

# **GENERAL PURPOSE STANDING COMMITTEE No. 5**

**Monday 19 December 2005**

**Examination of proposed expenditure for the portfolio area**

## **PORTS AND WATERWAYS**

**The Committee met at 10.00 a.m.**

### **MEMBERS**

Mr I. Cohen (Chair)

The Hon. G. J. Donnelly  
The Hon. P. Forsythe  
Ms S. P. Hale

The Hon. M. J. Pavey  
The Hon. H. S. Tsang

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### **PRESENT**

**The Hon. E. M. Roozendaal**, *Minister for Ports and Waterways*

**NSW Maritime Authority**

**Mr C. Oxenbould**, *Chief Executive*

**Mr A. Middleton**, *General Manager, Shipping, Security and Environment*

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**CHAIR:** Good morning, Minister. I think you, and your officials, for your attendance today. There are some procedural matters before questions commence. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, available from the attendants and the clerks, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting proceedings of this Committee the media must take responsibility for what they publish and what interpretation they place on anything that is said before the Committee. Members and their staff are advised that any messages should be delivered through the attendant on duty or through the Committee clerks. I declare the proposed expenditure for the portfolio areas of ports and waterways open for examination. Minister, do you wish to make a brief opening statement?

**The Hon. ERIC ROOZENDAAL:** If I may, yes. I welcome today's proceedings. It has been a busy three months since we last met and 2005 has seen arguably the most significant ports decisions in probably the past 30 years at Botany, Newcastle and Port Kembla. Key decisions that have been made and announced include a \$140 million expansion of Port Kembla, a \$500 million expansion of Botany and a \$530 million third coal loader, keeping Newcastle as the world's largest and premier coal export port, and a \$170 million Port Waratah coal loader expansion. The framework for ports growth is in place. Now it is about making it happen, putting in place new and better facilities. We are now into the project delivery stage. The next decision will be the procurement model, who is going to build them and the time lines for construction.

Since we last met there has been speculation about the application of public-private partnerships [PPPs] and the development of future ports infrastructure, particularly at Botany. The New South Wales Government considers the use of PPPs on a case-by-case basis, including for ports. We look at all of the options and private financing of projects will be considered where they are part of an agency's capital expenditure priorities for service delivery, they offer value for money in comparison to government doing the project itself, and/or they allow the project to be delivered earlier. Since becoming the Minister in August I have listened to some pretty extraordinary views on the role of government. I have a strong view on the role of ports and the ports and waterways portfolio. It is about getting shipping in and out our ports in a safe and efficient way, keeping our ports open for business.

We all saw what happens when trade banks up at our ports. We saw this when the Federal Government's customs computer went into meltdown after sheer incompetency by the Department of Customs. That was a graphic example of how critical trade and ports infrastructure is to our economy and small business in particular. We saw what happened when the Federal Government took its eye off the ball. I am determined to make sure we have first-rate infrastructure, world-class operational staff and operational equipment, and the highest standard of security in light of international terrorism threats. It is about avoiding the kind of stuff up we saw in October, caused by Federal Government bungling. The best result is where the ports operate smoothly and efficiently, working with industry and local communities to keep trade flowing.

In respect of issues such as security and the customs debacle, the State Government has taken a strong role. The Federal Government has made it clear that it will not fund port security and ascribes that as a cost of doing business—despite the massive tax surplus that we have read about. That is why the State Government is spending \$23.4 million on ports security upgrades. Small business was ignored by Senator Ellison, who is still in denial about the gridlock caused to Port Botany by customs. Both of these issues should be above politics. This is about keeping our State economy on track.

**Ms Sylvia Hale:** You smell a rat when you hear that phrase!

**CHAIR:** Let the Minister speak. The honourable member will have an opportunity to ask questions later.

**The Hon. Melinda Pavey:** It is just so hard.

**The Hon. ERIC ROOZENDAAL:** You will get a chance when you are ready. Just relax! The New South Wales Government does not run shipping lines. We are not involved in the stevedoring business. The job of ports is pretty clear: getting ships, cargo and crew in and out of our ports safely and efficiently. That is the core business, in my view. We will leave the shipping and

logistics expertise to the industry. Industry and government have not always been quick to embrace change, but we are at our best when we do. Huge changes in shipping technology have already left their mark on the character of our city. Fifty years ago on the finger wharves, wharfies craned cars out of the holds of the old cargo fleet. I am told that the first car-carrying ships that arrived in the 1960s and 1970s had a capacity of 290 Volkswagens. Today, thousands of cars are driven off ships within a matter of hours. It is an extremely tailored improvement and efficiency, and would have been unthinkable only decades ago.

