placed on anything that is said before the Committee.

I welcome everybody to today's hearings of the State Development Committee's inquiry into port infrastructure and particularly welcome Mr McMaster, our first witness today.

HUGH McMASTER, Government and Commercial Services Manager, New South Wales Road Transport Association Inc, sworn and examined:

CHAIR: In what official capacity are you appearing before the Committee?

Mr McMASTER: As a representative of the New South Wales Road Transport Association.

CHAIR: If you should consider any stage during your evidence that certain evidence or documents you may wish to present to the Committee should be seen or heard in private, the Committee will consider your request. However, the Committee or the Legislative Council may subsequently publish the evidence if it is in the public interest to do so.

Mr McMASTER: That is fine.

CHAIR: I invite you first of all to make an opening statement.

Mr McMASTER: Thank you. The New South Wales Road Transport Association is the peak body for road transport operators in New South Wales. We welcome the opportunity this inquiry brings to review major port development in New South Wales. Our association was founded in 1890. It has represented employers in the industry, including in particular carriers of goods to and from ports in New South Wales, since that time. We estimate the gross value of that part of the industry involving moving containers to and from Sydney's ports to clients at \$300 million to \$350 million a year. This does not include secondary container movements for inspection, repacking, storage and other purposes. The combination of long-term volume and cost growth means the gross value of road-based container transport is set to double every seven to eight years. This has significant public policy consequences. It means that governments need to give a higher priority to the industry's broader regulatory framework and infrastructure needs. A good starting point would be an independent analysis of its performance at the stevedoring interface to complement existing shipside monitoring of the supply chain.

We support the general thrust of the ports growth plan because we believe it addresses the medium to long-term requirements of the shipping industry and of stevedores. The plan recognises Port Botany has natural advantages in the shipping operations and is adjacent to the largest market in Australia. It is the ideal location for major port development in both economic and environmental terms. However, its seaside strengths clash with landside weaknesses. This means we have to carefully think through the consequences of major port development on industry and the broader community. This has to take place against a backdrop of a long-term 7 per cent growth in container traffic through Sydney. Notwithstanding attempts, which we support, to increase rail's share, strong growth in road-based movements of containers to and from the port will continue.

We believe the Committee needs to focus on what developments of the magnitude suggested in the ports growth plan need in landside infrastructure. We have recommended the development of an holistic regional plan for land growth infrastructure in south-eastern Sydney, including better rail infrastructure and public transport. We have recommended the development of a statewide freight plan to cover all modes. We have proposed specific road-rail mode infrastructure development to move containers quickly and reliably. We need to work together to position Sydney as Australia's leading interstate and international freight and passenger transport centre. This is not a special-

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pleading call from an industry lobby group. Social and economic forces when combined with Port Botany's natural advantages for shipping deserve nothing less of the New South Wales and Australian governments.

We believe the Committee needs to look beyond industries associated with physical port side and landside infrastructure development. The rail and road regulatory system needs to adapt to the increasing use of higher, longer containers by international shipping lines. We need to develop a model national intermodal regulatory framework in this area. We also believe the Committee should support the development of a national community-based e-commerce system to improve monitoring of the movement of freight along the supply chain. Current approaches are characterised by poor co-ordination of existing development by privately and publicly owned system operators. We are convinced such a national system can contribute to improve national security, international competitiveness and supply chain reliability.

Inadequate physical infrastructure and disjointed information technology-based infrastructure can lead to serious occupational health and safety issues in the road transport industry that require closer investigation and compulsory reform. Landside intermodal interfaces are unreliable. Stakeholders are too self-centred in their approach to supply chain management. Truck drivers work long and unpredictable hours. They deal with inadequate or non-existent amenities. Stevedores want the industry to work 24-hours a day, six days a week. The industry's clients work eight hours a day. There is a mismatch. Our stevedores need to invest more in facilities rather than pressuring the industry to work around the clock. The industry lacks the mark of power needed to address these problems. More government involvement is required.

Adequate train infrastructure is also critical to address serious industry skill shortages. It is pleasing to see the New South Wales and Australian governments working to develop a new transport and logistics centre of excellence in Sydney, however much more needs to be done to encourage the development of a more skilled workforce in the road transport industry. It is right and proper for all of us to have a say, particularly on large infrastructure developments like ports and airports. However, we believe the Committee needs to accept that the basic features of the ports growth plan are vital for social and economic development in New South Wales. Planning for the building of large-scale port facilities in Port Kembla or Newcastle at this time would be irresponsible in environmental and economic terms. However, we believe the opportunities for growth in those ports that are contained in the ports growth plan are appropriate.

The real challenge for government is to provide the policy and regulatory framework to drive supply chain improvement through better landside infrastructure, more effective exploitation of the potential of information technology, implementation of intermodal regulatory reform and the development of both a skilled workforce and a safer workplace.

CHAIR: What sort of landside infrastructure to you believe needs to be put in place, particularly at Botany?

Mr McMASTER: At Botany itself we believe there is a need for a direct motorway—I stress motorway, not freeway—link from Botany to the new M4-East extension that is proposed. So, as far as road is concerned, we can get containers out of that area as quickly as we possibly can. We need a dedicated rail freight track out to Macarthur so a great portion of containers moving to and from the port can go by rail. We need a series of intermodal terminals within the greater Sydney basin to enable the transfer of containers to and from rail to road and vice versa. I guess our view is we need several of those, including at Enfield, but they need to be on the moderate scale, because we need to think through the consequences of moving several hundred thousand containers through an intermodal terminal, in terms of the road infrastructure needs, the noise and other environmental consequences on local communities.

In regional areas we need to try to discourage every local council for wanting to have an intermodal terminal, because it simply will not work. At the end of the day it is our view that strategically placed intermodal terminals that are based on the hub and spoke principle that can attract traffic to them and then be placed on containers onto rail, based on the full trainload principle, and take them to port makes more sense. For example, last year when I saw Bathurst City Council wanting an intermodal terminal, I thought there would be very little in the way of freight traffic generated east

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of Bathurst that would go into Bathurst to get on a train to go to Port Botany. Blayney, for example, is much better positioned and it is better to send the exports from the Bathurst area by truck to Blayney and then by train to Sydney than to build another intermodal terminal at a place like Bathurst. They are the main infrastructure needs that are required for Port Botany.

CHAIR: So, within the Sydney basin, other than at Enfield—you said you support Enfield but there should be others as well?

Mr McMASTER: Yes.

CHAIR: Are there any particular sites that would be appropriate?

Mr McMASTER: One that should be seriously looked at is Wetherill Park. We think it makes a lot of sense to build a spur line to Wetherill Park. Currently there are 125 road freight companies based in the Wetherill Park, Smithfield area. It is the largest concentration of road transport industry anywhere in the southern hemisphere. With developments like the west link M7, the F3-M2 link, et cetera, it will attract transport to that area like bees to the honey pot. There is also the case for further development of intermodal facilities in the Macarthur area in the long term maybe in places like St Mary's and also in the north-west, like Dunheved or somewhere out that way. All these facilities should be relatively small scale, maybe capable of handling 200,000 to 300,000 containers per year on an EU basis.

CHAIR: Yesterday it was put to us that there might be ways of significantly streamlining truck movements in and out of Botany. I forget the term they gave for it, but comment was made about there being too many truck movements of empty truck. I wonder whether there have been any thoughts on how Botany might be better managed in that sense.

Mr McMASTER: Certainly one of the problems the industry faces is doing what is known as two-way runs or back loading, which is where you put a container in and pull a container out. The problem you have is that you have to get the right mix of a client wanting a container going in with a client wanting a container coming out. There are something like 300 road transport operators that service the port in Sydney. They have a variety of clients whose needs vary around the clock. Something like 55 to 60 per cent of all containers that are exported full, the balance is empty. It is not realistic to export empty containers. Certainly, we support more two-way runs. For a while P and O ports did not encourage small carriers to engage in two-way runs and we could not really understand why, but they did not do so. They have changed their view, which we welcome. We think that, while, theoretically, it would be desirable to engage in more of that, I think practically it would be very hard to achieve much more growth in two-way runs.

Mr IAN COHEN: Yesterday we were told that by international standards Sydney has a very high number of small truck operators and companies. Is that a problem?

Mr McMASTER: Certainly, I think Sydney has a relatively high proportion of small truck operation companies. I do not think it is a problem at all. I think that the road transport industry in Australia is relatively deregulated compared to most parts of the world, which means it is relatively easy for someone to enter the industry. But that, I think, makes the industry more competitive and more likely to respond to the needs of clients. Certainly, I think one of the downsides of it is that there is scope for two-way running to occur. But if we want to, and maybe behind the question is that we want fewer trucks going into Port Botany, maybe we need to look at ways to try to encourage more B-double trucks to go in and out so that more containers can go on the back of each prime mover that is going in there. But I cannot see anything that is really going to change the dynamics of the industry so far as the number of participants is concerned because that is the nature of the road transport industry in Australia.

Mr IAN COHEN: Earlier you mentioned that the size of containers internationally was getting larger. The Committee has heard that loaded containers coming into Port Botany had to turn off the M5 early, which means they are stuck on a section going down the Princes Highway creating quite a significant traffic problem. It is reasonable to say that the Committee's finding is that traffic snarls coming in and out of Port Botany are major issue in terms of port growth. What is happening with the tunnel? Did the Minister design it at the wrong height?

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Mr McMASTER: I am not sure about the height. I am not sure how high the tunnel is, but certainly my impression is that there is a lot of congestion on Sydney's roads, including in the Princes Highway area and through the M5 tunnel. What that means is that it takes longer for a truck to complete a trip. Because the transport task does not change it means that more trucks are required to do the job. For every container that is put in and out of Sydney it means more environmental pollution and more workers, and it increases the cost of moving containers. The cost of congestion is a huge problem and that is why, as I said in my opening statement, a lot of the Committee's focus should be on, I believe, addressing the landside infrastructure problems.

Mr IAN COHEN: Could you take on notice trucks having to prematurely get out off the freeway system onto the local roads, which has been raised before? We have been given information that there is a sign on the tunnel.

Mr McMASTER: So it is trucks prematurely leaving the M5 in particular?

CHAIR: Yes, the M5 East heading east. When eastbound traffic gets to the Princes Highway exit lights flash above their head saying "over height vehicle" and get them out at the Princes Highway exit.

Mr McMASTER: In other words this is for trucks over 4.5 metres high. Are you saying that those trucks need to exit and go onto the—?

Mr IAN COHEN: We are not sure what size of container, how many trucks and what is affected, but it seems as though it adds significantly to traffic problems in that Port Botany area.

Mr McMASTER: I will try to investigate the nature and extent of the problem. I will have a chat with the Roads and Traffic Authority and people in the industry to identify how serious the problem is.

The Hon. TONY CATANZARITI: I believe the height of the containers has gone from eight foot six inches to nine foot six inches.

Mr McMASTER: Most containers are still eight foot six inches high, but increasingly we see containers coming into Sydney that are nine foot six inches high and 45 foot long. I guess the point I made earlier about the need for harmonisation in intermodal regulations in the development of a national regulatory system is that we have to recognise that if international shipping lines are going to drive this then governments around the world need to accept, I guess, that that is going to be part and parcel of doing international trade in the future. Therefore, things like the design of railway wagons and trailers for trucks, the mass and dimension limits that can go on the industry operations, such as the height of bridges, et cetera, need to adapt to those changing trains.

The Hon. TONY CATANZARITI: Is there a world standard in height, width and length?

Mr McMASTER: Not that I am aware of, but I guess when containerisation first started 40 years ago the idea was to have some sort of unitised system that would greatly facilitate a more efficient shipping of goods around the world. The original container was 20 foot long, eight foot six inches high and, I think, eight foot wide. I am not sure of the particular dimensions. The next step was to move to a 40-foot long container, which was really two 20-foot containers. But now, as I say, there seems to be a trend towards nine foot six inch high containers, nine foot eleven inch high containers and 45-foot long containers.

The Hon. TONY CATANZARITI: Can we find out if there is a world standard of container sizes?

Mr McMASTER: I will take that on notice and perhaps ask the executive director of shipping Australia if he can advise either the Committee directly or the Committee through me.

The Hon. MELINDA PAVEY: Mr Ian Cohen referred to resident concerns in Port Botany. If it is not the tunnel height that is causing trucks to leave Foreshore Drive and into the suburb of Port

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Botany to the port, what is it? Has the New South Wales Road Transport Association had any thoughts about encouraging drivers back onto Foreshore Drive to take them out of the suburbs? Clearly, it is the biggest issue that local residents have. Has any thoughts been given to a code of conduct or encouragement for truck drivers to use the better route?

Mr McMASTER: You raise a number of issues. Firstly, I think we need to recognise that there are business industries adjacent to Botany Road. There is an empty container park in Exell Street and a number of road transport operators are based on Botany Road. To some degree the industry cannot avoid using Botany Road. It does not matter what any State or local government does. Last year the Roads and Traffic Authority approached me about the preparation of some communication material to industry to encourage industry to use Foreshore Drive. We were supportive of that in principle. We helped to get the message out to drivers through a brochure. There are signs up on the M5 East encouraging drivers to use Foreshore Drive rather than Botany Road, which we applaud and with which we are comfortable.

I think the industry view would be that when there is congestion on Foreshore Drive and there is pressure from clients and stevedores to meet deadlines, there is pressure in a regulatory sense because of driving hours and other occupational health and safety considerations then we believe it is not unreasonable for truck drivers to use Botany Road in those circumstances because it shortens trip times and makes the industry operate in a more efficient way. We were disappointed at the decision to close all limited truck movements on Flora Street in Arncliffe. It was an important route for trucks going from the inner western suburbs—the Sydney-Marrickville area—to Port Botany. Those trucks now have no alternative but to go along Botany Road and then along Ricketty Street and Canal Road, which adds to the congestion along Botany Road, it is a longer trip.

It is not a safer route because there are roundabouts and other things that drivers of large trucks do not like negotiating. There are more accidents and that contributes to the problem. If the Committee can look seriously at the merits of an alternative route through the area east of Arncliffe, somewhere near the airport, that would certainly get some trucks off Botany Road. I think we should look also at the possibility of fairly major road engineering for some of the streets in the Botany Road area to try to get more B-doubles in there because if we can get more B-doubles it means fewer truck movements. A B-double can carry the equivalent of three 20-foot containers rather than two.

We need to see whether there are possible engineering solutions for some of the streets that run off Botany Road to take traffic onto Foreshore Road and off Foreshore Road rather than through Botany Road. I think a number of options can be looked at, and certainly there is merit in having almost a micro traffic management plan for the area. We think that if there were decent rest facilities and other amenities where drivers can buy food and drink closer to the stevedores terminals, that would stop them going up to Botany Road to get a sandwich or something. Lots of practical things can be done to get trucks off Botany Road.

CHAIR: Were the limitations that have been put on Flora Street, Arncliffe, imposed by the local council?

Mr McMASTER: It is difficult to know. I understand that in the lead-up to the last election the member for Rockdale promised local residents that there would be a prohibition on certain truck movements along that route. I think the Marsh Street and Qantas Drive intersection, which is where Flora Street comes in, is a State Road, whereas Flora Street is a local council road. I think it was a matter of the State Government and local government working with each other—I suspect, driven with a degree of enthusiasm by the local state member of Parliament. Certainly we were not consulted about it.

As I was driving down to Canberra for a meeting, two hours before it was being announced at a public meeting, I received a phone call from a Roads and Traffic Authority official and I was asked what the effect would be. I was most unimpressed, because I certainly think that for an issue as important as that, given the flow-on impact on Botany Road, there should have been prior consultation with our association. Certainly our view is that we would want to participate in a constructive process that addresses the industry's concerns and the community's concerns.

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The Hon. PATRICIA FORSYTHE: Has your association done any modelling on the land side costs of moving freight from Port Kembla or Newcastle, and if so what conclusions have you drawn?

Mr McMASTER: We have done no modelling per se. In the submission I provide some indication of the number of containers that would probably be moved from Port Kembla per truck driver, and also from Sydney per truck driver. I will try to find those details. But certainly it is our view that generally it would take more time to deliver a container from Port Kembla to Sydney, except in the south-western suburbs and the outer western suburbs, where I think it could be line ball or it could favour Port Kembla.

So potentially, for a proportion of the container traffic—and, I should say, an increasing proportion of the container traffic—Port Kembla would be relatively more attractive. As far as Newcastle is concerned, there is no way that you can run an efficient road-based operation, moving containers from their origin to their ultimate destination for exports and imports, through the port. The roadside costs would be just too great, and the number of drivers that would be needed for that transport task would be a lot greater than through Port Botany.