I am staggered by the number of new cars sold in this country, projected to be nearly 1,000,000 in 2005 and growing at around 16 per cent each year. That is why the Iemma Labor Government has announced new facilities at Port Kembla to handle the booming car import trade and I welcome the bipartisan position taken by the Opposition on this issue. The 12-hectare site at Glebe Island, with a capacity of 5,000 vehicles at any one time, is a great facility but the use-by date is fast approaching. It would have taken a massive multistorey car park at that site to handle the growth in car imports and the community just would not accept that. That is why Australian Amalgamated Terminals [AAT] at Port Kembla will develop new cargo facilities and a third and fourth berth at Port Kembla. It is a 43-hectare site with room for 14,000 vehicles at any one time.

I want to see Port Kembla deliver state-of-the-art facilities, allowing car dealers to complete more pre-delivery inspections on the wharf. The goal is saving industry time and money in transporting cars to holding yards. Working with industry to deliver is our challenge; it will not just happen. Meanwhile, the evolution of Sydney Harbour will take another step. I could talk all day about the need for maritime industries in Sydney Harbour, about oil and cruise ships and the needs of the building industry, but no doubt you have a number of questions you would like to ask. I have with me Rear Admiral Chris Oxenbould, the Chief Executive of NSW Maritime, and Tony Middleton, General Manager of Shipping, Security and Environment, my portfolio's principal advisers on ports and freight policy issues.

**The Hon. MELINDA PAVEY:** Minister, what is the return from the ports corporation to Treasury?

**The Hon. ERIC ROOZENDAAL:** Which ports corporation?

**The Hon. MELINDA PAVEY:** Sydney Ports Corporation.

**The Hon. ERIC ROOZENDAAL:** Well, that is actually in the Sydney Ports Corporation Annual Report, so I think you are just wasting the time of the estimates Committee.

**The Hon. MELINDA PAVEY:** No, I am actually—

**The Hon. ERIC ROOZENDAAL:** Okay! All right! If you want to waste time I will just get it for you.

**The Hon. MELINDA PAVEY:** It is not a waste of time because—

**The Hon. ERIC ROOZENDAAL:** It is when it is a public report.

**CHAIR:** Minister, would you answer the question.

**The Hon. ERIC ROOZENDAAL:** Sure. I believe this is an important issue. I believe there are some important questions and that asking questions about information that is publicly available—

**CHAIR:** Questions are the prerogative of the questioner and you should answer as you see fit.

**The Hon. ERIC ROOZENDAAL:** What would you like to know?

**The Hon. MELINDA PAVEY:** I think it is relevant to understand the capability of the Minister.

**The Hon. ERIC ROOZENDAAL:** Melinda, I realise you are only here today to deal with pre-Christmas shopping. That is why you schedule this. What was the question?

**Ms Sylvia Hale:** What a disgrace! You are a disgrace!

**The Hon. ERIC ROOZENDAAL:** What was the question again?

**The Hon. MELINDA PAVEY:** You do not know the answer.

**The Hon. ERIC ROOZENDAAL:** I do know the answer. What is the question?

**CHAIR:** Would you like to ask the question again? The Minister did not take note of it.

**The Hon. ERIC ROOZENDAAL:** I hit a raw nerve, did I not!

**Ms SYLVIA HALE:** What was the return from Sydney Ports Corporation to Treasury?

**The Hon. ERIC ROOZENDAAL:** It was a pre-tax profit of \$61.4 million, which was up 19 per cent. The dividend was \$18.9 million, or 50 per cent of post-tax profit.

**The Hon. MELINDA PAVEY:** Has your upper House colleague, the Minister for Finance, asked you to improve that bottom line to Treasury next year?

**The Hon. ERIC ROOZENDAAL:** My attitude is that each of the ports corporations should operate as efficiently as possible. I certainly would encourage them if they can improve their dividends to Treasury to do so.

**The Hon. MELINDA PAVEY:** You have been Minister for three months. Have you been able to see some efficiencies within the Sydney Ports Corporation that you believe could be instituted to help the Emma Labor Government out of its budget crisis?

**The Hon. ERIC ROOZENDAAL:** Ms Pavey, I think you perhaps do not understand exactly how the State-owned corporations model works.

**The Hon. MELINDA PAVEY:** Yes, I do.

**The Hon. ERIC ROOZENDAAL:** Well, it is interesting to hear you say that. I certainly encourage them to improve efficiency and they assure me that are working towards that. I would have thought some of the announcements that we have made in a number of areas demonstrate our commitment to ensuring that the ports corporations return good dividends to the Government, at the same time ensuring that their valuable contribution to the economy is maintained. I could go through them again but I did go through some of the announcements in my opening statement and I think I will leave it there.

**The Hon. MELINDA PAVEY:** Has pressure been put on you, Minister, to improve the return from the Sydney Ports Corporation to Treasury this financial year, in order to get your Government out of its budget crisis?

**The Hon. ERIC ROOZENDAAL:** There has been no pressure applied to me.

**The Hon. MELINDA PAVEY:** No pressure at all? So you are not willing to work with the Chairman of Sydney Ports Corporation or Greg Martin from the Sydney Ports Corporation to see if a better return to government is available?

**The Hon. ERIC ROOZENDAAL:** What I do is speak to all of the ports corporations on a regular basis and I certainly encourage them to ensure they operate as efficiently as possible. I have certainly had discussions with the chief executive officers and some of the board members to encourage them to make sure that the ports corporations operate in an efficient way, in respect of return of dividend to government, at the same time ensuring that they provide good operations to people who use the ports.

**The Hon. MELINDA PAVEY:** Have some of those discussions been about the wholesale selling off of prime harbour front land to get the Government out of its budget crisis—like your Government is selling off Snowy Hydro?

**The Hon. ERIC ROOZENDAAL:** Which harbour land are you referring to?

**The Hon. MELINDA PAVEY:** Any of the land you mentioned in your opening remarks.

**The Hon. ERIC ROOZENDAAL:** I know we have discussed this previously, but it seems you want to clarify the issue. In respect of East Darling Harbour, of course, there is a competition at the moment. Five broad entries have been selected by a panel to decide how East Darling Harbour will look like in the future. All of those entail at least 50 per cent public space, I understand. I believe they are also available publicly on the web site if you would care to do a bit of research. In terms of Glebe Island, the Government has been absolutely clear on this point: We have ruled out any development of Glebe Island, any residential development at all on Glebe Island. In fact, what we are talking about doing there is a maritime precinct. I did go through this in the House on at least one occasion. You may not have been paying attention at that time.

**The Hon. PATRICIA FORSYTHE:** Please! In relation to the expansion of Port Kembla for cars, given that 90 per cent of cars that will be landed there will be back on the Sydney market, what strategy is envisaged for their transport back to the Sydney market?

**The Hon. ERIC ROOZENDAAL:** In relation to Port Kembla we need to be very clear about how that will work. First of all, Port Kembla is a far superior site than we have at the moment. Glebe Island is a 12-hectare site; Port Kembla is a 43-hectare site. It is a brand new site and it can be developed so that it does accommodate the need. Some of the problems with the Glebe Island site—

**The Hon. PATRICIA FORSYTHE:** That is not the question.

**The Hon. ERIC ROOZENDAAL:** I am explaining to you the basis—

**The Hon. PATRICIA FORSYTHE:** I understand the basis. I want to know what the strategy is.

**CHAIR:** Let the Minister answer and the member may ask subsequent questions.

**The Hon. MELINDA PAVEY:** We would really like to deal with Mt Ousley road.

**The Hon. ERIC ROOZENDAAL:** I can only deal with one question at a time. I think it is really rude to interrupt your colleague, Ms Pavey. Glebe Island is a 12-hectare site. Part of the problem arises because it is such a small site that they have had to use White Bay effectively as a car park. Industry advised us that, for that to be a viable site into the future, it would have required the building of a multistorey car park adjacent to the Anzac Bridge. The view of the Government, and I think quite rightly, was that it would be unsightly and unacceptable to the community to build a multistorey car park simply to store new vehicles that have been landed there. Port Kembla Port Corporation, in striving for the efficiencies that I know Hon. Melinda Pavey is so concerned about and asked about earlier, negotiated with AAT quite effectively and is now developing a 43-hectare site at Port Kembla.

That site will allow the handling of about 14,000 vehicles, as opposed to 5,000 at Glebe Island. It is \$140 million worth of infrastructure and it will create 1,000 direct and indirect jobs for the Illawarra region. It will mean 300 fewer truck movements a day around the inner-city streets, particularly in areas such as Marrickville, Strathfield and Bankstown. It will provide industry with 40 years worth of certainty. In terms of traffic generated by the development at Port Kembla, I am advised it is a 1 per cent increase according to the environmental impact statement [EIS] submitted on the traffic on that freeway at the moment.

**The Hon. PATRICIA FORSYTHE:** A 1 per cent increase in traffic on the F6?

**The Hon. ERIC ROOZENDAAL:** That is right.

**The Hon. PATRICIA FORSYTHE:** Does the Government have a long-term strategy for upgrading of the F6?

**The Hon. ERIC ROOZENDAAL:** So far as strategy is concerned, I do not believe that comes within my portfolio.

**The Hon. MELINDA PAVEY:** Who undertook the traffic study that showed an increase of 1 per cent in traffic on major roads?

**The Hon. ERIC ROOZENDAAL:** I believe that was the EIS submitted by the Port Kembla Port Corporation.

**The Hon. MELINDA PAVEY:** So a 1 per cent increase in traffic on the F6—and Mt Ousley, is that right?

**The Hon. ERIC ROOZENDAAL:** I believe that is what was in the EIS.

**The Hon. MELINDA PAVEY:** Only 1 per cent? I wonder if the same consultant was engaged in respect of the cross-city tunnel?

**The Hon. ERIC ROOZENDAAL:** I wonder whether you have completed your Christmas shopping yet and why you are here today?