The Hon. PATRICIA FORSYTHE: In your submission in relation to Newcastle you refer to the fact that to date no decision has been made to quarantine land for the development of associated land side infrastructure. Could you elaborate on what is needed?

Mr McMASTER: I guess in the longer term, if Newcastle is going to be the number two container port in New South Wales—and I think it probably makes good sense that that is part of the long-term plan—we will probably need to have a four-lane motorway link from the port to the F3, and we will need to have a dedicated rail freight corridor from Newcastle to Sydney. That is the sort of infrastructure that needs to be put in place to enable an efficient land side container transport operation in and out of that port. I think we need to bear in mind that in the longer term most exports will probably still originate from Sydney, and certainly most imports will come to Sydney. Irrespective of where the container terminals are built, that is where most containers will end up coming from or going to.

Mr IAN COHEN: There has been some complaint—I am not sure whether it came to the Committee directly—about the problems of truck haulage up Mount Ousley. Will this be a significant factor for the transport industry, in terms of wear and tear on vehicles?

Mr McMASTER: I do not think so. These days vehicles are built having regard to the terrain that they need to go over. Trucks purchased in Australia are made, by and large, in Europe, the United States or Japan. Those countries have much bigger hills than Mount Ousley that those trucks need to climb over, and they do it with very few problems. It may well be that there are problems, which you are referring to, relating to road wear that arise from overweight containers. That is a different problem, and we believe that that will be addressed over time through the adoption of chain responsibility legislation which was endorsed by the Australian Transport Council late last year. That will spread the responsibility for breaches of road transport law to importers, exporters, shippers and others in the transport chain. But as far as trucks are concerned, I believe they are certainly built to handle a task like climbing Mount Ousley, or any other Australian mountain, without any problem at all.

Mr IAN COHEN: You said that Melbourne is a leading location for freight transport in Australia. What can New South Wales do to improve its standard in this regard?

Mr McMASTER: What we tried to say is that, historically, Melbourne was the economic and social capital of the country. Things like the gold rush, the development of the pastoral industry, and so on, made that so. Even 50 years ago Adelaide had more people than Brisbane. Sydney did not become Australia's biggest city until the 1920s. So Melbourne was the economic centre of Australia, and between the second and third largest State in terms of population.

Over time south-east Queensland has grown a lot faster than south-eastern South Australia, Sydney has grown faster than Melbourne, and now Sydney—when I say Sydney, I am speaking about Sydney, Newcastle and Wollongong—is the economic powerhouse of Australia. We have a natural

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seaside advantage from a shipper's viewpoint. It is a lot cheaper to get a container ship to dock at Port Botany than it is to dock in the ports of Melbourne or Brisbane. Pilotage costs are less, the channels are deeper, and the weather is better from a shipper's viewpoint. This is no joke; it is a fact. So there are fewer days of the year when it is a problem for a ship to get into the port of Sydney than anywhere else.

Because most of the containers originate or end up very close to the port and a larger number of them end up in Sydney or areas that are relatively close spanning out from Sydney, it simply makes sense that the New South Wales Government works on a long-term plan to make Sydney the freight capital of Australia, as opposed to Melbourne. The other driver there is the airport itself. The airport is the major origin and destination of passengers; it carries a loss of freight as well. I think that that whole Botany-Mascot area should be thought of as Australia's transport hub.

The Hon. TONY CATANZARITI: Would the transfer of the car trade from Sydney to Port Kembla ease road congestion in the city and routes leading from Glebe Island to the terminal?

Mr McMASTER: It is certainly true that given that a great proportion of the car trade is through Port Kembla, it means that fewer direct truck routes are required to inner-city locations to pick up cars. Ultimately those cars need to get to car dealers and, I understand, in the case of two models the cars are warehoused for a period before they go through to the dealerships. Our view is that the market will have a fairly big say in determining whether cars go through Sydney or Port Kembla. My understanding is that most of the expensive European models will probably tend to still go through Sydney because there is the feeling that most of those cars will end up in the eastern suburbs and the North Shore and it is a nice, short trip from there to those locations and there is less chance of them being damaged on the way, and that if they are damaged it is a little more extensive to do them up. Whereas, if you are importing from Hyundai, they will go out to a warehouse at Minto or someone like that, and therefore if they go through Port Kembla it does not really matter. I think that is the way the market will probably determine the nature of the car trade.

The Hon. TONY CATANZARITI: What is the cause of the annual gridlock that occurs at Port Botany between October and January?

Mr McMASTER: This year the gridlock is probably still in place. Certainly it was pretty awful out there last month. Probably the main problem is that there are not enough fiscal resources in the stevedores terminals, and their solution is to try to get the industry to work 24 hours a day, six days a week. To some degree, we as an industry are not uncomfortable with the idea of working around the clock. But the problem is that the shipping lines do not work around the clock, the empty container parks do not work around the clock, and importers and exporters do not work around the clock. In other words, the rest of the transport chain is not going to necessarily adjust to suit the convenience of stevedores, who do not want to invest enough in cranes and other heavy equipment to enable the transport task to be carried out efficiently.

I do not have any idea of what their capital equipment purchasing policies are, but I would think that it is very likely that the number of containers, per crane or per worker, that are being shipped through the two stevedores terminals have grown quite substantially. We are strongly of the view that they need to balance their desire to get greater utilisation out of the existing equipment around the clock, with a recognition that there are very strict limits on the degree of tolerance that can be exercised down the chain. It is simply not economically viable for most road transport operators to go into a container terminal outside normal business operating hours, pick up a container, take it to a transport yard, drop it off, pick up the container once more, and take it through to the ultimate destination.

Aside from the economic costs, there is quite a degree of organised crime in the Sydney waterfront as well. We were told that in 2002 about 30 break-ins occurred at a transport operator's yards. That led to a major investigation by police at Mascot and they arrested a couple of gangs. They identified about another 50 break-ins that had occurred. The volume of goods that was stolen was worth probably in the order of \$50 million. That is a huge cost as well. So there is a series of disincentives for the industry to operate around the clock. We are in a position where stevedores criticise us publicly for not doing so, but our view is that they have to recognise that the industry works within a constrained range of hours. Because of the lack of equipment there is a seasonal surge

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each year and that is when problems really do become quite serious. The peak season is extending; it used to be October to January; this year it was probably October to February, then there was a lull, but April was again very, very bad. It really does hamper our operations and it requires close scrutiny by government.

Mr IAN COHEN: Were the gangs truckies?

Mr McMASTER: There were some drivers involved, I believe, but it needed inside knowledge—probably in stevedores yards and custom brokers premises—because what would happen is that a road transport operator would deliberately position a container in his or her yard to make it as hard as possible to get access to it. But these gangs knew which containers to target; so it was the containers with the perfume or the video cassette recorders, or other goods that could be offloaded fairly easily. They deliberately targeted the containers that had the goods in them that they wanted. They would move containers aside to get to the container that they wanted. To get that information they had to have accessed the details of the weigh bill and other paperwork. They can only get that from companies like custom brokers, or from the stevedores themselves.

The Hon. PATRICIA FORSYTHE: Would we benefit from having a single ports authority across the three ports?

Mr McMASTER: That is a good question. Certainly my view is that the laissez-faire approach that characterised the previous Labor Government did not work because I think they were too focused on the three ports corporations. They were probably too focused on their own commercial considerations rather than having sufficient regard for the bigger picture. It is certainly my view that ports corporations need to have a commercial focus. Whether you have one or three to achieve that I really do not know. I suspect three separate ports corporations adds a degree of contestability and drive in the commercial culture that I think is an important part of the work of ports corporations. But I think it probably requires more active intervention by governments to ensure that the corporations work with each other in the broader public interest, and I sense that with a new Minister there is more sign of that going on. And the fact that I am sitting here talking to you is probably an indication of that.

CHAIR: Just following on from that, some people have suggested a single ports corporation, some have said leave it as it is, some have said that there is an affinity between Sydney and Port Kembla, whereas Newcastle is quite distinct. In terms of getting capacity down to Port Kembla, you referred to the car trade before and, short of moving the Eastern Suburbs and North Shore to Port Kembla, has it made it more difficult getting that capacity down to Port Kembla by having separate ports corporations?

Mr McMASTER: No, I do not think so. I think shipping lines and stevedores would invest in infrastructure in Port Kembla or shift their operations to Port Kembla if it was commercially attractive to do so. Port Kembla as a port has got similar natural advantages to Sydney from a shipper's viewpoint, but the market is not there. I think something like half a per cent of all imported containers end up in the Wollongong area and about two per cent of exports originate from there. So there is not a huge market at the hinterland. That is probably the greatest detraction to the development of major facilities at Port Kembla. Newcastle has similar problems.

The Hon. MELINDA PAVEY: Just on Newcastle having similar problems, with the high-growth of the northern region of New South Wales how does the New South Wales Road Transport Association consider the growth of the North Coast with the particular reliance on the Pacific Highway and the pressures that are on that route?

Mr McMASTER: The pressures on the Pacific Highway are huge. I said somewhere the other day that I doubt if there is a road anywhere in the developed world that would link cities the size of Sydney and Brisbane that is as bad as the Pacific Highway. If you drive from Montréal to Ottawa, for example—we like to consider ourselves in many ways similar to Canada—they built that road 30 years ago and they have derived an economic benefit from that as a result, as well as saved thousands of lives over the years. This Government and the Australian Government need to really seriously address the Pacific Highway and build a decent four-lane route from Sydney to Brisbane as soon as possible.

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As far as population growth, there is huge population growth on the North Coast. Newcastle could probably attract particularly the cotton trade from the Narrabri/Moree area down through its port, rather than go through Brisbane. But likewise, Port Kembla could probably attract from the Riverina some of the wine and rice trade and other trade and horticultural products from that area through Port Kembla as well. The Newcastle Hunter area still generates a relatively small proportion of overall container business because it still has a relatively small population compared with the greater Sydney area. To the extent that more containers are moved through Newcastle or Port Kembla it will mean the average truck trip is going to be longer because invariably those containers will still stay up in Sydney and/or end up in Sydney, and invariably they will be moved by road.

Mr IAN COHEN: Just on the Pacific Highway and the whole North Coast issue, does your organisation have a position on the New England Highway, which is the national route and somehow it got lost, but it should be the truck transit route from the North Coast?

Mr McMASTER: I am not sure if it should be. I mean it probably is not theoretically the ideal truck transit route from the North Coast. I guess what I mean by that is if you are coming from, say, Coffs Harbour, you would not go up to Tamworth and down, or even from, say, Casino or somewhere like that.

Mr IAN COHEN: Most of the transport is Brisbane to Sydney effectively?

Mr McMASTER: Yes, I was going to go on and say that a lot of the transport is from Brisbane or south-eastern Queensland. Prior to the opening of the Chinderah-Yelgun section of the Pacific Highway it took less time to travel from Brisbane to Sydney via the New England Highway than via the Pacific Highway. Aside from the old cliché that time is money, the time it takes to do that trip is roughly equal to the legal driving hours that can be done, under current legislation. It is touch and go but it is pretty close to it.

Mr IAN COHEN: You are now referring to the Pacific Highway with the Yelgun bypass?

Mr McMASTER: Yes. So once the Yelgun-Chinderah section of the highway was opened it probably cut 20 minutes off the trip, and it made the Pacific Highway a lot more attractive for truck traffic. If you care to look at some of the statistics from the Roads and Traffic Authority you will notice an appreciable decline on the number of trucks on the New England Highway and an appreciable increase on the number of trucks on the Pacific Highway at that time. It was all about the relative difference in the time it took to complete that task. I have even had members of our association say to me that they are even moving from the Newell to the Pacific Highway for Brisbane-Melbourne journeys. And as more money is poured into the Pacific Highway then the shift in freight to the Pacific Highway will just grow at the expense of the New England and the Newell.

I think probably there is a realisation—I suspect based on media reports suggesting that a huge increase in funding for the Pacific Highway is as a result of Auslink—and there is an acceptance in Canberra that that is an irreversible trend, and probably an acceptance in the Roads and Traffic Authority and in Mr Scully's office as well, and that the best way to tackle that is to really invest a lot more in both the Pacific Highway and the Hume Highway so that the trucks going up and down the eastern seaboard will use those two routes. Of course, the other important issue in that is getting more freight on to rail. We are comfortable with the idea of getting more freight on to rail for east coast movements, and we certainly would encourage the Committee to encourage the development of a decent rail corridor from Brisbane to Melbourne as well.

The Hon. MELINDA PAVEY: Just in relation to freight on to rail, do you have an opinion on an appropriate location on the North Coast for an inter-modal centre?

Mr McMASTER: No, we do not. I think probably the way to deal with that is to look in close detail at where exports are coming from, where imports are going to, and then build it around the hub and spoke concept I referred to earlier. It could be Coffs Harbour, it could be Grafton, it could be Port Macquarie. Maybe there should be two or three of them, I really do not know. But a closer analysis of the volumes should give some indication and then it is a matter of converting those volumes into full trainloads and working out a frequency of service on that basis.

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Mr IAN COHEN: Do you have any experience with road-rail freight systems where the road trains or trucks can actually roll onto the rail, be transported to a railhead and then roll off again with their load? Have you had any experience with that in your industry? I understand there is some work on that in South Australia.

Mr McMASTER: No, I do not. I gather from what you are saying it is where the truck is physically placed on the rail wagon, is that correct?

Mr IAN COHEN: Yes.

Mr McMASTER: No, I have not, and from what I have seen just in some travels overseas where there is a lot more rail freight going on, I have certainly never seen it in place. I would imagine that what may be a more attractive option would be to look at stacking containers high on rail wagons and just having the truck pickup and drop off at each end of the rail journey. But certainly I will look into that, Mr Chairman, and provide further advice to you.

CHAIR: Mr McMaster, you have been of great assistance. Because of the timeframes that we are working under, for the issues that you have taken on notice, if you could report back within 10 days that would be greatly appreciated. Thank you very much for your submission and for your time today.

(The witness withdrew)

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PAUL JAMES ROBINSON, Executive Director, Maritime Asset Strategy, Waterways Authority, and

CHRISTOPHER JOHN OXENBOULD, Acting Chief Executive, Waterways Authority, sworn and examined:

CHAIR: If at any stage during your evidence either of you wish to present certain evidence or documents that you believe should be presented in private, the Committee will consider your request, however, the Committee or the Legislative Council itself may subsequently publish the evidence if they decide it is in the public interest to do so. I now invite you to make an opening statement.

Mr OXENBOULD: Mr Chairman and Committee members, thank you for the opportunity and the invitation to the Waterways Authority to appear before the Committee. By way of introduction, Paul Robinson is an executive director within the maritime property and assets division and has been working with the Waterways Authority or its predecessor for the past 16 years and has a wealth of experience in the authority. I was appointed as the Acting Chief Executive of the Waterways Authority on 19 January this year. Immediately prior, I was the Chief Executive of the Newcastle Ports Corporation. Before that I had two years as the Executive Director of the Infrastructure Co-ordination Unit in the Premier's Department. Earlier I had a 37-year career in the Navy.

The lands comprising the harbour beds of the four major ports—Sydney, Botany, Newcastle and Port Kembla—are currently vested in the Waterways Authority. In many places the ownership extends to the original mean high watermark and includes important tracts of land around Sydney Harbour, such as Walsh Bay and King Street wharf. With this ownership come important responsibilities for landowners' consent and in some circumstances development approvals for developments planned on these lands. The authority is very conscious of the responsibilities associated with this ownership and the need to preserve Sydney Harbour as a working harbour. Indeed, the maritime property and assets division in the authority lays claim to first coining the phrase "a working harbour".

The Waterways Authority has endeavoured to ensure an appropriate balance of access to the harbour for commercial shipping, commercial vessels, transport services, recreational boaters and also the required supporting services for each of these groups. Of note in the Treasurer's mini-budget announcement on six April, he stated that the Waterways Authority was to be reformed and that the land functions are to be transferred to the Department of Lands. The actual mechanics of this transfer are being finalised at the moment, but the management of the harbour foreshores and the staff currently conducting this task will be transferred to the Department of Lands, facilitating a consistent management of wetlands across the State. That is all I would like to say as an opening statement and I look forward to your questions.

CHAIR: As the landowner of the proposed reclamation land at Port Botany, what role did the authority play in the development application [DA] and environmental impact statement [EIS] for the development of a third container terminal at Port Botany?

Mr OXENBOULD: The authority had to provide landowners consent and this has been done for the development application, but the proponent for the development application and the environmental impact statement is the Sydney Ports Corporation and they have prepared those documents and submitted those. As you are aware, they are going before the commission of inquiry.

CHAIR: For an EIS for Newcastle and Port Kembla, the Waterways Authority's role is the same?

Mr OXENBOULD: For the environmental impact statement?