**The Hon. MELINDA PAVEY:** I find that remark completely offensive. I am here at the request of the Opposition and the Greens to get some information. I ask the Minister to withdraw that comment.

**CHAIR:** I would appreciate it if you did withdraw that, Minister, because it is a gratuitous comment.

**The Hon. ERIC ROOZENDAAL:** Which bit? I will withdraw it if it so offends you, Ms Pavey.

**The Hon. MELINDA PAVEY:** It does.

**CHAIR:** Thank you, Minister.

**The Hon. MELINDA PAVEY:** How important is the intermodal development at Enfield to the overall logistics, supply chain development, and getting throughput of freight with the proposed expansion of Port Botany?

**The Hon. ERIC ROOZENDAAL:** Enfield is only one aspect. The Government is looking at a whole-of-State approach to freight. Obviously the Government is committed to a target of 40 per cent of containers out of Port Botany being placed on rail as a starting point. Part of that is to ensure that we really get 40 per cent on rail, and that means we need a network of supporting intermodals. Enfield is being considered—

**The Hon. MELINDA PAVEY:** So that network includes Enfield? What are the other parts?

**The Hon. ERIC ROOZENDAAL:** Excuse me. Chair, can I complete my answer without interruption?

**CHAIR:** Yes. Allow the Minister to complete his statement. Members may then ask him questions.

**The Hon. ERIC ROOZENDAAL:** Enfield may be one of those intermodals.

**The Hon. MELINDA PAVEY:** May be?

**The Hon. ERIC ROOZENDAAL:** May be. I understand that Sydney Ports Corporation has lodged a development application [DA] for Enfield, which will go through the normal planning processes. I believe it will be open for comment for 67 days. After that planning process has taken place we will decide on the outcome.

**The Hon. PATRICIA FORSYTHE:** Who is the consent authority?

**The Hon. ERIC ROOZENDAAL:** I think it is Planning NSW.

**The Hon. PATRICIA FORSYTHE:** It is going through the planning process but it is not handled by the local council.

**The Hon. MELINDA PAVEY:** Minister, what is your understanding of that?

**The Hon. ERIC ROOZENDAAL:** I understand that Sydney Ports has lodged a DA with Planning NSW.

**The Hon. MELINDA PAVEY:** Ultimately the decision will be that of the State Government.

**The Hon. HENRY TSANG:** It is an essential service.

**The Hon. MELINDA PAVEY:** I agree.

**The Hon. ERIC ROOZENDAAL:** I have answered that question.

**The Hon. MELINDA PAVEY:** What are the other parts of the intermodal network along with Enfield that you were talking about earlier.

**The Hon. ERIC ROOZENDAAL:** There are a number of them around New South Wales.

**The Hon. MELINDA PAVEY:** Do you know where they are?

**The Hon. ERIC ROOZENDAAL:** I think you might want to look at—

**The Hon. MELINDA PAVEY:** I would like an answer from the Minister.

**The Hon. ERIC ROOZENDAAL:** I will just say this: There are already a number of intermodals that Patrick Stevedoring and Toll Stevedoring use that are out Ingleburn and Minto way, for instance. There is also a proposal for one at Eastern Creek, there could be an additional one at Ingleburn. There is a very small one at Chullora. There are a number around Sydney and all of those are discussed in public documents, if you want to have a look.

**The Hon. PATRICIA FORSYTHE:** When the decision was taken to expand Port Botany, you said there were a lot of intermodals around. What was the Government's thinking in allowing for the expansion of traffic from Port Botany that would be generated?

**The Hon. ERIC ROOZENDAAL:** That is a very good question. You need to appreciate that Port Botany has been earmarked as the ports area since the 1970s, and there has been a gradual development. Once completed the expanded Port Botany will pretty much conclude the development of the Port Botany geographical area. It gives certainty to the port for a number of years. The advice around is that by 2010 if there were no expansion of Port Botany it would reach capacity. The decision to expand Port Botany that has been announced gives it life to approximately 2025, give or take a few years. It certainly means that we get the best utilisation out of our port facilities.

**The Hon. PATRICIA FORSYTHE:** Where is the integrated transport strategy?

**The Hon. ERIC ROOZENDAAL:** The Government is committed to putting 40 per cent of containers onto rail and will develop, along with intermodals, an overall freight strategy. You may be

aware that Professor David Richmond has been given responsibility to develop a freight strategy to support the expansion of Port Botany.

**The Hon. PATRICIA FORSYTHE:** I am well aware of that. You have made one announcement: it seems extraordinary that you cannot make, at the same time, an announcement around the whole concept of an integrated transport approach.

**The Hon. ERIC ROOZENDAAL:** Not at all. It will take at least five years to build the Port Botany expansion, so there is a five-year window. It is appropriate to first of all make the final decision, because there was a lot of discussion about what we would do at Port Botany, how big we would make it. Once that definitive decision is made we will have a model to work from. We know how big Port Botany is going to be, so we will be able to plan within five years to ensure that we have the appropriate freight plans in place.

**The Hon. MELINDA PAVEY:** If Enfield falls over are you confident that Eastern Creek and Ingleburn will be able to pick up the slack in the intermodal capacity?

**The Hon. ERIC ROOZENDAAL:** We need to develop a network of intermodals. This is an overall planning issue. Whether Enfield is successful or not is a determination of the planning process as opposed to anything I might say. Whether the market decides to create other intermodals is down the track. I have been advised by industry that there has been some shift to develop new intermodals closer to Wollongong in the long term to accommodate vehicles. That may well free up some of the areas that are dealing with cars to handle containers. There is a whole series of possibilities and calculations coming into play. It would be premature of me to respond about specifics right now.

**The Hon. PATRICIA FORSYTHE:** Is it not premature to make an announcement on Port Botany without any idea of the overall transport strategy?

**The Hon. ERIC ROOZENDAAL:** No. I think you are misunderstanding me or not hearing me properly. You need to make an initial decision. Once a decision is made about Port Botany and there is a clear decision as to what the expansion will be, we then decide what we are going to do over the next five years. The Port Botany expansion will not come online for five years; that is a long time. In that time we will develop a freight strategy and ensure that by the time Port Botany opens we will have a freight strategy that can accommodate the additional freight generated by the expansion.

**The Hon. MELINDA PAVEY:** Is it your belief as Minister that the Enfield intermodal capacity is integral to a good freight strategy network?

**The Hon. ERIC ROOZENDAAL:** There is a problem with your question. Sydney Ports has lodged a DA, but until we really go through the planning process and assess that DA we cannot say what the outcome will be. They may well decide not to do Enfield, they may decide to make it smaller. I cannot really say what Enfield will do until the planning process is completed. At the end of the day we are looking at a network around Sydney to spread the load of the containers. We need to have a network in place to manage the freight generated by Port Botany. Currently 80 per cent of all containers that land at Port Botany go to within 40 kilometres of the port. So we need a process to deal with that.

**The Hon. PATRICIA FORSYTHE:** In the decisions on the expansion of Port Botany what discussions were had with Airservices Australia and the Sydney Airports Corporation about concerns raised relating to impacts on the radar system as a consequence of the expansion of the port?

**The Hon. ERIC ROOZENDAAL:** I am advised by the Sydney Ports Corporation that all issues relating to the radar problem—and apparently there was a problem—have been worked out. I was advised by the Sydney Ports Corporation that it is confident that there will be no conflict between Sydney Airports Corporation operations and Sydney Ports operations.

**The Hon. PATRICIA FORSYTHE:** It has all been resolved?

**The Hon. ERIC ROOZENDAAL:** That is what I have been advised.



**The Hon. MELINDA PAVEY:** In relation to the aim of having 40 per cent of freight movements from Port Botany onto rail, the 60 per cent that will be left, and more now being carried by trucks, is there an overall plan to increase the tunnel and bridge heights surrounding Port Botany, or a dedicated route with the 4.6 metre clearance requirement?

**The Hon. ERIC ROOZENDAAL:** Issues specifically related to roads are outside my portfolio.

**The Hon. MELINDA PAVEY:** That is probably why we brought David Richmond in, to have an overall approach to doing a good job, hopefully. What DAs are needed on the Eastern Creek and Ingleburn developments?

**The Hon. ERIC ROOZENDAAL:** All intermodals that are not presently in existence need to go through a planning process. I imagine that in the event that they do eventually they will go through a planning process.

**The Hon. MELINDA PAVEY:** What time frame are you looking at there?

**The Hon. ERIC ROOZENDAAL:** At this stage I do not have a time frame for that.

**The Hon. MELINDA PAVEY:** Will it be within five years of the completion of Port Botany?

**The Hon. ERIC ROOZENDAAL:** Realistically we are waiting for Professor David Richmond to do a review and come up with an overall strategy.

**The Hon. PATRICIA FORSYTHE:** Has the Government taken a policy decision in relation to planning approvals for all intermodals that will be handled by the Department of Planning, or will they be left to local councils?

**The Hon. ERIC ROOZENDAAL:** I am advised that that depends on the scale of the intermodal as to whether it goes to the local council or the Department of Planning.

**The Hon. PATRICIA FORSYTHE:** What will be the scale? What is the point where the Government will take over?

**The Hon. ERIC ROOZENDAAL:** I cannot give you any further information. You will have to refer that to the Department of Planning.

**The Hon. PATRICIA FORSYTHE:** If you have a policy that is dependent on the scale, you must be able to say what is that scale?

**The Hon. ERIC ROOZENDAAL:** That is all the advice I can give you.

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

**The Hon. ERIC ROOZENDAAL:** Yes, certainly.

**The Hon. MELINDA PAVEY:** In relation to leasing payments for equipment within the corporations and within NSW Maritime, is it also the policy of the corporations and NSW Maritime to buy computer equipment, or is it still more along the business model of leasing?