CHAIR: Yes.

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Mr OXENBOULD: Yes, there was landowners consent. It depends which development you are talking about in Newcastle. If you are talking about the dredging of the south arm, the Waterways Authority, as the owner of those lands and, in fact, was the proponent for the environmental impact statement. If you are talking about the development of the old BHP steelworks site and the multipurpose terminal, that EIS was, in fact, prepared by BHP when they owned the site.

CHAIR: You referred to Waterways coining the term "working harbour". What do you term "working harbour" to mean?

Mr OXENBOULD: That it is a working harbour and that it is not just a residential harbour and maximised for residential purposes; that you can facilitate commercial activities and recreational activities—the Navy as well is an important part of the working harbour—the ferry services and the commercial vessels services which operating within the harbour, all those activities, and that they are properly supported and that you do have the repair facilities which are necessary for these types of craft and vessels and activities.

CHAIR: Do you view the ports growth plan as being consistent with "working harbour"?

Mr OXENBOULD: Yes, I do. I think that it is restricting some of the commercial activities, which take place in the harbour at the moment, but mainly those which take place in east Darling Harbour and, in the longer term, what occurs at Glebe Island with the cars and the imports of cars, but particularly the East Darling Harbour activities, I do not believe that they are sustainable in the longer term because of the way that commercial trade has developed.

CHAIR: We have heard over the last two days conflicting opinions about the rival proposal for the expansion of Port Botany, which has been put forward by P&O, which is contained in the EIS. Has the Waterways Authority any comments on those two different proposals and the impact, as it affects your responsibilities?

Mr OXENBOULD: I have no specific opinion of that. I am aware in broad details of the alternative proposal put forward by P&O, but I have not studied it in close detail.

The Hon. PATRICIA FORSYTHE: Would Sydney ferry operations be made easier by removing some of the shipping trade from the harbour?

Mr OXENBOULD: No, I do not think so. I think that there is sufficient room on the harbour as it stands for both the ferry operations and the level of commercial shipping that currently takes place. I do not think that is a factor that needs to be taken into account.

The Hon. PATRICIA FORSYTHE: As Waterways have been involved in the recent security discussions in regard to Sydney Harbour, would the removal of the bulk of commercial shipping from Sydney Harbour reduce the security risk as it is currently assessed?

Mr OXENBOULD: In an extreme, yes it would, but I think that most of the security risk—and the ASIO assessment of this has been made public; they think that the higher levels of risk, which are still relatively low and assessed as a medium, are associated with overseas passenger ships and also bulk liquids. They will still come into Sydney for some time and to remove those would be quite extreme and would be very difficult to manage. Sydney is the focus point for the passenger ships, with very large numbers of passengers passing through the port and entering Australia that way. There is no ready alternative to that.

The Hon. PATRICIA FORSYTHE: I understand that you are appearing before the Committee in your capacity as acting chief executive of the Waterways Authority and you may feel that you cannot answer this question, and I understand that. However, you have worked at the Newcastle Ports Corporation and one of the issues of interest to the Committee is the fact that we have three separate port authorities in New South Wales. Would you be in a position to make a comment about that structure?

Mr OXENBOULD: It is a personal comment, but I think that the present structure is sound. I think there is a lot of advantage in having the major ports within the Hunter and the Illawarra

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managed by the locals. There is a lot of strong feeling within those regions—from my experience particularly in the Newcastle region and the Hunter region—of having an ownership of the port and having a board, which is governing the port corporation and local input into it, so I think that is quite strong. Associated with that though, I think there is a very strong and important role for an authority such as the Waterways Authority as a central maritime agency for the State. When you consider the State's reliance on the amount of trade that passes through the ports—over \$50 billion a year and the number of recreational boaters, in that we have close to \$500,000 licensed recreational boaters and several hundred thousand registered boats within the State, there is a role for a maritime authority to look after the regulation and safeguard those.

Mr IAN COHEN: You said that there is a change of responsibility in your organisation but with respect to the harbour beds and shores, what is your role in assessing the condition of the plenum estuary and the expansion of Port Botany?

Mr OXENBOULD: I am not aware—and Mr Robinson might be able to assist me here—of whether we had any specific role.

Mr ROBINSON: We did not have any specific role in any assessment of that estuary. I assume you are asking what role did we have in terms of the contribution to the EIS documentation?

Mr IAN COHEN: Yes.

Mr ROBINSON: We did not have a role in that process. That was with Sydney Ports Corporation.

Mr IAN COHEN: Do you have any role at all in terms of the potential pollution of the waterway area there with that sort of development?

Mr ROBINSON: We would have a concern about the pollution on our lands as landowners, as we do with all our lands, and we would want to ensure that any development that did occur did not create any further pollution.

Mr OXENBOULD: And we take a lot of comfort in the process of the commission of inquiry, which is looking into those aspects of the development.

Mr IAN COHEN: Has your organisation done any assessment or participated in any assessment of the so-called toxic plume that is moving down towards the Port Botany area, which is a major issue for local residents?

Mr ROBINSON: We have actively encouraged the Environment Protection Authority to take action with respect to the Orica plume because we were aware of its movement.

Mr IAN COHEN: You have mentioned you are aware that P&O has said that their plan for expansion, in their minds, is environmentally more sound because it does not mean any dredging and impact on the plenum estuary and the potential for dealing with contaminated lands. Can you comment on that?

Mr OXENBOULD: I think just the statements made by the other proponents and by Sydney Ports to say that it is not going to influence it either. Really, they are matters that are before the commission of inquiry. I also said that we have not looked closely at the proposal put forward by P&O as the alternative proposal.

Mr IAN COHEN: Currently, you are the department in charge of the beds and shores up to the mean high watermark in commercial ports at the present time.

Mr OXENBOULD: That is correct.

Mr IAN COHEN: Would that not make you a primary body to be looking at the condition of these foreshore areas? We are dealing with wetlands and development on a port facility. Would that not mean that you would be in some way responsible for appropriate action there?

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Mr OXENBOULD: We provided the landowners consent, knowing that an environmental impact statement would have to be prepared, and this was going to be a very thorough statement prepared by the proponent. We also were working under the expectation that there would be something formed, such as the commission of inquiry, to look at that very closely. It is through those mechanisms that we are looking to fulfil our responsibilities.

Mr IAN COHEN: But you do not have any responsibility to investigate the matter or understand the current situation other than through those channels?

Mr OXENBOULD: There are other aspects of government and other agencies, and DIPNR in particular, is taking on those responsibilities. We provided the landowners consent, knowing that it was subject to further scrutiny before a development consent would be provided so that was satisfying our responsibilities.

Mr IAN COHEN: Does that further scrutiny automatically mean that you are trusting other departments, that you do not have to acquaint yourself with, for example, the pollution levels in the sediment on land that you have responsibility for?

Mr OXENBOULD: We are certainly very interested observers in the outcome of the commission of inquiry and the development of that commission of inquiry. But that is the process and they are the Government agencies which have the responsibility for making those determinations. I believe that is correct.

Mr ROBINSON: I think in a general sense—

Mr IAN COHEN: I would have thought the landowner was responsible in general terms.

Mr ROBINSON: We have a responsibility, and we do not deny that. We have acted in a number of areas such as Homebush Bay in particular, where we are providing funding towards the clean-up of part of Homebush Bay. With regard to the south arm dredging in Newcastle, we are well aware of the contaminated sediments from the BHP period of time. But in terms of acting to do something about those sediments, it is the polluter who is responsible, and we will pursue the polluter, as we have in the past, with the assistance of the EPA.

Mr IAN COHEN: So at Homebush Bay, who is footing the bill? Are you footing part of the bill? Would that be a similar situation in the Port Botany site if there is discovery of pollutants?

Mr ROBINSON: In Homebush Bay we are pursuing the polluter of the contaminated sediments and the developers are footing the bill of the decontamination, with partial contribution from government. But in terms of Botany Bay we have not identified any funding for any clean-up of contamination.

Mr IAN COHEN: Is it reasonable to say that Waterways is also involved in security issues on all these port facilities?

Mr OXENBOULD: We have a co-ordination role with regard to security and mainly co-ordinating with the Federal Government and the Department of Transport and Regional Services. The preparation of the specific security plans for each of the ports is a responsibility of the port corporations.

Mr IAN COHEN: Information has been given to this Committee that there is a considerable amount of infrastructure, looking at the petrol refineries, Port Botany itself, the airport and pipes under Botany Bay in terms of gas lines feeding these particular industries and transport nodes. Is that a concern to your organisation in terms of future security with the expansion of the Port Botany terminal?

Mr OXENBOULD: Not with regard to the expansion of the Port Botany terminal. I do not see how that would impact on a greater security concern there. With regard to other security concerns, they are issues which are taken into account by Sydney Ports Corporation in preparing the port security plan which it has submitted to DATARS for approval.

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Mr IAN COHEN: There has been a statement in the media recently that the expansion of the Port Botany terminal could have an impact on radar efficiency at Sydney airport for example. Is that a concern?

Mr OXENBOULD: I have trouble in understanding how that would occur and how that would impact on the radar efficiency of Sydney airport.

Mr IAN COHEN: If it is the case is it not something that could be significant in terms of the security and safety in the Port Botany area?

Mr OXENBOULD: I am not so sure about security. It may within safety but in safety there are very strict guidelines with regard to any developments around airports and any profile of developments around airports so that they do not interfere with flight paths, navigation aids and the like. I am sure that the Sydney Ports Corporation's submission is compliant with those. I know it has been an issue which many people have been aware of.

The Hon. MELINDA PAVEY: If the roll-on, roll-off facility at Glebe Island, from Glebe Island and Darling Harbour, was to move to Port Kembla, would it make Waterways' job of managing traffic on the harbour easier? Would Waterways then want to be responsible for appointing a harbourmaster instead of the Sydney Ports Corporation should that relocation occur?

Mr OXENBOULD: No, I think they are different roles and different responsibilities. The Ports Corporatisation and Waterways Management Act has specific responsibilities for the ports with regard to safety, traffic management and the like which are those of the Sydney Ports Corporation and I believe rightly exercised through a harbourmaster. The harbourmaster is appropriately located within the port corporation. There are different models around the port corporations. For example, in Newcastle the harbourmaster is an active pilot. He is the chief pilot for the port as well. The Act also has broader responsibilities which the Minister has with regard to safe navigation on all navigable waterways throughout the State for both commercial shipping and for recreational boats, and they are the responsibilities that we exercise. We have to work closely with the port corporations to fulfil those responsibilities.

Mr IAN COHEN: In terms of your role with harbour safety, are you confident that any expansion of Port Botany, in particular the Patricks terminal, will allow safe navigation of container vessels and any other major vessels coming in, with a thought in mind to the proximity of the airport runway? Are you convinced that there is adequate safety there?

Mr OXENBOULD: Again, this is part of the responsibility which is with Sydney Ports Corporation but we have an overview—

Mr IAN COHEN: Is the navigation of major ships coming in and having to turn round to get into that newly constructed terminally not a problem?

Mr OXENBOULD: I do not believe that to be a problem. I think there should be sufficient water there, from what I have seen of the plans, for that to be carried out and for those ships to be able to manoeuvre and berth safely.

Mr IAN COHEN: Is it a responsibility of your organisation to guarantee that? We had a similar situation with the M5 East; certain containers cannot fit underneath it because it is not high enough. Could we have a similar situation here where there is inadequate turning facility with the expansion of either Patricks or the P and O terminals?

Mr OXENBOULD: As I mentioned in a previous answer, there are two responsibilities within the Act. The port corporations have a responsibility for maintaining or for determining the safe navigation of commercial shipping within the ports. We have an overarching responsibility for safe navigation so we could oversee that. We could have a close look at the final plans and if we are unhappy with them we will be able to discuss that with the port corporation and express our concerns. One of the responsibilities we have is that the port corporations operate under what is known as a port safety operating license, which is issued by the Governor on the advice of the Minister. We administer

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those licences and we audit them each year and we carry out thorough safety checks of those licences. If we thought that any of the shipping and handling practices were unsafe that is where we would bring that to notice. If there was a major concern the Governor can withdraw a licence. That is an important asset to the port because that gives it exclusive commercial rights for operating in that port.

Mr IAN COHEN: Would your responsibility of assessing this process occur before or after the development of the new terminal facilities?

Mr OXENBOULD: We will look at that closely as the plans develop and as they get into their final stages of development and express any concern. Why I am saying that a little cautiously, and why we have not perhaps been more proactive up until now, is that this role was only relatively recently transferred to the Waterways Authority from the Department of Transport. A shipping unit previously existed within the Department of Transport but in September last year that was transferred to the Waterways Authority and with that came this role of auditing the port safety operating licences.

Mr IAN COHEN: What would your authority's responsibility be in terms of any offshore dredging in the bay at Port Botany to facilitate these new terminals? It would be dredging the bed of the bay to facilitate any of these terminals.

Mr OXENBOULD: Again, our responsibility would be to provide landowners consent because it is our land and we would have to satisfy ourselves that appropriate environmental scrutiny was being placed over what was being proposed either through the proponent coming forward with an environmental impact statement, which they are in this case, and also that that will be scrutinised by a commission of inquiry.

The Hon. PATRICIA FORSYTHE: Has there been any pressure from charter vessel operators for a restriction in shipping in the White Bay, Glebe Island area as a consequence of their expanded activities in the port?

Mr OXENBOULD: Not that I am aware of. Certainly, none has been brought to my attention in the few months that I have been with the authority.

(The witnesses withdrew)

(Short adjournment)

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GERALD GLEESON, Chairman, Sydney Harbour Foreshore Authority, and

ROBERT LANG, Chief Executive Officer, Sydney Harbour Foreshore Authority, sworn and examined:

CHAIR: If either of you should consider at any stage during your evidence that certain evidence or documents you may wish to present should be heard or seen in private by the Committee, the Committee will consider such a request. However, the Committee or the Legislative Council itself may subsequently publish the evidence if they decide it is in the public interest to do so. I invite you to make an opening statement.

Mr GLEESON: The Sydney Harbour Foreshore Authority, as Committee members would know, results from an amalgamation of the Darling Harbour Authority, The Rocks Authority and the City West Development Corporation. As such, our main function is the preservation, conservation and general place management of those areas. They are different areas: Darling Harbour and The Rocks are quite different. But they are seen as icon areas within the city. The City West Development Corporation was established in order to implement the Better Cities Program. Its main role was the development of surplus assets in the Pyrmont area. We now combine those three functions. In the development of the assets in the Pyrmont area, the land can be defined as either core land or non-core. If it is core land we only lease it. That is land that is on the foreshore, or we dispose of other properties in Pyrmont. But our main role as the development phase runs down is really the preservation of the foreshore land and the place management of those areas.

Where we are different from, say, a Landcom is that a Landcom's job is to develop the property and get out; our role is to decide what is best for the property but stay and generally manage the property. In the case of foreshore we have retained the ownership of the foreshore lands. In properties that we have sold in Pyrmont that are not on the foreshore we have not retained the ownership. Therefore, as a foreshore authority we are an interested player in just what the Government decides in relation to policy for the port. If the strategy announced by the Premier is followed through then we would see ourselves as an active player. We have made that submission to the Government. We are a member of the East Darling Harbour Task Force, which is chaired by Jennifer Westacott. I think she has been here to see you.

The Hon. MELINDA PAVEY: No, she did not come.

CHAIR: We had other representatives from the department.

Mr GLEESON: That is all I would like to say as an opening statement.

CHAIR: What role, if any, did the authority play in the development of the Ports Growth Plan?

Mr GLEESON: Nil.

CHAIR: If I could just go around some of the different parts of the harbour, I will start with the Millers Point. The Premier announced that it was being preserved for a future iconic development. A witness suggested that it be left as open space and that itself would be iconic on Sydney Harbour but one of the roles of this Committee is to consider the future of that land. What sort of ideas or contributions can you bring to the discussion?

Mr GLEESON: We have noted the Premier's comments, his policy. We believe that the Millers Point site should be preserved as he has suggested. We think that preferably it should be open space. I know that the Government announcement was to preserve it and then perhaps in 20 years time something might happen there. But we would prefer to see it—certainly in these initial years—as open space, and we believe that consideration could be given to having a sculpture park on that site.

CHAIR: Do you have thoughts as to how the current wharf space at Darling Harbour could be used to complement that?

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Mr GLEESON: Yes, we think that what is now described as East Darling Harbour, wharves 3 and 4 and part of 5, which will be vacated, should be transferred to the Sydney Harbour Foreshore Authority. We believe that 7 and 8 should be retained under the Ports Authority. That also includes part of 5. Surprisingly, there is no wharf 6, so we jump around a bit here. We believe that since we are looking ahead 30, 40 or 50 years 7 and 8 should be preserved, and part of 5, so that there would be the opportunity for cruise ship expansion, not just limited to one ship, which is the situation. As to the *Spirit of Tasmania*, we would prefer to see that relocated to White Bay. It causes traffic problems down where it is and we think that is a preferable case when the current lease—I think it is a five-year lease—runs out. We see White Bay being preserved for maritime uses. We cannot define precisely what they are because that is a matter for the Ports Authority and we are not as well informed as it is.

We would like to see a study of Glebe Island to see whether that should be preserved for car imports. We are not experts on that; that is a matter for the Ports Authority and the Government to work through. But if Glebe Island does become surplus we would not support residential development on that site. I skipped one point, on Darling Harbour wharves, on land that becomes vacant. We would not see that being used for residential; we would see it primarily being open space. But we would see some commercial development on Hickson Road—low-rise commercial. I come in on the ferry and I look across and I can see precisely where it would go. It would probably be only three levels, but low-rise commercial. One of the reasons for that is that as a place manager we need income in order to manage places. We receive no funding from the Government. We spend from \$25 million to \$30 million a year on community service obligations. We must retain assets in order to produce income in order to manage the site. For example, it is costing about \$9 million a year in The Rocks just on general preservation of the heritage area down there.

We suffered really by some decisions of earlier governments which took the upfront money, passed it on to Treasury, and we then did not receive any income. Cockle Bay is a good example of that. It is a great development by Lend Lease and we maintain the areas around Cockle Bay but the Greiner Government decided in its wisdom to take the upfront money and pass it on. Dr Lang has put pressure on the Treasury not to do that again because he needs this \$30 million a year. So we would see some low-rise development on Hickson Road. The majority of it would be open space.

Dr LANG: If I may add to that, large areas of open space can also be problematic in that you need some activation, not only some reason for people, transport infrastructure to support it but also for security reasons. That large area of simply open space and nothing else could be more of a problem than if you put some activity down there. People coming and going, commercial businesses operating, would be one of the supporting functions that would make sense there. Apart from solely financial reasons there is also a good community activation reason.

The Hon. MELINDA PAVEY: Are you saying that the sculpture park at Millers Point, No. 3, should not be just solely a sculpture park? Are you saying that you need some sort of commercial development down there at Millers Point?

Dr LANG: No, not at Millers Point. The Hickson Road area that we are talking about is up against the cliff on the eastern side.

CHAIR: Do you see the current structures there, the wharves themselves, remaining there as part of the development?

Mr GLEESON: We are in a program of foreshore promenades from Garden Island right around into Glebe. It will be up to Robert and his team to decide how best to ensure that. But that is the Government policy, which we thoroughly endorse, foreshore promenades.

Dr LANG: We would propose a master plan be developed that would have all the right elements including a foreshore walk, some open space. There also could be some very strong heritage reasons for preserving some of the wharf structures and not just simply ignoring them. All that would be taken into account in some appropriate master plan for the area.

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Mr GLEESON: I should make clear on the sculpture park that that is just an idea we had. The Government wants to consider a whole range of ideas. But that is an idea that we have put on the table and that is where it is at the moment.

CHAIR: With very little public transport currently in Darling Harbour east, and your proposal—I know you are not formally putting it but in discussion—that there be no additional residential accommodation, you would need some interesting commercial development to draw people to go there?

Mr GLEESON: I think Jennifer Westacott was going to do present you—she told me—with some data about the need for more commercial space in Sydney. I think that might come through in her submission. This is one of the last places left for some commercial space. We have not given a lot of thought to it but we think it is appropriate. As to transport, we have been looking for the past decade how to connect the Rocks to Darling Harbour. How do we generate traffic from one on to the other? If you walk around the Rocks at lunchtime today someone will say to you "How do I get to Darling Harbour?" You will scratch your head trying to work out how to get there.

So, transport between the Rocks and Darling Harbour, apart from the Matilda ferry, is lacking at the moment. The Transport Department changed the bus routes to include Walsh Bay. It is interesting now because that was a problem. Walsh Bay has just been developed. The buses now, instead of terminating in the Rocks, are going over and doing the circuit there. Whether that is the appropriate way to serve the development of three to five I do not know. The possibility of monorail, of course, or light rail is very real. We looked at monorail but it is a bit hard to turn it around at Pyrmont and get it running down Hickson Road, so light rail would probably be preferred. It has been on our minds for years and we have not got a solution yet.

The Hon. PATRICIA FORSYTHE: Mr Gleeson, late last year the Auditor-General's report into Sydney Harbour foreshore land recommended that the Government develop an overall strategic land use and development plan for the harbour. Has that progressed at all?

Mr GLEESON: I understand that is in the hands of the Department of Infrastructure, Planning and Natural Resources [DIPNR]. I did not quite agree with everything the Auditor-General said, I can tell you that now. I do not think he had a full appreciation of what has been done already. If you are talking about foreshore land, where is the need for another body for foreshore land? I hope the Government will, as land becomes available, as it did with Rozelle and White Bay—it did not give the land to us, we had to pay for it. We paid for White Bay power station. Dr Lang was the chief executive officer at the time and I told him now that he charged too much for it. We now own it and we have to develop it.

The Hon. PATRICIA FORSYTHE: You used the expression earlier in relation to Darling Harbour and the future, 30, 40, 50 years. What sort of lease time would you normally provide for, say, a commercial lease in that area?

Mr GLEESON: I think it is 99, if it is core land.

Dr LANG: The maximum is 99. It depends on the circumstances. Normally leases in that area, the Rocks and Darling Harbour, are five years. Depending then on what is involved, they can be longer than five years, for any period up to 99 years.

The Hon. PATRICIA FORSYTHE: So you do have some for up to 99 years?

Dr LANG: Yes.

Mr GLEESON: They were the big land development ones, whereas in the Rocks there were 400 tenants with small businesses. They are on the fives and tens and what have you.

Dr LANG: If I may also on the question of the Auditor-General's report, that was a report into how all foreshore lands were being handled. The Sydney Harbour Foreshore Authority only handles a very small proportion. The Auditor-General said that in many cases the various councils and other bodies—I think there were 28 different bodies that owned foreshore land around the harbour—

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had not been doing it very well. However, the Sydney Harbour Foreshore Authority was held up as one of the organisations that was doing it well because of the practice we take and because under our Act we have a balance of requirements in terms of foreshore access as well as other things, whereas a lot of other organisations simply have the commercial objectives only.

The Hon. MELINDA PAVEY: Dr Lang, what sort of income do you receive from the Park Hyatt site at the Rocks? That would give an idea of the commercial value of the land. I think that land was offloaded during the Unsworth years. That would give us an idea of the commercial value and what sort of return the Government could expect.

Dr LANG: I do not have that figure in my head but it would have to be a very small figure because it is only a land lease. In the case of the Park Hyatt that was a development with the hotel, and the Government at the time sold a long-term lease to the owners of the hotel and the underlying lease payments therefore were miniscule.

The Hon. MELINDA PAVEY: We will get smarter this time around Hickson Road. Is that the sort of development you would like to see, that sort of three-storey hotel commercial arrangement?

Dr LANG: Perhaps not a hotel, no.

Mr GLEESON: A commercial and residential.

The Hon. MELINDA PAVEY: But a hotel is commercial.

Mr GLEESON: Yes, but in our initial planning we have not provided for a hotel.

Mr IAN COHEN: A casino?

Mr GLEESON: The Park Hyatt was negotiated back in about 1985. At that time we desperately needed a top standard hotel in Sydney. I recall Mr Brereton came to the Premier and said he had this proposal. Our first reaction was that you cannot build a hotel down there. That is, the old police site. Mr Brereton pointed out that you could keep it at the height of the escarpment behind, and that is precisely what happened. That hotel draws the biggest rates of any. The extent to which we profit from it, as Dr Lang said, is not very much. We can get back to you with that figure precisely.

Mr IAN COHEN: The Department of Environment and Conservation has informed the Committee there is asbestos contamination on the side of the former White Bay power station.

Mr GLEESON: Yes.

Mr IAN COHEN: Will the cost of that mediation and heritage issues be a factor if you use this site?

Dr LANG: I might be able to best answer that. Perhaps I should just highlight that I was previously chief executive officer of Pacific Power, the former owner of White Bay power station. Pacific Power did a very comprehensive job in rehabilitating the site prior to its sale at a cost of \$4 million to the Sydney Harbour Foreshore Authority, of which I now have the pleasure of being the chief executive officer. So, I have got my power station back again. What needs to be done, depending on how the area is developed, any remaining issues regarding contamination are resolving other than if you further disturb the site in a way that brings new contaminants to the surface. That would have to be dealt with if discovered but at this point we believe there is no need for any further works to be done.

Mr IAN COHEN: So you are saying that the structure is resolved in terms of asbestos contamination but the surrounding lands have potential contamination?

Dr LANG: Even the surrounding lands have been decontaminated to some extent. It is a question of disturbance. Even now, anything that is known is tagged or identified. If you disturb that particular location you would then have to deal with whatever you find when you disturb it, but we believe that without disturbance you do not need to do any further works.

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Mr IAN COHEN: Did your authority provide any advice to the Minister, the Ministry of Transport or DIPNR concerning any environmental implications on land that it manages or the development of the ports growth plan?

Mr GLEESON: I think I answered that question earlier, that we were not consulted in relation to the ports growth plan.

The Hon. PATRICIA FORSYTHE: Does the authority support Sydney remaining as a working harbour?

Mr GLEESON: You have to define working harbour.

The Hon. PATRICIA FORSYTHE: Could you?

Mr GLEESON: It means whatever people want it to mean.

The Hon. PATRICIA FORSYTHE: Tell us what you think it means.

Mr GLEESON: I think it means that you can move container ships out of Sydney Harbour as proposed by the Government. I think they ought to be accommodated at Botany, Newcastle or Port Kembla, and that is good for other reasons. I think we must retain tourism shipping and we must retain White Bay for general shipping maintenance and so on, and also it is a working harbour in the delivery of the material for the construction industry. So the interpretation of the announcement that working harbour has been killed is quite wrong. Ministers have tried to explain it but how successful they have been I do not know, but it will remain a working harbour.

Mr IAN COHEN: A working harbour or not a working harbour, what is it then?

Mr GLEESON: It is a working harbour minus the container ships. The cars are a big question mark. The ports authority has to do a study and convince somebody whether cars go there or whether they go to Port Botany, Port Kembla or Newcastle.

The Hon. PATRICIA FORSYTHE: What is the view of the Sydney Harbour Foreshore Authority about the role of cars? Should it be moved?

Mr GLEESON: We do not have a view, because we are not experts in that area. We have a view that if Glebe Island is vacated and is not residential, there should be some commercial around there, as part of a working harbour, because it goes straight into White Bay and then through into Blackwattle Bay, which is another area that we are now managing.

The Hon. MELINDA PAVEY: Mr Gleeson, at the beginning of your testimony you said you were a public official.

Mr GLEESON: Yes.

The Hon. MELINDA PAVEY: And you said the Sydney Harbour Foreshore Authority had no input into the ports growth plan.

Mr GLEESON: Yes.

The Hon. MELINDA PAVEY: Did you, as a public official, not representing the Sydney Harbour Foreshore Authority, have any discussions with the Premier or the transport Minister or any officials in relation to your thoughts and plans for Sydney Harbour?

Mr GLEESON: What I have been saying for five years is that the jewel in the crown on the foreshore are the east Darling Harbour wharves. I have been saying that to whoever would listen, certainly including both Ministers. I see that as the jewel in the crown, which means two things. One, I believe container ships should get out, and their lease has expired anyhow, and, two, when that lease

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does expire it ought to become available for open space plus some commercial development. I have been saying that for years to whoever would listen.

The Hon. PATRICIA FORSYTHE: When you say some commercial, can I come back to this issue of lease time. What would be the lease time that you would put on a commercial development in that area?

Mr GLEESON: If there was a commercial development in that area—and Robert can correct me—we would not build it. That is the first thing. We would put that out to tender for lease. The private sector would have to bid for it and they would want a long-term lease. The land that we have sold off by selling the lease in Pymont, that has tentatively quite long term, 99 years. The shorter leases that Robert referred to have primarily been all of the retailers in the Rocks area.

Dr LANG: Existing buildings.

The Hon. PATRICIA FORSYTHE: Have you any of the so-called smaller retailers on very long leases?

Mr GLEESON: There is one on 20 years.

The Hon. PATRICIA FORSYTHE: Are there any on 99?

Mr GLEESON: Of the smaller retailers?

The Hon. PATRICIA FORSYTHE: Yes, restaurants?

Mr GLEESON: I cannot answer, I am sorry.

The Hon. PATRICIA FORSYTHE: Will you take that on notice?

Mr GLEESON: I certainly will. I am pretty confident the answer will be that nobody will be on more than 20 years. But I will get back to you about that.

The Hon. PATRICIA FORSYTHE: If it turns out there are some very long leases, would you provide the site details?

Mr GLEESON: Sure. That is where you have to distinguish between the Park Hyatt and all the shops in the Rocks. The Park Hyatt will be a 99-year lease.

The Hon. PATRICIA FORSYTHE: I understand that, it is a major holding.

CHAIR: As far as being able to walk around the foreshore, in a long-term view of Sydney Harbour how long do you think the walk will be when people can go along the foreshore before they hit a fence?

Dr LANG: Our plan is to have foreshore access from Woolloomooloo Bay right around to White Bay. At the moment that walkway exists only in short unconnected segments with some big gaps. One of the biggest gaps, the first one you hit, in fact, is at Darling Harbour east. If there was a walkway that allowed you to connect Walsh Bay to Darling Harbour, that would allow the walkway to continue from Circular Quay all the way around to Blackwattle Bay, which would be a significant continuous strip. Then there are a few more gaps around the fish markets before you pick up more around the next bay, but the ultimate aim would be to connect them all.

Mr GLEESON: We have co-operated with the city council in relation to Blackwattle Bay, past the Glebe High School into Glebe, which is turning out quite well now. It will come back around two The Crescent in Annandale.

CHAIR: Your recommendation regarding wharves 7 and 8 of Darling Harbour east, what limits are there on passenger shipping making use of those berths given the increased height of ships and having to get under the bridge?

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Mr GLEESON: I could not answer that. All I know is that those wharves are not used more than 40 nights a year down at both of the overseas terminals. That is not uncommon across the world because there are tourist seasons. I would say that 7 is certainly needed. The reason we have advocated 8 is that looking ahead 30 or 40 years tourism is just going to grow and grow. I am now a participant in it. But down here I think it is only used 40 days a year now. It will be a question of programming and timetabling. That is what it mainly is. And we have to get better use. It is not my job, it is the Ports Authority. They have to get better use out of the port.

Dr LANG: And I think from the Sydney Harbour Foreshore Authority's point of view that is not a compatible use with opening foreshore access. If you can arrange things in such a way that people are still allowed to walk past that wharf on the 99 times out of 100 that the ships are not there then that is a good use of the site.

The Hon. PATRICIA FORSYTHE: What advice has the foreshore authority given the Government about the use of those wharves in relation to the residential development in the area?

Mr GLEESON: The wharves at Darling Harbour east?

The Hon. PATRICIA FORSYTHE: Yes.

Mr GLEESON: We think they should be handed over to the foreshore authority, then open space, then some commercial, then Hickson Road.

The Hon. PATRICIA FORSYTHE: Because it is a working harbour at the moment and almost co-located with residential development that has been undertaken in that region, have you expressed any concerns to the Government about the incompatibility or compatibility of the area as a working harbour and a residential precinct?

Mr GLEESON: Our view is that residential right on the foreshore, if it is a working harbour, can be a major problem. That is why you will find that at King Street Wharf we did not support residential in that development right on the water. I think they are serviced apartments. There is a bit of a subtle distinction between serviced apartment and residential. The theory behind it is that if you are in a serviced apartment you are there for only a couple of months or something; you are not a permanent resident. That development in King Street was not part of the Sydney Harbour Foreshore Authority's role. That was done sometime ago by the city council. We are currently considering some applications from the company to put more buildings there, which is part of their plan. But again, we would not wish residential to be right on the water where you have a working harbour because you will finish up with complaint after complaint because the ferries come in at night. People start to complain.

The Hon. PATRICIA FORSYTHE: But I presume you would realise a greater return if the land were zoned residential.

Dr LANG: Highest and best use for most properties around Sydney is residential, but that does not necessarily mean that the Sydney Harbour Foreshore Authority would advocate that because under our Act we have a balance of responsibilities for good urban design, community, heritage, environment and commercial; commercial being one of the dozen different things that we need to balance.