**The Hon. ERIC ROOZENDAAL:** I will refer that to Rear Admiral Oxenbould.

**The Hon. MELINDA PAVEY:** Minister, could you give an answer in relation to the Ports Corporation as well, not just an answer from NSW Maritime?

**Mr OXENBOULD:** It varies among the port corporations. I have some experience with the port corporations as well. It varies on a case by case basis. The corporation has the ability to make a decision of what is the best for its circumstances. The three port corporations vary in size quite

considerably. Therefore, their information technology needs vary quite considerably. In NSW Maritime we lease most of our equipment.

**The Hon. MELINDA PAVEY:** Could you provide the Committee with documentary evidence of the number of leases and with whom those leases are?

**Mr OXENBOULD:** Yes, they can be provided on notice.

**The Hon. MELINDA PAVEY:** And for the relevant ports corporations, could that be provided by the Minister?

**Mr OXENBOULD:** Yes, we can co-ordinate that information.

**CHAIR:** Minister, there has been some discussion about car transport from the expanded Port Kembla facility and issues revolving around some perceived difficulty on the highway infrastructure to deal with that. As Minister, have you looked into the Maldon to Dombarton rail link as an alternative, considering the increased transport of vehicles from the expanded Port Kembla facility?

**The Hon. ERIC ROOZENDAAL:** I am advised that that issue has been considered by the Port Kembla Port Corporation. It has been put forward as a potential AusLink funded project.

**CHAIR:** Given that you mentioned the aim for 40 per cent of containers out of Port Botany to go onto rail, would that not be a feasible projection to undertake to facilitate Port Kembla's delivery of cars to intermodal terminals in the south-west of Sydney?

**The Hon. ERIC ROOZENDAAL:** It is a possibility. The Port Kembla Port Corporation is looking at that at the moment.

**CHAIR:** Sydney Ports Corporation said that Port Botany could expand to handle up to 1.8 million twenty-foot equivalent units [TEU] with the existing facilities. The commission of inquiry found it could be up to 2.5 million TEUs, and the two stevedores say that they can carry all demand up to 3.0 million TEUs. All of that is without major expansion and reclamation of the bay. In relation to the port expansion for demand to 2025, the Sydney Ports Corporation considered a 60-hectare expansion was necessary, the two stevedores considered the current port facilities with better technology or a minimal expansion would meet their demands. Would you comment on that?

**The Hon. ERIC ROOZENDAAL:** At the outset, one needs to be fairly cautious with advice from the two stevedores. Clearly their motivation will always be to protect their market position. I am advised that the net return that the stevedores received for their investment at Port Botany is about 27 per cent. It is a fairly lucrative business that they are both in. So I believe ultimately their perspective will be coloured by that income and they are certainly going to argue there would be no expansion because the problem with an expansion for them is that it opens up the opportunity for competition and I believe that is their motivation with their comments.

**CHAIR:** When you talk about opening up competition, can you describe to the Committee who and what that competition could be and in what form and are there discussions or any negotiations in expectation of that expansion policy for the mix of competition in the Port Botany facility?

**The Hon. ERIC ROOZENDAAL:** The decision by the Government to expand Port Botany, the 51-hectare site, we believe will open up the opportunity for competition and may attract a third stevedore into the market. We cannot guarantee that, obviously, because market forces will always prevail. But the fact that both stevedores argued so strongly against the expansion and came up with the argument about, "Rely on us, we have got the technology. We do not really need room anymore", indicates to me that there is probably a good chance we can bring competition to the market.

**CHAIR:** But given the potential expansions both to the Port Kembla and the Hunter, are you saying that the stevedores in Port Botany have got it wrong, that they would not be able to cope with expansion that is predicted to 2025, for example?

**The Hon. ERIC ROOZENDAAL:** I think that they are going to argue the case that best suits their market position. I think that is what people in business do.

**CHAIR:** I am sorry, I really do not quite understand you. Are you saying there that it best suits their market position but that they would not be able to cope with the projected increases in freight through Port Botany?

**The Hon. ERIC ROOZENDAAL:** I think it is a pretty brave government that is going to rely on the advice of Chris Corrigan and Tim Blood from P&O to decide on its ports policy. Duopoly is a pretty strong market place to be for both of those operators, and I think it would be a very brave government that relies on their advice for what is in the interests of the people of New South Wales and what is in the interests of the taxpayers in New South Wales. The Government has taken the view that an expansion of Port Botany would complete the development of Port Botany for what it was always designated as—and that is as a port precinct—and may encourage competition into the market. We believe that will be to the benefit of the people of New South Wales and to the benefit of the New South Wales economy.

**CHAIR:** When you mentioned the 40 per cent on rail out of Port Botany, which I think many would feel a laudable projection, is that including the expansion and the potential for a third stevedore corporation to be involved at the Port Botany site?