Mr GLEESON: Dr Lang used the word "balance". It is terribly important that you all understand this. The job of the foreshore authority is to come to a balanced view. We have to weigh up commercial versus heritage versus residential and so on. We think we do it pretty well. Some people do not think we do it well and they are entitled to that opinion. But it is far better to locate that balance responsibility with one organisation than have two or three Government organisations all pushing their own barrow, and that is what tends to happen. That is why the foreshore authority is something the Government can be proud of because it has that distinct responsibility of weighing one against the other. Should it be a park? Should it be open space? Should it be residential? Some would say we do not do it well. We think they are wrong and I challenge anybody to tell us where we are wrong.

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The Hon. PATRICIA FORSYTHE: Last October when the Premier made his announcement about the future use of the port was that raised with the Sydney Harbour Foreshore Authority? Had you had any consultation?

Mr GLEESON: We had no consultation other than the fact that for years and years I had been saying to Mr Refshauge and Mr Knowles, "Three to eight: don't let Patricks or others keep it. That ought to be released to the community. That could be a huge park. It could be anything." That has been our argument, so we were delighted when the Premier made that announcement. I did not know he was going to make it.

CHAIR: It was put to me in a conversation with one person that Millers Point will probably remain one of the most valuable pieces of land in Australia, and the temptation could always be there on any future government of any complexion to realise the value of that asset for whatever priority and justification there happens to be at the time. If you put something on it that is big then that stops that from happening, but that has its own set of problems attached after the loss of open space. What, if anything, can be done now to try to guard against Millers Point being lost to the community in the years to come?

Mr GLEESON: Having worked with Premier Wran for many years he would say, "Legislate". If the Government really has a view about something or other and it is a problem, legislate. That is what you could do, if you wanted to. I thought I read somewhere that the Premier did throw that into the ring at one stage. I do not know. I thought I heard it. If you wish to preserve that site, you legislate in the Parliament to do it. I do not want to be misinterpreted about the sculpture park, that is really a Gerry Gleeson rather than anyone else's idea—the foreshore authority agrees with me.

The Hon. MELINDA PAVEY: You have a bit of influence.

Mr GLEESON: I just put that on the table as one of the ideas to be considered because it preserves the site. I am sorry, Chairman, the answer to your question is that if the Government wants to preserve it for 25 years, you can legislate to preserve it for 25 years.

Mr IAN COHEN: You mentioned the challenge that you throw out to anybody.

Mr GLEESON: Took a risk there, did I not?

Mr IAN COHEN: I put it to you that you bought the building on the White Bay site but that you cannot do anything with it because of a cap on the surrounding land. What can you do, considering the potential further contamination of that land?

Dr LANG: We have done a conservation management plan for the building, which has gone through the Heritage Office and all the various processes it needs to. A number of things can be done with the building in terms of what I would perhaps, imprecisely, call "internal fit out". You cannot knock down the building. You cannot destroy the heritage value of it. But internally it could certainly be used for a number of different purposes—commercial uses and possibly other things. There are also pockets of land around the outside of the power station that could be developed in small ways.

Mr IAN COHEN: These have been given the all clear?

Dr LANG: Compatible with the heritage conservation management plan.

Mr IAN COHEN: The all clear in terms of contamination?

Dr LANG: At this stage there is no particular reason why it could not be developed, but there is no proposal on the table at the moment as a concept under the conservation management plan that those things could be done. If, and the Sydney Harbour Foreshore Authority would like to do this in due course, some plan were put forward on how that site could have a future use in the same way as we have restored the locomotive workshop at Australian Technology Park for a future use as a technology park there is strong potential for a similar thing to be done at White Bay. If such a

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proposal could be put together and a development application put together for that then there would be specific buildings that would need to be constructed.

Mr IAN COHEN: Is residual or current contamination a limitation on any development plan at this point in time?

Dr LANG: Not substantially, no.

Mr IAN COHEN: There is nothing to hold you back. Is it correct that the White Bay site is split in two by a planning boundary?

Dr LANG: I am not sure.

Mr GLEESON: Are you referring to the council?

Mr IAN COHEN: In terms of master plans. I am not aware of anything specifically.

Dr LANG: We own two properties in that White Bay area, the Rozelle marshalling yards, which is currently a collection of disused rail lines and the White Bay power station site. All the surrounding land around that is owned by Sydney Ports and little bit of State Rail still.

Mr IAN COHEN: Is there co-ordination in terms of potential land use for these areas between the different authorities?

Dr LANG: Yes, there is. We co-ordinate with the local landowners in terms of including the other authorities I just mentioned as to what future use might be made of the site, but currently we do not have any proposals for it.

Mr IAN COHEN: Who would be the final arbiter of direction of those sites?

Dr LANG: If a plan were to be put forward for the site it would be to the Minister as the consent authority for any development on those sites, no matter who the landowner was.

Mr GLEESON: Does Mr Cohen have the conservation management plan? It is a public document.

Mr IAN COHEN: Perhaps that could be given to the Committee.

Dr LANG: We will provide a copy.

Mr GLEESON: It has been a tortuous process getting through the Heritage Council and so on, but it is there. It has been approved. We have had people come through the front door interested in the White Bay site.

Mr IAN COHEN: For what purpose?

Mr GLEESON: Bulky goods was one that was mentioned, then others think they can refurbish it into some kind of retail, but that is just people who know the site is there. They know that ultimately we want to sell it. We do not want to develop it ourselves. I do not want to spend Government money doing that. If I can get back the money he charges for it, I will be very happy.

The Hon. PATRICIA FORSYTHE: When you said that the idea of the sculpture park was just something that you had put on the table, is it something you have put on the table this morning or has it been under any discussion at the Sydney Harbour Foreshore Authority?

Mr GLEESON: We have discussed it there. There is a great sculpture park in Finland called Vigeland and we have taken all that material out. The authority has seen it. It is a great idea, but it is up to others to decide whether they think it is a good idea.

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The Hon. PATRICIA FORSYTHE: But in terms of the authority, what has been the range of issues you have talked about?

Mr GLEESON: On Millers Point?

The Hon. PATRICIA FORSYTHE: Yes, on the iconic so-called site.

Dr LANG: Currently Mr Gleeson and I are on the task force, which has been discussing that. But just to make it clear, we do not have any land ownings there at the moment, it is all owned by Sydney Ports. We have not been asked at any time by the Minister or anybody else to take this on. We are simply saying that if it became available and surplus to government requirements then it would certainly fit within SHFA boundaries and objectives to want to have some opportunity to be involved in that site. But currently we do not have a role other than on this task force.

Mr GLEESON: The Premier's statement was that he wanted to set it aside for 25 years, or something to that effect. We do not disagree with that. By setting it aside, what does that mean? Just leave it as completely open space? Do you do anything with it at all? Do you provide any amenities on it? These are issues we will have to take up if it is finally given to us.

Dr LANG: Currently there is a rather large and, perhaps not terribly attractive, shed on the Millers Point site right on the corner of the land there. If preserving it for 25 years meant keeping that particular shed it would be a poor outcome.

The Hon. MELINDA PAVEY: What does the Premier think of the sculpture garden?

Mr GLEESON: No, he did not agree. Sorry, he was noncommittal.

The Hon. MELINDA PAVEY: You have your ways, though, do you not?

Mr GLEESON: No.

The Hon. TONY CATANZARITI: Do you get any complaints from residents around the harbour about noise or any obstruction?

Mr GLEESON: The answer is yes.

The Hon. TONY CATANZARITI: When you say "yes", are there many or are there few?

Mr GLEESON: We are not getting them in Darling Harbour. We had some in The Rocks because of some hotel noise in the garden at the back but that dates back a few years ago before Dr Lang joined us and that has settled down. I could mention Luna Park where there are some people concerned at the moment about noise. Then in Pyrmont we have had some complaints recently about some noise from restaurants in Jones Bay Wharf. That, I think, would be the some of it.

The Hon. TONY CATANZARITI: What about from the working side of it, the shipping?

Dr LANG: We do not receive such complaints.

Mr IAN COHEN: Mr Gleeson, are you able to advise the Committee of specific plans for the water police site?

Mr GLEESON: Yes. We paid for the water police to leave the Elizabeth-Macarthur Bay site and to be relocated in Camerons Cove at Balmain. The people at Balmain were strongly opposed to that for quite a period, but now that it has been completed it seems to have been accepted generally that it has been quite a good design, and so on. It was in regional environmental plan [REP] 26 that we then develop that site, and we have proceeded with plans to do that. We prepared a master plan. There are now objections from the community to that development.

The lord mayor and her team would say that there should be no development there whatsoever. We believe that that you can have a development there that still preserves more than 50

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per cent of the space for open space; it is part of the foreshore promenade. The Minister then received representations from the city council that it was opposed to the development. The council pointed out the difficulties with regard to traffic and transport in Pyrmont generally, and the difficulties that might ensue from that development.

We had carried out a whole range of traffic studies which indicated, in our view, that things were satisfactory. The city council argued—and I can see the validity of the argument—that instead of just looking at that development and how it affects traffic, and at another development and how it affects traffic, there needs to be an overall view of the traffic. It must be borne in mind also that there is a lot of through-traffic in Pyrmont, along Pyrmont Bridge Road and the like.

So Minister Knowles agreed that he would defer any further action on that matter until that traffic study was completed. He has now told the city council that he would like that study to be completed by 31 July, because he originally agreed to do this last November, seven months ago. In light of that traffic study, the Minister would then ask us to take that into account and to see whether we still believed that we should proceed with a development there.

As happens with a lot of developments, the main opposition is that the REP provides for a development of a certain height over almost the whole of the site. Luna Park is another good example. When developers, architects, and so on, look at it, they often come back and say, "That is not the best solution for that site. You would be better to reduce the height along there and allow one building to be higher. It would be better for views, better for this, and better for that." That is the story of Elizabeth-Macarthur Bay, and that is the story of Luna Park. We have to come to some sensible decision that weighs up all of those issues.

Mr IAN COHEN: You cannot pre-empt the finding on the traffic situation?

Mr GLEESON: No.

Mr IAN COHEN: The fact that it is a tiered development, a flat development, or whatever it may be, has nothing to do with the volumes of traffic and the potential problems in the area?

Mr GLEESON: That is true.

Dr LANG: We are waiting for the results of the study before we do anything further.

CHAIR: I appreciate that with respect to Glebe Island there is a level of industry knowledge that will form the basis of that decision. However, what sort of potential gain is there for community and public access should Glebe Island become available?

Dr LANG: There are a number of challenges with Glebe Island, simply from a layman's perspective. Transport access into Glebe Island is problematic. The way the main roads are structured, I do not think the RTA would necessarily want to have a ramp off Anzac Bridge to go down to that area, so that limits what you can do with that area. Again, as the Chair said, we are not the experts on this, but from an urban planning perspective, which we do have some knowledge of, it is a problematic site.

Mr GLEESON: One matter we did not draw to your attention was our views about the concrete batching plants. They are in Blackwattle Bay. We wish to get them out of Blackwattle Bay and get them over into White Bay. The Ports Authority owns land there. That would free up land from past the fish markets, along Blackwattle Bay, and it would fit into very nicely with the foreshore access, which will go right around Blackwattle Bay and finish up at The Crescent in Annandale. It is an important part of our submission that the concrete batching plants be removed. There are two of them. It is the one common owner at the top, with a couple of subsidiaries underneath, Hymix and Pioneer.

After Darling Harbour east, Blackwattle Bay presents a great opportunity, together with the redevelopment of the fish markets. Just back from the fish markets, there is an area called Bank Street Park, which we are very keen to see developed as a park. That will bring you around past Jacksons

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Landing, under the bridge, around to the fish markets, around to Blackwattle Bay, around past Glebe High School, and so on. It is quite exciting.

CHAIR: What would be the logistics and expense involved, and what sort of lease would have to be provided to do that sort of relocation of the cement works?

Mr GLEESON: I do not know.

Dr LANG: I do not know the detailed answer, but if I could give a brief one it would be that the current leases they have are coming to a close shortly, in the next few years, so now is a good time for strategic thinking to occur about where they might go and what they might do. It would certainly make sense from our perspective to consolidate all the bulky materials that cement works require, so they come into one single common port area around White Bay, rather than into two areas, White Bay and Blackwattle Bay. It is just a strategic and logical thinking process that suggests that that is the direction in which we should be heading.

The Hon. PATRICIA FORSYTHE: With regard to the long-term future of the fish markets, do you support their present location, and do you see any reason to believe that they would be moved from that location at some time in the future?

Mr GLEESON: The answer to the second part of the question is no. With the approval of the Minister, which goes back a couple of years now, there was an agreement that we would work with the Fish Markets Authority to prepare a master plan for the modernisation and redevelopment of the site. That has now been done. Firstly, the Minister will have to decide whether he approves the master plan, and secondly, the Fish Markets Authority will have to decide how it is going to fund it. It is an exciting development. It is one of the major tourism attractions in Sydney. We have a vested interest in tourism, we spend a lot of money promoting, and this is a very good one. It is not a good site at the moment.

There is a problem with development of the site, as always occurs with developments. The problem with this development is that the traffic and parking there is quite inadequate; I think it provides for about 450 cars. In the master plan we were providing for about 900 cars. That is part of the study I have been referring to, and that will have to be managed and managed well. It is a good development that has been proposed, but once again it comes back to my other example in the development: the suggestion is that one building be high and the others be low, and that is what we are faced with.

The Hon. PATRICIA FORSYTHE: What is the nature of the building, commercial or residential?

Dr LANG: Commercial. The Sydney Fish Markets Authority is a private company. The land that it sits on is owned by the Government. Our role has only been in assisting the company develop the master plan, which is now up for approval. Beyond that, it will be up to Sydney Fish Markets whether it does anything.

The Hon. MELINDA PAVEY: It is a \$50 million development to provide that amount of parking, is it not?

Mr GLEESON: It is to completely modernise the buildings.

Dr LANG: I am not sure what the cost is, but it would be up to Sydney Fish Markets to raise that money, whatever it is.

Mr GLEESON: It involves the complete modernisation of it. It includes the buying rooms, the selling rooms, and retail. And there is some extra retail. Some people who would criticise this would probably say you should not put much more retail into the fish markets. Again, that is a balance thing. The other argument is that when people come to buy their fish, they would like to make it a one-stop shop and buy their vegetables as well. That is where we will get differing points of view put to us. But there is no doubt that the current plan provides for improvement in retail.

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The Hon. MELINDA PAVEY: Do your concerns about further residential development extend to Blackwattle Bay and the Rozelle Bay area?

Mr GLEESON: Yes. There will be no residential areas in Blackwattle Bay.

The Hon. MELINDA PAVEY: What about Rozelle Bay?

Mr GLEESON: No, not the Rozelle yards that we own. Incidentally, we paid for them as well; indeed, we now own them. This is the way government accounting works these days; it did not happen 15 years ago. We now have to work out what is the best use of Rozelle Bay. We need to know from the transport people about the railway line. As you know, at the moment the railway line is very steep there. We agree—and we have made the point here today—that until the future of Glebe Island is determined a rail track must be preserved there. We are trying to get a decision from our colleagues about where the rail track ought to be, so Robert can then get on with his work.

Dr LANG: The other problem with transport there is that a decision is yet to be made on the M4 East, as to how the RTA wants the roads around The Crescent to be connected. Until that is resolved, we really cannot do anything further on our side about how to get access to it. That is the issue.

Mr GLEESON: The Haberfield tunnel is a big issue for us.

CHAIR: You have referred a number of times to different sites on which you have said it would not be appropriate to have residential accommodation, and the sites have been named. With that in mind, would you view Jacksons Landing as being probably the last major residential development on the foreshore?

Mr GLEESON: We did not approve of Jacksons Landing. We did not own that land, we were not the assessment officer, and so on. Around the foreshore in Pymont, we have nothing else.

Dr LANG: In Pymont, where the latest redevelopment work has happened over the last decade, again our role has been coming through with that balance. We have produced nine hectares of open space in Pymont in the last 10 years at a cost of some \$50 million. In addition, we have also developed some residential blocks, and we have also developed some community facilities and commercial facilities. From our point of view, sticking with the original master plan from 1991, how do you deliver a living, vibrant, active community where you have to have all those elements? If you left any of the elements out, then you would not have that. I suppose our focus has been creating all those things in the precinct, in the right balance. I think that job is nearly completed. As Gerry Gleeson just mentioned, it would seem unlikely that there are a great deal of further opportunities in that area along the foreshore.

Mr GLEESON: Treasury officers would not agree with us, but we will take them on at the appropriate time.

(The witnesses withdrew)

(Luncheon adjournment)

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IAN JAMES GLASSON, Acting Chief Executive Officer, Port Kembla Port Corporation, Post Office Box 89, Port Kembla, and

WARWICK HAROLD READER, General Manager Marketing and Strategic Development, Port Kembla Port Corporation, Post Office Box 89, Port Kembla, sworn and examined:

CHAIR: If either of you should consider at any stage during your evidence that certain evidence or documents you may wish to present should be heard or seen in private by the Committee, the Committee will consider your request. However, the Committee or the Legislative Council itself may subsequently publish the evidence if they decide it is in the public interest to do so. I invite you to make an opening statement.

Mr GLASSON: Firstly, thank you for the opportunity to appear today. Secondly, I would just like to confirm to the Committee, because it is recent history, my appointment as Acting Chief Executive for an interim period while the board undertakes a search for a new chief executive. Clearly, one of my key responsibilities in the role is that the corporation remain focused on implementation of the issues arising from the Premier's announcement. Mr Reader is the General Manager Marketing and Strategic Development for the corporation. He has been involved in significant work undertaken in recent years in relation to trade diversification and other opportunities for Port Kembla and the Illawarra.

I understand the Committee has visited Port Kembla and inspected the port with the previous chief executive officer and that Mr Reader was present on that occasion. I am also aware that a number of organisations have made submissions and appeared before the Committee to outline the support which the Government's port growth plan announcement has within the Illawarra. I do not intend to speak to those, they speak for themselves. These submissions have reinforced the advantages of Port Kembla port and the Illawarra, which include: its close proximity to Australia's largest population centre in the consumer market, 40 hectares of available port land contained within a major industrial precinct buffet it from residential developments, direct off port access for B-doubles to the road freeway network and the main rail line links to Sydney, and a skilled and stable workforce in the area with above average unemployment, particularly for blue-collar workers.

The announcement by the Government in October 2003 that the current leases of Darling Harbour East, Glebe Island and White Bay for stevedoring of general cargo and cars would not be renewed when they expire, and that existing stevedores would be encouraged to relocate to Port Kembla, provided a clear statement of strategic direction in relation to those trades, in our view. Certainly the port corporation has consistently advocated in recent years that due to its close geographic proximity, Port Kembla is ideally positioned to assist with the maritime trade requirements for servicing consumer demand in the greater Sydney region. This position has been based on analysis and discussion within the industry and the Committee would be well aware of the task force report provided to the previous Minister for Transport in February 2003 that argued for the advantages of the Illawarra in undertaking the role. Similarly, in relation to car imports, Port Kembla did manage the shipment of over 9,000 cars from 10 ships during the 2000 Olympics, and we have continued subsequently to advocate Port Kembla as an alternative for car imports.

If I could now just briefly speak on the specifics relating to Port Kembla and the Premier's announcement. Firstly, in relation to the relocation of the break bulk and container trades from Sydney Harbour, the port corporation is proceeding to develop a general cargo handling facility which will accommodate the relocation of the break bulk and container cargo from the existing P&O and Patrick's operations at Darling Harbour, together with existing cargoes that are moved through Port Kembla. In relation to that development, to date we have obtained development consent for the construction of a \$14 million 130-metre extension of our multipurpose berth to provide a two-ship configuration for general cargo and containers. Last week we lodged a development application and environmental impact statement with the Department of Infrastructure, Planning and Natural Resources for the general cargo handling facility which will support that berth, and that is now on public exhibition, and we are negotiating with Australian Amalgamated Terminals [AAT] to develop cargo storage and handling facilities on that site.

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We are confident that these facilities will be completed in time to provide the transition from Darling Harbour East once the lease expires. In addition to that transfer, we believe the facilities will provide an effective contingency for any problems at Port Botany in terms of the major container stevedoring operation area there, particularly in relation to the potential management and impacts of late or off-window ship arrivals. I think the Committee has heard that those are now running at quite high levels. In terms of the opportunities for the development of car importing facilities at Port Kembla, we are aware from discussions with industry—and I think the matter has been raised by both Patrick and AAT in their submissions to the Committee, and possibly by others—that there is uncertainty regarding the capability of Glebe Island, as it is currently configured, to manage total car import trade without a significant capital investment and extension of the current leases upwards to 2023 or sometime around then.

The port corporation is currently preparing a business case for consideration by our board and shareholders to construct a further berth at Port Kembla which, together with the two berths that we are currently preparing, would provide an opportunity for the car import trade to commence to relocate to Port Kembla sooner rather than waiting until that 2012 deadline. In our view, and given the context of the Government's announcement, it makes little sense in investing in infrastructure at Glebe Island for a relatively short-term duration when investment in Port Kembla would serve longer-term needs.

In terms of how we will convert these things to successes, we at the port corporation certainly have listened very carefully to the concerns of the shipping lines and others in relation to the proposed move to Port Kembla, both in terms of their submissions here to the inquiry and in direct discussions we have had with them. We certainly do not underestimate the effort required to deliver cost-effective supply chain solutions through Port Kembla. The perception within the shipping industry and cargo owners, which has been made clear to us and I am sure quite clear to the Committee, is that people believe there will be additional costs in the supply chain, that we will not have in place sufficient land site logistics to support in comparison with Sydney, and that in relation to cars, dust and airborne pollution it could provide a disincentive for putting that train through Port Kembla.

So we are certainly aware of those. What we are doing about it at this stage is that we have committed capital to developing port infrastructure; we are certainly working with AAT to develop suitable terminal facilities but, probably most importantly, we are working with AAT service providers and the Illawarra business community focusing very much on this competitive land site logistics issue and how we can assure that that will be in place in readiness for the trade transfer down there. I think that is about all I would like to say at this stage. I thank you for that opportunity.

CHAIR: If I could first of all put on the record the thanks of the Committee for the assistance that was given by Port Kembla Port Corporation during our site visit. You mentioned that you believe the new terminal would be able to be ready in time when the leases expire at Darling Harbour East. Is that just in time, or what is your timeframe?

Mr GLASSON: The timeframe currently is to have the berth extension completed by around March 2005, and Warwick can give you some more detail on the timing of the construction of the facilities.

Mr READER: As Jim said, the environmental impact statement [EIS] is now out on public exhibition, and will be so for a month, and it will be looked at by the department. Assuming development approval is gained, then designs are being prepared and we are hoping that work would be finished around late 2005. So there is some buffer in our timetable there. February 2006 is when the leases finish but we would hope to be up and running before that.

CHAIR: I understand the proposal is a capacity for 50,000 twenty foot equivalent unit [TEU] in that timeframe, eventually moving up potentially to 100,000. How do you propose to attract that level of trade?

Mr GLASSON: I think the numbers come broadly from the levels of trade that were occurring within Sydney Harbour at around the time of the Premier's announcement. As I understand it there have been some movements in that subsequently; some shipping lines have relocated to Port Botany. Our view is that the fundamental priority for us is to put in place the appropriate land site

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logistics. My view is that some of the repositioning that is going on at the moment is possibly reasonably temporary, that provided the industries see that the land site logistics are in place, working and cost-effective, that there will be that level of trade come down there. We are not going to get down to the absolutes of is it 50,000, is it 45,000, but I am confident that if we put the right infrastructure and support in place that there will be a transfer of that order of magnitude.

CHAIR: Do you believe that having a separate Sydney ports corporation provides incentives for Sydney essentially to try to keep as much trade as possible for itself, possibly at the expense of Port Kembla?

Mr GLASSON: I think the port corporations have been established with a competitive model as the basis, but I do not necessarily see that as an issue. I think that the Government's announcement is quite clear and if the Sydney Harbour leases are to expire and not be renewed, then the opportunities certainly decrease.

CHAIR: In the context of it being a competitive model, I can understand that it is a different issue for Newcastle because Newcastle port's growth plan only talks about them getting the overflow once Port Botany has reached capacity. With Port Kembla the plan talks about trade going to Port Kembla well before Port Botany has reached capacity.

Mr GLASSON: Yes.

CHAIR: If it is a genuinely competitive model does that not actually create a problem in getting close to the 50,000 TEUs for Port Kembla?

Mr GLASSON: No. I know what you are saying. I think we are talking about separate trades. I think the general cargo and the containers that are moved as part of the general cargo and, if you like, second-tier shipping operations, are quite a separate thing to the main liner trade that Botany is primarily targeted at. Regardless of whether it was in one ownership or two ownerships, the issues about Port Botany and its capacity would probably largely be the same. I think the shipping industry and the stevedores will probably try and use Port Botany as much as they can, but as trade growth increases—and I think the projections are quite significant from one million now broadly up to two and three million—the ability to manage those second-tier ships and the general cargo into Port Botany will increasingly diminish.

CHAIR: But under the current structure is it not always in the interests of the Sydney Ports Corporation to keep the trade at Sydney?

Mr GLASSON: Yes, I think it is, but that is provided that they have got the available berths and land-side support to do that.

CHAIR: Different frameworks have been put to us. The first is the current structure, the second is a single ports authority for the whole of New South Wales and the third model was to keep Newcastle separate but to combine Port Kembla and Sydney corporations into the one entity. Do you have any comments as to the strengths or weaknesses of that third model?

Mr GLASSON: I think the current arrangements are working effectively as far as Port Kembla is concerned. I think it is an advantage of being able to be in control of what we are doing, both for the port and for the Illawarra. We have no problem with the current arrangements.

The Hon. PATRICIA FORSYTHE: You did mention earlier that there had been some movement since the plans were established by the Port Kembla corporation. Could you elaborate?

Mr GLASSON: Well, my understanding is—and Warwick can speak in a minute—that with the consolidation of Patrick and P&O into Darling Harbour east, some lines have moved their operations around to Port Botany. My view is that is very much an interim arrangement. If there is some spare capacity at Port Botany at current volumes, then people will try and do that. There is a genuine level of uncertainty created by structural changes of the type announced by the Premier, and people within the industry are naturally looking at their options and opportunities. As I said before,

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my view is that that is an interim move. I think that once we have in place the infrastructure and the support, and can demonstrate our efficiency on the land side, those things may unwind.

The Hon. PATRICIA FORSYTHE: What is the value of your cargo handling facility?

Mr GLASSON: The wharf extension is in the order of \$14 million and the cargo handling facility is in the order of, I think, \$30 million, including mobile equipment. Is that right, Warwick?

Mr READER: Yes.

The Hon. PATRICIA FORSYTHE: What discussions have you actually had with shipping companies in relation to what Port Kembla would be offering by way of a cargo handling facility?

Mr READER: We have met with all the shipping lines that are currently in Port Jackson and briefed them on what we are doing, the time frames and how it would affect them. We will be doing a second round of meetings with them to give them information on costs for the land transport side and costs for the port and using the facility, and that will be done in the next month or so.

The Hon. PATRICIA FORSYTHE: Have you had any indicative support for what you are proposing from the shipping companies?

Mr READER: Yes, most of the shipping lines, as a shipping line, really do not have a problem coming to Port Kembla. Where some of their concerns are with their customers in terms of that land transport side of moving cargo from Port Kembla back up into the Sydney market, most of the shipping lines realise that they are not going to be able to move to Port Botany because Sydney ports and the stevedores do not have the facilities for the general break bulk cargo and a lot of the shipping lines see it as good sense as well. The work that has to be done is convincing them that they are not going to be losing market share or customers by coming, but as far as a shipping line goes, they go where their customers tell them to go.

The Hon. PATRICIA FORSYTHE: Even if you build state-of-the-art facilities, will transport back into the Sydney market be a hurdle that you will be able to jump?

Mr GLASSON: We certainly believe that that is the case. I think the uncertainty and the perceptions within the shipping industry and the cargo owners today are largely because they cannot see it now and they cannot get a price now. When things have been done in the past, such as shipping cars through Port Kembla during the Olympics, or the work that was done in Newcastle a few years ago about the possibility of doing cars there, the costs have been built around the current paradigms, so trucking companies and land-side logistics support companies have delivered those services based out of their current depots and current working arrangements and there have been increased costs. What we are saying to the industry now is that we will have a threshold volume of cargo that will permit companies to make different strategic investment decisions and operate around a cargo volume coming out of Port Kembla. We see no reason why that will not be established to a similar level of efficiency as what supports the current Sydney Harbour trades.

Mr READER: One of the shipping lines that has left Sydney Harbour has actually moved to Port Kembla, not doing containers but doing timber, and they have been able to do that because the price that is being charged to move the timber out of Port Kembla into Western Sydney, to places like St Marys and so on, is the same as what they were getting charged out of Darling Harbour and that is currently being done by a Port Kembla-based trucking company.

The Hon. MELINDA PAVEY: You mentioned that shipping lines were in support of the \$44 million redevelopment at Port Kembla. What other shipping lines support it?

Mr READER: We have not spoken to any other shipping lines in the last month or so, but certainly when we have been marketing this concept over the past few years, shipping lines have seen that for those second-tier type lines that may not get the priorities that the larger lines do in Botany, Port Kembla could be a good alternative. The shipping lines are currently going into Port Botany and I think, as Jim said, they are the types of lines that if they are starting to not get the level of service that

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they should be getting because of the increased numbers of containers going through Botany, they would seriously look at Port Kembla in the future.

The Hon. MELINDA PAVEY: I understand that tenders were due out in May for the extension of the Port Kembla facility and there has been some delay. What is the cause of that delay?

Mr GLASSON: There is no delay. That is proceeding as per our timetable

The Hon. MELINDA PAVEY: There is no delay?

Mr GLASSON: No.

The Hon. MELINDA PAVEY: With the sacking of Phil McGavin shortly after the retirement of Bill Hoogendoorn, who was the harbourmaster, how is the port's preparation for the container terminal and facilities being affected? Is there any effect?

Mr GLASSON: No. I would say that in the brief time that I have been there that, in essence, it is unaffected. Of course, any organisation suffers impacts from those sorts of changes, but I have found that it is an extremely well-focused organisation. The management and staff are very committed to what they are doing and things are proceeding as normal.

The Hon. MELINDA PAVEY: What is the status of the port security upgrade to comply with the Federal Government's regulations due to come into force in July?

Mr GLASSON: Our overarching port security plan was approved by the Commonwealth Department of Transport and Regional Services [DOTARS] around two weeks ago. What now remains is that all the individual facility plans need to be approved—that is such for the coal loader and the multipurpose berths. We had a meeting of the port security committee last Friday. At that meeting all the facilities indicated that their plans have been submitted to DOTARS. Most of them have comments back, and they are just preparing final edits, so we are very confident that the port will be compliant come 1 July.

The Hon. MELINDA PAVEY: Just returning to the removal of Mr McGavin, there has been a lot of speculation in the Illawarra that it was some sort of a power play by the Minister for Regional Development, David Campbell. Are you able to enlighten the Committee as to the reasons for Mr McGavin's dismissal?

Mr GLASSON: Not directly, but I have spoken to the chairman about this and what he has authorised me to say here today is to provide reassurance to the Committee that the issues in no way relate to any thing that is currently before the Committee as to its terms of reference, but beyond that the board is acting on legal advice to say nothing further at this point.

Mr IAN COHEN: Sydney Ports Corporation's EIS states that the southern freight line is congested and the Illawarra line provides a share service with passenger trains. Due to priority given to passenger trains it concludes that there is no guarantee that the Illawarra rail corridor could provide a reliable container service to meet Sydney's trade needs. Could you comment on this assessment?

Mr GLASSON: I am not certain as to the context in which those statements were made.

Mr IAN COHEN: Just generally in terms of the capacity of the Illawarra rail line to meet the needs of an expanded terminal at Port Kembla?

Mr GLASSON: Certainly, in terms of the proposal that we have currently put before the DIPNR, we believe that there is ample capacity in the rail network between Sydney and Port Kembla to handle the volumes that we are looking at in terms of both break bulk and containers. Our advice from our consultants is that there are 13 available train paths per day. I think the peak hour curfew would not affect cycling of trains. They can simply be timed to avoid the peak hour.

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Mr IAN COHEN: Regarding Port Kembla as a multipurpose berth, is there any constraint on Port Kembla being an all-weather, all purpose port, navigation wise, in terms of the ships that you project would be coming in, such as weather, wave action, size of swell or wind direction?

Mr READER: No. As far as a multipurpose berth in a harbour goes, there are no constraints whatsoever on size of vessels or anything to do with the weather. Any constraint that would be there would be the same type of constraint that would be going on in Botany at the same time due to adverse weather conditions or something, but there is no constraint.

Mr IAN COHEN: It would be no worse than Botany.

Mr READER: No worse than Botany.

Mr GLASSON: And generally, we are currently dealing with bulk ships that are larger than the container bulk break ships, so I do not foresee any difficulties.

CHAIR: It was put to us last week that Wilhelmsen had made an application for use of the White Bay terminal. If that were to be approved, what implications would that have on the future for Port Kembla?