**The Hon. ERIC ROOZENDAAL:** The issue of whether it is a third stevedore or not I think is a separate issue. Who actually lifts the containers off the ship is a separate issue.

**CHAIR:** Is it not an issue also that with the development of that site you are actually focusing more shipping on that site rather than the potential to decentralisation, be it to the Hunter or Port Kembla?

**The Hon. ERIC ROOZENDAAL:** I think there is a bit of a mistake in your premise in that you have got to remember that 80 per cent of containers go within 40 kilometres of the port. I believe that the Government has made the right decision in fulfilling the full development of Port Botany because the demand is still within 40 kilometres of the port to ensure that containers can get out to areas where they are needed. The issue with the third stevedore is a separate issue. Who actually lifts the boxes off the boat, whether it is an expansion of the two stevedores or a third stevedore, I think is a separate issue. But the 40 per cent target that the Government is working towards is based on whatever the expansion is. We will be targeting to get 40 per cent of boxes on to rail.

**CHAIR:** In relation to that 40 kilometres, has the Government looked at the balance in terms of the economies of scale between bringing in from Port Kembla to intermodal terminals to the south-west of Sydney? How does that relate to the advantage of 40 kilometres from Port Botany?

**The Hon. ERIC ROOZENDAAL:** I am not sure quite what you mean.

**CHAIR:** My understanding is that people who made representations to a committee I was involved with, the State Development Committee at the time, said that there was an opportunity there to bring in to Port Kembla and transport to the south-west of Sydney to intermodal terminals, which would negate any advantage that Port Botany would have with that 40-kilometre circle of influence, if you like.

**The Hon. ERIC ROOZENDAAL:** I have not had that case put to me, but I have got to say that I think the decision to shift cars to Port Kembla was a good starting point. I do not wish to isolate Port Botany and ignore Port Jackson in discussion. The decision to shift the car importation industry to Port Kembla is pretty critical for Port Kembla; it is a 43-hectare site in Port Kembla. So we are shifting some stuff to Port Kembla. It will import around 250,000 cars a year—that is considerable. I think that is a good starting point. In terms of economies of scale, you need to be aware that shipping companies like to just come to port, drop off their boxes, pick up their boxes and move on. It is not necessarily that simple in dropping some off at Port Botany and some off at Port Kembla because you are still going to have the Port Botany facility. I think really it is the responsibility of government to ensure that we get economies of scale out of the infrastructure that we have at Port Botany that

governments of all political persuasions have spent a lot of time developing since the seventies and I think it is most efficient that we complete the development of Port Botany to utilise it fully and after that start to encourage more decentralisation.

**CHAIR:** How much will that port expansion cost the New South Wales taxpayers?

**The Hon. ERIC ROOZENDAAL:** I think that is a bit of a tough question at this stage until we work out the actual financial models.

**CHAIR:** Can you give a ballpark figure at least? There must be some projections in terms of costs for an infrastructure project by that.

**The Hon. ERIC ROOZENDAAL:** I think it depends really on the model that we decide on. You can go from the extreme that the government builds the whole thing right through to where we seek private sector contributions to build all of it, some of it or part of it. I cannot give you a figure but the cost is around half a billion dollars at this stage.

**CHAIR:** And that is either public-private or all Government building it?

**The Hon. ERIC ROOZENDAAL:** Yes.

**CHAIR:** When you say half a billion dollars, I take your point that it is just a projection at this stage, but how much of that half a billion dollars would be the associated infrastructure, intermodal terminals and associated road and rail infrastructure costs?

**The Hon. ERIC ROOZENDAAL:** We are just talking the physical expansion of Port Botany in that cost. So we are talking about the reclamation of land and all the associated costs of that, and then the development of the paving and the hard stands above that. I understand that is within that figure of half a billion dollars. I am advised there will be some rail involved in connecting that up to the system that is there as well.

**CHAIR:** And dealing with the Penrhyn Estuary and the pollution problems in that area and also the current toxic plume, could you give the Committee an indicator of the cost projections on those parts of the project?

**The Hon. ERIC ROOZENDAAL:** In terms of the toxic plume, I think the Committee may be aware that is the responsibility of Orica, and they have spent a fair bit of money and time on that, so none of those costs are included in our costs—that is their problem.

**CHAIR:** There is some debate as to whether it has already or will get to the Penrhyn Estuary. There is a component with the flushing of the estuary, the expansion of the port and critical issues of toxic overload in that area, if that is the case. So, yes, you are relying on Orica to deal with the plume as they see it, but it is not quite that simple, I would suggest.