Mr GLASSON: Directly, none. As I said in my opening remarks, we are focused at the moment on development of a berth arrangement and facilities to handle the break bulk container trade out of Sydney Harbour. We are separately starting to look at the business case for cars and heavy machinery that Wilhelmsen carry. We would very much like to attract them to Port Kembla but whether they come or not does not affect the viability of what we are working on in terms of the containers and break bulk.

Mr READER: Indirectly we have a concern, though, that if Wilhelmsen is allowed to go to White Bay, that could be seen as an indication for those other shipping lines in Darling Harbour that they could possibly go over to White Bay as well, which means that the facilities we are putting together with our private sector partner may not be viable.

The Hon. MELINDA PAVEY: Who is your private sector partner?

Mr READER: Australian Amalgamated Terminals.

The Hon. TONY CATANZARITI: During the Committee's visit to Port Kembla in February some concern was raised as to the licensing arrangements for the new terminal. What conditions have been imposed by the preferred operator of the terminal for other stevedores?

Mr GLASSON: We have not negotiated a final leasing arrangement but the intent at this stage is that the berth would be common user and any stevedore could stevedore on that berth. There would be a fee payable for the use of the cranes and equipment on that terminal, and that would be the same fee to any stevedore who used it.

The Hon. TONY CATANZARITI: If many current Illawarra exporters transport goods via road to Sydney, adding to the road congestion issues, would not the same be true if Sydney exporters transport via Port Kembla?

Mr GLASSON: Yes, depending on how much comes by road and how much comes by rail. The nature of the supply chain is that a lot of this product moves at one point in the chain by truck. In terms of where it goes across the berth, it will go across the berth at the point where the ship stops, depending on where someone wants to send their product. So there will be moves from Sydney to Port Kembla and from regional centres to Port Kembla but there will likewise be moves backwards.

Mr READER: There could be some net improvements as well. There is a lot of cargo going from Port Kembla up to Sydney on truck, particularly from the steelworks and other manufacturing works. Some of that cargo could end up going through the new facility, particularly to places like New Zealand.

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Mr GLASSON: I think Bluescope has indicated in its submission that it would see using the facility at Port Kembla where it was practical and the shipping patterns met its needs.

The Hon. PATRICIA FORSYTHE: Have you done a risk assessment on the project?

Mr READER: In terms of risk for what?

The Hon. PATRICIA FORSYTHE: In terms of risk, in terms of the capital investment.

Mr READER: Yes, we have done a full financial appraisal report to our board, which will soon go to our shareholders, and that includes looking at risk.

The Hon. PATRICIA FORSYTHE: Is there any concern that your facility will be underutilised?

Mr READER: No, because there is also existing cargo that goes through the berth there. There are half a million tonnes of existing cargo that would still use this facility. So we believe that that plus the cargo that will be transferring from Sydney makes the project quite viable.

CHAIR: The issues you raised in response to my earlier question regarding Wilhelmsen and the messages that could be sent if White Bay was used as an alternative to going down to Port Kembla would in part be addressed if there were a single ports corporation, would they not? You would not have this concern of Sydney acting in a way that could jeopardise the prospects for Port Kembla.

Mr GLASSON: I presume that would depend on the composition of the board and the management of the single entity. I am not able to comment specifically on that.

Mr READER: We have a single shareholder, and the shareholder has made a statement and a decision. As the kind of companies or businesses that are under that shareholder, we are acting upon those.

CHAIR: With the car trade, you referred in your opening statement to concerns from some regarding the prospect of dust getting on vehicles at Port Kembla. How do you propose to deal with that issue?

Mr READER: We have had a recognised consultant do a comprehensive study over a three-month period assessing the dust fallout on to motor vehicles. Their conclusion was that dust fall would not adversely impact upon motor vehicles and their coatings, and dust falls are in fact light. Since that study there have been improvements. The steelwork has completed its centre plant, which means that there has been a 90 percent reduction in emissions. Also, the site at the moment as you saw it is not sealed; it is still dirt. So the sealing of the site would improve that even further. From our expert consultant's opinion, the dust fallout is not an issue in Port Kembla in the port.

Mr GLASSON: But we recognise the perceptions.

Mr READER: it would be true to say that during the Olympic period when we had nearly 10,000 cars in 10 shipments, some of the senior executives from companies like Toyota had no problem with Port Kembla in terms of dust pollution and so on. We believe, as Jim said, that it is a perception that we can change with the putting out of the findings of this report.

The Hon. MELINDA PAVEY: Going back to the \$44 million total redevelopment of the site, is that a viable option with the current trade that you have, or does it depend on getting a guarantee from government that other companies would be sent down to Port Kembla?

Mr GLASSON: We are talking within the context of the announcement of the assumption that White Bay and Glebe Island will close. We believe that it is commercially viable within that context. That is the basis that we are investing our \$14 million. I think the other important issue is that in terms of the \$44 million investment, \$30 million is coming from the private sector so that substantial investment is in the private sector, which has also done its own analysis of whether this is likely to succeed and is indicating to us that it is prepared to put its investment into the site.

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Mr IAN COHEN: Is there any contamination on the former BHP site?

Mr READER: This is not a former BHP site; it is proclaimed land in Port Kembla harbour. BHP has never been on that site.

Mr IAN COHEN: Is there any contamination at all? Is this just reclaimed using industrial fuel?

Mr READER: It has been reclaimed using slag, and there is no contamination of problem land.

Mr IAN COHEN: Could you describe any environmental management plans, or are you aware of environmental management plans that have been developed for the proposed expansion?

Mr READER: As part of the EIS there are a number of environmental plans and studies that have to be done, water quality monitoring, sampling of marine life and so on. So all those plans have been developed as part of the approval process and are currently under way.

Mr IAN COHEN: Is that part of the estimates that you have given the Committee for the overall proposal?

Mr READER: Yes.

Mr GLASSON: Yes it is.

CHAIR: Is there any contamination in the seabed which would require dredging at any point?

Mr READER: The dredge material may have stuff in it. It depends on what you mean by contamination. The dredge material is looking to be dredged and taken to an offshore dump site. That again has all been tested and we are just waiting to get approval from Environment Australia for the offshore dumping of the dredge material.

The Hon. PATRICIA FORSYTHE: Does the corporation agree with the estimates that the distance and travel time from Port Kembla would add about \$100 to the cost of transporting a TEU to Sydney for the Sydney market by road and \$50 by rail when compared to Port Botany? If you do not agree, what are your figures?

Mr READER: It depends on where in Sydney. A lot of cargo is going out to the south-west and western industrial areas. In the work we have had done, and we will be doing more on that with AAT, we will relook at those figures. Certainly, for taking boxes up to places like Hornsby and Dee Why, I think the figure will be higher than coming out of Sydney ports. However, what our argument has been is that we look at the total logistics chain cost, total cost for the customer. While there may be some possible potential extra costs in the land transport side, depending on where they are in Sydney, we believe that the inherent kind of lower costs of operating through Port Kembla, such as land rentals and so on, can help offset that. So just stating that it will cost \$100 extra per box for everyone in Sydney, we do not agree with that. I cannot tell you exactly what it will be for every customer in Sydney.

The Hon. PATRICIA FORSYTHE: Have you done a modelling on your own costs? You just said that some costs would be lower. Could you identify where you see those lower costs in a bit more detail?

Mr READER: I cannot give them in exact detail because they are the type of things we are working through with our private sector partners, but we know that costs in areas like land rental costs and so on are higher than the very high land rental costs that are in Port Jackson or Port Botany. So it is those types of areas. Some of the shipping line costs could be lower as well. As Jim said, a paradigm shift in having transport companies locating depots in Port Kembla as against having them

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in Sydney means that the land transport costs, particularly for truck, we believe, can come down if you went out and got a quote of the street today.

Mr GLASSON: It is not just the land transport component; it is the nature of the whole supply chain. At the moment Wilhelmsen is distributing cars, for example, to Rouse Hill, Ingleburn and Minto. I think its machinery is going out to Minchinbury. What we are saying is that there are opportunities to do that storage task in the Illawarra. When you go and look at Ingleburn and Minto—and I went out there last week and looked at the sites where cars are currently being stored and have been, I understand, for 10 or 15 years—that land is now getting to the stage where it is becoming very valuable and you would start to question why you would be storing cars on that land versus some higher order use for it. These supply chains move around over time. I think what we are saying is that there are opportunities for relocating some of those activities to the Illawarra or to areas which better match the transport to and from the Illawarra.

The Hon. PATRICIA FORSYTHE: There has also been a point raised with us about the price of land around Port Botany for the storage of empty containers, empty boxes. Is there any proposal at Port Kembla to offer that sort of storage facility?

Mr GLASSON: We would certainly encourage the storage of empty containers to meet the market needs at Port Kembla. I think it is a large inefficiency at the moment, the way the market works, but these things are specialist areas as well and we are talking to people about making sure that those things happen.

The Hon. PATRICIA FORSYTHE: We have had a lot of submissions about a desire to have the Maldon-Dombarton rail link as part of an overall proposal for the expansion of Port Kembla. Do you have a view about that?

Mr GLASSON: My current view is that the rail and road capacity links to Sydney for what we are proposing are adequate. But I certainly think that in the medium to long term that is something that will be on the agenda.

(The witnesses withdrew)

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VINCENT JOHN GRAHAM, Chief Executive Officer, Rail Corporation, Chief Executive Officer, Rail Infrastructure Corporation, and Acting Chief Executive of State Rail, sworn and examined:

CHAIR: Mr Graham, in what capacity do you appear before the Committee?

Mr GRAHAM: Any and all of the above.

CHAIR: If you should consider at any stage during your evidence that certain evidence or documents you may wish to present should be heard or seen in private by the Committee, the Committee will consider such a request. However, the Committee or the Legislative Council itself may subsequently publish the evidence if they decide it is in the public interest to do so. I invite you to make an opening statement.

Mr GRAHAM: My purpose in appearing here today is basically to respond to questions that the Committee may have, specifically in relation to rail capacity to support the optional developments of port facilities including the expansion of Port Botany and developments in Newcastle or Port Kembla. I think I could productively use your time by responding to questions on those specific issues that you would like to address to me.

CHAIR: Are you familiar with the alternative proposal to the Port Botany expansion being referred to as the P & O proposal?

Mr GRAHAM: Are you referring to the third terminal expansion?

CHAIR: That is right. There are two ways of doing it: one is to have the one expansion going off essentially parallel to foreshore beach and the other one is to have an extension where Patrick is currently and to have an extension opposite where P & O is currently.

Mr GRAHAM: Yes, I am broadly familiar with those. I have not had a need to focus on the detail other than their potential impact on the rail network.

CHAIR: I understand that the Sydney Ports Corporation favoured proposal, which is currently subject to the commission of inquiry, involves turning of the rail line. I am interested in the impact and the efficiency of that.

Mr GRAHAM: In terms of the rail capacity impact and where we currently sit in infrastructure capacity to support the port as it is, we would estimate that we have the capacity to support around half one million TEU of throughput out of Port Botany and we are only consuming about half of that currently available capacity. We would be transporting over the infrastructure around 250,000 TEU of the port's current throughput. So we have an ability to double the current rail transport task out of Port Botany prior to requiring further infrastructure enhancements. Once we reach that half-million tonne capacity we have an ability to further expand the rail infrastructure to Port Botany and cater for well over a million TEU, 1.2 million TEU. So that raw infrastructure capability sits there against all of the proposed options. We just represent a pipeline and it is how efficiently one can get the trains into that pipeline and how one can efficiently get them out of the pipeline. So the configuration of terminal facilities, at the port end and their capability and the distribution network downstream from the port, is pretty fundamental to extracting maximum capacity from the rail network.

CHAIR: In DIPNR's submission to the commission of inquiry—I think all submissions have been made public today—one of the conclusions refers to the importance of any assessment being able to consider alternatives: "Satisfactory resolution of the issues raised in section 6 and 7 of this report is required to enable the department to be a position to provide an informed decision on the justification of the proposal". The commission of inquiry at the moment is only dealing with one option rather than considering the different alternatives. Do you see that as a problem?

Mr GRAHAM: Not at this time because I think the common issues associated with enhancing the throughput of the range of options that are there become a common issue once we get into the rail pipeline. At the port end the ability to maximise the capacity of the pipeline through the

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infrastructure that is dockside on both existing and proposed facilities will ultimately be important in terms of maximising the rail capability out of those facilities. There is already a greater ability in the P & O facility with the plans they have to extract the maximum capability out of rail compared with the sea terminal facility where, because of the real estate footprint available to them, they are more restricted in terms of ongoing capability.

CHAIR: What other limitations are currently on the dedicated freight line heading out of Botany? For example, where are there level crossings? Where does it have to cross over with passenger lines? What other concerns prevent its being truly a dedicated freight line for unimpeded traffic?

Mr GRAHAM: There are probably two issues of significance. The first would be a section of single-line track that runs from Botany broadly through to Mascot. That represents a constriction on the full duplication of the network. The current at-grade level crossing on General Holmes Drive would also represent a potential capacity restraint. Both of those restrictions on the growth capability of rail have engineering solutions, albeit probably with a \$50 million to \$60 million price tag to deal with them progressively to enhance the capability of rail. But once you have dealt with those two issues you then have a pretty free run right through to Enfield-Chullora—the remainder of the freight network under consideration, particularly heading south with the proposed development of a separate freight line coming from Macarthur through to Sefton and through to Chullora-Enfield. But basically from the Chullora-Enfield area through to Port Botany you have a dedicated freight line. Dealing with the two capacity restrictions with duplication and dealing with the General Holmes Drive level crossing would substantially enhance capability.

CHAIR: Are there problems with increased height containers out of Botany, Port Kembla or Newcastle? Are there tunnels or other problems?

Mr GRAHAM: With the increase in domestic single stack, taking a bit more height on domestic containers is not the issue; I think the significant issue arises for double-stack operations. Realistically, I do not think there will ever be a financial justification for double-stack capability in the broader metropolitan Newcastle-Wollongong-Sydney area. The restrictions of overhead wires for passenger trains and the tunnels associated with those routes are obviously a long-term problem.

CHAIR: What has been the overseas experience where there are tunnels much older than ours? Have other nations simply retained single stack as their methods of transport?

Mr GRAHAM: No, the US has invested heavily in providing double-stack capability. Significantly, from a transport point of view, double stack in United States is effectively avoiding a blue water operation going a very long distance between the East Coast and the West Coast of the United States. So there is a major justification for the more efficient transport of containers from the West Coast of the US to the centre and across to the East Coast. Given the geographical nature of Australia, the fact that our populations are largely coastal based, we do not have that justification. We do not have the volume of containers. Double stack is simply avoiding additional wagons on the trains. So if you can cope with the length of the train with single-stack operations you do not have a significant economic disadvantage in not having double stack.

CHAIR: Are there occasions where the length of freight trains currently causes problems of, say, interference where it crosses over with passenger lines?

Mr GRAHAM: It has certainly been an area of rapid development over the last decade on the national freight network, including New South Wales. Back in the late 1980s and early 1990s the maximum length of a container train operating on the east coast of Australia would have been 700 to 800 metres. Today on the east coast it is up to about 1.5 kilometres and on the east-west corridor, Sydney-Melbourne-Perth, it is up to about 1.8 kilometres. So focusing on increasing the length of container trains has been a more productive area than focusing on double-stack expenditure.

CHAIR: Is there an argument for future infrastructure to be built in a way that would accommodate double stacking to at least minimise the cost if there ever were to be a change contemplated or are the costs just too extraordinary next to what would be saved?

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Mr GRAHAM: In long-term planning, particularly focused on the national canvas here, we already have a capability west of Parkes through to Perth. There is a lot of discussion surrounding the development of an inland railway that would come up through from Victoria to Parkes and then pick up existing rail routes up into Queensland via Boggabilla. Because there are relatively few height restrictions on those corridors, if those initiatives were to develop double-stack operations would be efficient, and capital-wise it would certainly be efficient. However, bringing double stack up the coastal has very significant issues, and issues that I would not expect would be economically justifiable to remedy.

CHAIR: What sort of expense would be involved in making the dedicated freight line out of Port Botany to Enfield unimpeded?

Mr GRAHAM: I would not even hazard a guess as to that. Do you mean unimpeded in terms of double stack?

CHAIR: No. For example, going above or below the passenger lines so you did not have the crossover there.

Mr GRAHAM: I think we are pretty well grade separated now to get from Enfield to Port Botany. The major restrictions would ultimately be those two points of duplication and the level crossing issues.

The Hon. PATRICIA FORSYTHE: In 2001 Ron Christie's report to government, "Long-term Strategic Plan for Rail" recommended \$20 billion needed to be spent to prevent strangulation of the rail system. Do you concur with that analysis?

Mr GRAHAM: I think that was an excellent piece of work from a very experienced railwayman. I think much of the tenor of what Mr Christie had to say has recently been picked up in the billion-dollar mini-budget announcement for the clearways program. That clearways program has at its heart the untangling of the complex network we currently operate and separating the system into five separate clearways. In order to ultimately deliver the breadth of vision of Ron Christie's report we need to ensure that the capability and capacity of the core network is developed and enhanced in such a way that it has the ability to progressively be developed in line with the long-term vision.

The Hon. PATRICIA FORSYTHE: Will the rail network have the capacity to be able to cope with the additional freight traffic that is proposed under the ports growth plan?

Mr GRAHAM: Are we specifically talking about Port Botany as the growth plan here or are you broadening it now to Newcastle and Port Kembla as well?

The Hon. PATRICIA FORSYTHE: We might as well broaden it.

Mr GRAHAM: Let me try to deal with that comprehensively and start by saying that irrespective of the source of the gateway of the import-export operation, that is irrespective of whether we are talking about Newcastle, Port Botany or Port Kembla, if we are talking about the distribution of import-export containers broadly in the greater Sydney basin area, the one common issue we have is the metropolitan distribution network to support that if the containers are coming from Port Botany by train to go to a terminal to be unloaded and distributed. Similarly, if they are coming from Newcastle or Port Kembla to the Sydney-based area, that issue has to be addressed. I very much see the terminal's plan for the Sydney basin as a common element irrespective of the source of those containers.

Broadly speaking, the rail capacity, the rail capability, from both Newcastle and Port Kembla, we would access at this point of time to be broadly equivalent. We see a capability of delivering around a quarter of a million TU from either port facility, and then depending on the length of train that is utilised, that capability could go up to half a million TU from either location. As far as Port Botany is concerned, we see with the expenditure I have outlined on the restrictions where we could certainly be in excess of a million TU capability out of Port Botany into the metropolitan terminal system.

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The Hon. PATRICIA FORSYTHE: What is the impact of the curfew system where you have passenger and freight sharing similar lines? What does that mean for the efficiency of the service?

Mr GRAHAM: In the numbers I have outlined to you coming from Port Kembla and Newcastle, I am assuming we would only have paths available around 18 hours of the 24-hour clock for freight services. That is reflecting the two to three hours of the a.m. and p.m. peak, Monday to Friday. So, the path calculations that have been undertaken recognise that there is effectively a passenger curfew in operation. That is not an issue coming from Port Botany through to the Enfield, Chullora area. It is an issue for traffic coming from Port Botany if it is going on to the broader passenger network as a result.

The Hon. PATRICIA FORSYTHE: One of the factors that is said to be hindering the development of Newcastle is the rail network, in particular some of the level crossings that are a feature of the service out of Newcastle—in particular Adamstown. Is there any time frame for doing something about that particular crossing?

Mr GRAHAM: There are some short-term proposals to enhance the Adamstown level crossing, but I think level crossings per se on the network, period, are not necessarily a capacity constraint to rail. There is obviously a broader risk management issue to be dealt with in terms of motor vehicle and pedestrian safety at level crossings, but if I could just focus on the intent of the question, and that is the capacity. There is no reason why well protected level crossings with boom gates, lights and bells should not provide adequate capacity for trains to continue to operate.

The Hon. PATRICIA FORSYTHE: Some of our submissions have called for an extension or a completion of the Maldon-Dombarton rail line as part of the overall plan for Port Kembla. Have you looked at that as a concept and what is your view about that?

Mr GRAHAM: In an earlier career in this organisation I was involved with some of the planning development for Maldon-Dombarton. I think at this time we do not need the hammer to crack the nut. Maldon-Dombarton is obviously meant for a significantly greater development of the western coal deposits when the anticipation was that the underground mines in the Lithgow and western areas of the State would compete well with some of the open cut developments in the Hunter and Queensland. That clearly has not eventuated. The difficulties of getting those productivities out of underground mines has proven to be correct. The intention of Maldon-Dombarton was for a far grander scheme than the potential development of a container terminal at Port Kembla.

The Hon. MELINDA PAVEY: In 2003 the Auditor-General found the Rail Infrastructure Corporation [RIC] had a maintenance backlog to the end of 2003 of at least \$439 million, some \$96 million backlog in maintenance on the metropolitan network, \$383 million in the country and \$100 million on underbridges. Considering the condition of some rail infrastructure and suggestions of compensation being payable to companies such as Pacific National following the Menangle bridge closure, is the New South Wales Government vulnerable to future compensation claims due to a backlog in maintenance?

Mr GRAHAM: I think the specific nature of the Menangle bridge issue and the work that has subsequently been done, the reopening and progressive increase in speed on the Menangle bridge, pointed to a specific issue. For the want of something of the order of half a million dollars to a million dollars that has been adequately remedied and that bridge is now in safe operation and continues in safe operation at 40 kilometres an hour. Last Friday we undertook some fairly extensive testing with bridge experts and the regulator to progressively lift the speed over that bridge to 80 kilometres an hour. I am sure that Pacific National has its own commercial reasons for pursuing what it wants to pursue on that. I have no doubt there will be sensible discussions with Pacific National about its issues.

The Hon. MELINDA PAVEY: Recognising the proposed port facility at Port Botany requires increased access for freight trains, are you concerned that compensation may also be a concern in relation to meeting services with the competition with the passenger network?

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Mr GRAHAM: No. Very specifically, the Enfield-Port Botany line over the past four years has had \$37 million worth of expenditure invested in its capacity and its upgrading. So the freight-only line from Port Botany through to Enfield has had very significant capital and now has twice the capacity that the industry is currently capable of using on that route. In that sense I think RIC is well ahead of the game and has clearly identified the expenditure and the investment required to keep it well ahead of the game.

The Hon. MELINDA PAVEY: There is a good story to tell in respect of Port Botany to Enfield. What about other pressure throughout the network for that freight/passenger service dilemma? Are you as confident about the pressures that are going to come to bear with the increased freight load going on to rail?

Mr GRAHAM: I think clearly we are dealing with enhanced freight capability out of Port Botany in an environment where we would expect the metropolitan passenger network to continue to grow, and that metropolitan passenger network is focused on clearly two periods of the day: an a.m. and a p.m. peak. The issue of the interface of the freight with the passenger is dealt with adequately now in that the freight that is required outside of the peak passenger period is handled very adequately. If by way of example I could take you back to the period of the Sydney Olympics when the passenger curfew was not six hours a day, it was 18 hours a day. During that three-week period of the Olympics we managed to get 85 per cent of the freight services operating at that time through in a six-hour period of the 24-hour clock, which gives you an indication of the potential capability.

The issue for infrastructure to support the port development is very much an issue of where are the satellite terminal facilities to be developed and located in Sydney? If those facilities can be developed on the dedicated freight lines and distributed out of the high-density road networks at those points, clearly that is going to be a preferable outcome for the remainder of the passenger network than plonking some of these facilities right in some of the more difficult areas of the metropolitan network. It is a sensible planning issue and our people and DIPNR are very much focused on the options for the development of those satellite port facilities to maximise the capability of the rail network.

CHAIR: The sort of infrastructure issues we are talking about require very long-term planning and long lead times. I imagine there would be a point where the current freight capacity and the passenger capacity would come in conflict as growth goes forward. Have any projections been done as to at what point in the future we could get to the point where we wished 10 years earlier we had started improving our infrastructure?

Mr GRAHAM: Again I think you have to be very corridor specific about that question. I can give two examples that contrast the position. A proposed development of a container terminal at Ingleburn, which is on the—I was going to say the upside of the track but that is not helpful to the Committee—so basically on the western side of the track at Ingleburn, exactly the same side where the proposed RATC or Commonwealth Government dedicated freight line will go through. It is intended that that freight line be bidirectionally signalled. So, what we would have with the development of a greenfield container park in Ingleburn would be a capability to come from that terminal, through to Port Botany on dedicated freight lines. Clearly the issue of how one seeks interfaces with the passenger network in that circumstance is not a significant issue.

To contrast that, for example, with the development of a container terminal at St Marys, which is also a proposal, would involve potentially a flat junction crossover going across three tracks in the outbound direction and picking up a densely used passenger track in the inbound direction. In the latter case there would be a significant issue to be dealt with in interfacing with the passenger service; in the former case there would not be. Clearly, container park developments in the area of Chullora or Enfield would not suffer from any significant passenger interface issue.

Mr IAN COHEN: At the beginning you mentioned several times the capacity of rail to expand, and I understand in its environmental impact statement Sydney Ports presented some data indicating the capacity of the Botany freight line is a maximum of 1.2 to 1.3 million for two years, and that depends on the train headway of seven minutes. I am wondering whether this means a freight train every seven minutes, 24 hours a day, seven days a week. How have you arrived at these assessments?

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Mr GRAHAM: No. I think if we tried to put that many containers into Port Botany would sink most ships rather than load them. The issue of signalling headway is meant to be a matter of when you are in a peak period with either inbound or outbound trains what your capability is to run them, nose to tail.

Mr IAN COHEN: For the benefit of the layperson, what do the figures that have been quoted mean in terms of the number of trains on those tracks over a 24-hour period? Perhaps you could answer that question also in terms of the impact on nearby residents from such a large quantity of freight movements. Will that occur on existing lines or are we looking at new, dedicated lines?

Mr GRAHAM: No, we are talking about existing lines—the existing corridor. Obviously, duplication involves construction of a new track, but adjacent to the existing one. To get some feel for what we would regard as perhaps an average size container service operating out of Port Botany for metropolitan CBD purposes, we would talking about a train of about 600 metres in length, which would, fully loaded, have a capability of 90 20-foot equivalent containers to deliver. A train of that size for 1 million TU would equate to about 35 or 40 services per day. By doubling that train size from 600 metres to 1.2 kilometres, which is the size of the current interstate intermodal trains, one would be looking at about 20 services in each direction per day. That means one train in each direction a bit over every half hour; the other would mean one in each direction about every hour.

Mr IAN COHEN: Given that all freight trains are hauled by diesel locomotives and we are looking here at trains 1.2 kilometres long, I presume that two locomotive engines would be needed. Is that correct?

Mr GRAHAM: No, we are talking about relatively flat track and today's 4,000 horsepower locomotives are certainly capable of hauling a 600-metre train.

Mr IAN COHEN: I understand that many of these locomotives are more than 20 years old. Are there any studies that indicate the level of diesel air pollution produced by these trains, particularly particulate pollution?

Mr GRAHAM: Yes, there are. Indeed, some very good comparative work has been done between diesel fuel emissions of road and rail for equivalent tonnages. I cannot quote those particular numbers but clearly, given the greater fuel efficiency of rail over road transport, the environmental benefits of doing this task by rail significantly outweigh doing it by road.

Mr IAN COHEN: Perhaps you could take that question on notice and give the Committee those figures, which I think would be very valuable to this inquiry. What impacts can the public expect in terms of rail noise along the freight corridor of Botany, Marrickville, Enfield and through to Macarthur?

Mr GRAHAM: By and large there will be no increase in the maximum noise level. One would expect that with increased frequency there would be an increased period of the day that noise levels would be at current maximum levels.

Mr IAN COHEN: Does your department receive complaints from areas other than the Port Botany terminal, where I understand local residents have expressed a degree of concern, on other sections of the rail line? Are there any particular areas, be they bends or hold-up areas, that create problems? I do not know the technical term but I imagine that trains stopping and starting would create considerable extra noise pollution.

Mr GRAHAM: The complaints noise-wise of which I am aware—and I would not want to mislead you by saying that I would be aware of the exhaustive list of complaints—tend very much to fall into two categories. The first is wheel squeal. That tends to occur with heavier freight trains operating on curves and grades. It is not just a problem here; it is an issue in the Adelaide Hills, for example, between Melbourne and Adelaide on the national network. The other issue we deal with tends to be associated more with track work and the noise generated by maintenance crews undertaking planned maintenance activities. In terms of specific freight corridor noise associated with Port Botany, I am not specifically aware of any complaints.

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Mr IAN COHEN: How feasible is the Maldon to Dombarton rail link-up completion? Is that on your horizon?

Mr GRAHAM: In terms of the feasibility of the project, it was fully designed and fully costed and a substantial amount of construction work was undertaken. So I do not think there is any doubt about its feasibility. I would not even hazard a guess—particularly in today's dollars—at the likely completion cost of the Maldon-Dombarton railway. The only thing I would be absolutely confident about is that if the development of Port Kembla depended on the completion of Maldon to Dombarton there would be no financial justification for any port enhancement proceeding at Port Kembla for container facilities. It would absolutely kill the unit cost of hauling containers out of Port Kembla.

Mr IAN COHEN: The Sydney Ports Corporation states that the southern freight line is congested and the Illawarra line provides a shared service with passenger trains. Due to the priority given to passenger trains, it concludes that there is no guarantee that the Illawarra rail corridor could provide a reliable container service to meet Sydney's train needs. Do you agree with that assessment?

Mr GRAHAM: Listening to that you would almost think they were in competition with Port Kembla, and I am sure that is not the case. I would be confident of the numbers that I espoused earlier. We believe that from both Newcastle and Port Kembla we would expect a current rail capacity of the order of a quarter of 1 million TU to support the development of both of those port facilities. I do not think I would totally agree—although I admire their marketing intent.

Mr IAN COHEN: As to the Chullora to Macarthur freight line, can you indicate to the Committee when work might begin on the ARTC southern Sydney freight line?

Mr GRAHAM: The legislation to allow the ARTC the long-term lease for the interstate corridors I think recently passed through Parliament. My expectation is that the lease documents associated with that will be executed over the next four to six weeks and at that point the ARTC will have all the preconditions in place to proceed with the design and planning of that separate freight corridor. It is a commercial project of ARTC, not of the New South Wales Government or RailCorp. My expectation would be that they would commence the detailed planning and design for that almost immediately.

Mr IAN COHEN: Will that have an impact on the overall debate in terms of freight and the capacity of the various ports?

Mr GRAHAM: I think it has two substantial positives. In terms of interstate freight on the Melbourne-Sydney corridor, it would provide dedicated freight through the Sydney metropolitan area from Macarthur to Chullora. From a ports point of view, it would obviously provide dedicated freight capacity not just as it does now from Botany through to Chullora-Enfield, but it could support the development of freight facilities along that dedicated route from Sefton through Ingleburn, Minto, Campbelltown and Macarthur.

The Hon. PATRICIA FORSYTHE: Your figures about the efficiencies achieved during the Olympics beg the question about inefficiencies at other times. What would you need to do to be able to improve the efficiency of the system such that you could move in six hours what you claim to have moved during the Olympics, or at least at some more reasonable time?

Mr GRAHAM: You have to convince the freight market—the customers that utilise the freight services—that they do not want their freight when they say they want it. That was one of the things that they had to put up with. I suppose the best lay equivalent is to ask what Qantas has to do to better utilise its aircraft. The answer is to have people fly domestically at night, which is not an attractive proposition for the market. What we find on the Melbourne-Sydney and the Melbourne-Brisbane freight corridors is that the market wants to receive its freight in the early morning between 4 a.m. and 6 a.m. for distribution to the marketplace on that day. During the Olympics, although we managed to improve dramatically the efficiency of moving freight through the rail network, to say that the customers did not fully appreciate the impact would be an understatement. But it does demonstrate the capacity of the network.

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The Hon. MELINDA PAVEY: The 2001 rail plan says that, just as vital road corridors have been reserved in the past, there is now an urgent need to take action to protect future rail corridors. Are there currently any rail corridors protected either for future freight-only use or for shared freight and passenger use?

Mr GRAHAM: The issue of the medium- to long-term planning of corridors and utilities is very much, under the structure of government now, a matter for the Department of Infrastructure, Planning and Natural Resources. As I understand it, it is certainly looking at the preservation of north-west transport corridors for the CBD. I do not regard that as a role for RailCorp or as a role for the Rail Infrastructure Corporation. My focus is on a five-year horizon and on ensuring that we do a very tradesman-like job developing the capability and capacity of our core network. Doing that properly through the clearways program, for example, will enhance the capability of the network to have these additional long-term routes developed for the corridors.

The Hon. MELINDA PAVEY: Would the same answer apply to Port Kembla and Newcastle?

Mr GRAHAM: No, I think in terms of Port Kembla you obviously have the easement through there for the Maldon-Dombarton railway in the long, long term. The capacity of the existing duplicated tracks down the Illawarra line through to Newcastle is I think adequate to meet the foreseeable needs of both passengers and freight.

CHAIR: Mr Graham, thank you for appearing before the Committee today. A number of questions about rail have arisen during the inquiry and your attendance today is very much appreciated.

(The witness withdrew)

(The Committee adjourned at 2.43 p.m.)