**The Hon. ERIC ROOZENDAAL:** In terms of the Penrhyn Estuary particularly, I am advised that as part of the conditions for the expansion, Penrhyn Estuary must be maintained by the incorporation of culverts, pipes or other water-channelling devices to ensure tidal flushing and strict controls on runoff during construction operations. I am further advised that the 2003 environmental impact statement found an expanded port would not impact on contaminated groundwater in the area and that a habitat management plan is being prepared for Penryn Estuary, including protecting bird numbers, bird habitat, concentrations of food organisms for birds, maintaining the salt marsh cover and anti-erosion measures along the mud flat, and shielding the estuary from disturbance by humans and domestic pets and reducing noise and light impacts from port operations near the estuary to prevent disturbance of native and migratory birds.

**CHAIR:** With the specific dredging that will be necessitated for the expansion of the terminal, at this stage is there any costing on the studies being done so far to guarantee that that is not going to create its own toxic issue, given that there could be significant toxic sediments offshore in that area?

**The Hon. ERIC ROOZENDAAL:** I understand as part of granting the development application there are over 100-and-something environment conditions. But on that specific issue I will take it on notice and come back to you with a specific answer.

**CHAIR:** Yes, I would appreciate that. That is something I would like to get more information on.

**Ms SYLVIA HALE:** Minister, in your previous comments you talked about an expenditure in the vicinity of half a billion dollars just to upgrade and reclaim land at the port. Presumably there would be significant expenditure required to then upgrade the road and rail system approaching the port. Has Sydney Ports done a business plan on the port expansion to demonstrate to the taxpayers of this State that it is indeed a wise investment?

**The Hon. ERIC ROOZENDAAL:** I am not aware if they have or have not done a business plan. Before you pre-empt me: the decision to expand Port Botany was taken by the Government and we believe it is appropriate to fully develop the Port Botany facilities and complete the development of the port precinct as it has been envisaged since the 1970s. The premise for your logic to say, "Is there a business plan to show good value?" is overshadowed by the fact that you already have a port there with a lot of facilities coming into the port and a lot of logistics chains all connected to the port now. You have an investment by the two stevedores that operate there now of around half a billion dollars—about \$250 million each; you have a bulk liquid berth there as well; you have a port facility there.

From any perspective it makes sense to complete the development of that port precinct; it makes absolute sense to complete. You already have a lot of infrastructure in place; you already have a lot of logistics in place. There is no question in my mind, as the Minister, and there is no question in the Government's mind, that it makes sense, in terms of economies of scale, to complete the development of a port precinct. I think some things are very obvious, and that is one.

**Ms SYLVIA HALE:** With respect, I do not agree that it is obvious. If you are proposing to spend anywhere in the vicinity of \$1 billion on an expansion you surely need to be able to justify that that expansion will be economically feasible and will not be a massive white elephant. It is one thing to say it seems commonsense; I do not think a business runs on that form of commonsense.

**The Hon. ERIC ROOZENDAAL:** And you are very right, which is why I think there are a number of indicators that indicate it is a very smart economic decision: the first is that the growth of the port—which is around 7 per cent a year—indicates that if we do nothing, which is the first option, that by 2010 it will reach capacity. If we reach capacity then we will have the backlogs and disasters that we just faced thanks to the Federal Government's customs bungling. That is what happens when your port reaches capacity. One of the reasons Port Botany reached capacity so quickly is that it is a small physical space. Compared with either Port Brisbane or Port Melbourne, it is a very small physical space. That is the first point. So the growth is there of at least 7 per cent a year.

The second good indicator that it is a smart economic decision is the pretty strong profits of both the stevedores that operate there already of around 27 per cent net a year. That is pretty strong commercial returns for stevedores that operate there. So we know the net returns are there for the market; we know that there is growth of around 7 per cent a year—sometimes a bit more, sometimes a bit less, but there is growth each year; we know that 80 per cent of containers go within 40 kilometres of the port. So I think they are all very smart indicators why the Government says, "This is why we complete the expansion of Port Botany".

I do not know where the \$1 billion figure came from. The figure we have talked about is \$500 million. As to what percentage of that will be Government and to what extent that will be private is yet to be worked out. It may well be the Government does the reclamation just to pavement level and then the private sector pays for the paving and the hard stands above that; that is pretty much the model we used in the other two stevedoring areas there. It may be another. They may pay for the whole lot. We should not be misled. But in value for the taxpayer it is commonsense—

**Ms SYLVIA HALE:** So was the cross-city tunnel.

**The Hon. ERIC ROOZENDAAL:** Do not be childish. It is commonsense when analysing a port that does \$40 billion trade a year to expand that port to utilise the facilities that are there now and to complete the development of the port precinct. It is absolute commonsense. The argument you have put previously is that we should just trust Corrigan and Tim Blood—you have said it in the House—and their promises that that they can handle the expansion of Port Botany all by themselves and maybe they can pick up their net profits to 30 per cent or 40 per cent. The truth is I think the decision made by the Government is in the best interests of the taxpayers of New South Wales, and the taxpayers of New South Wales expect us to make decisions that are in their best interests and to utilise their State's assets the best way possible. To complete the development of the port precinct as has been planned since the 1970s under both Labor and Liberal governments is a smart move for the Government, is in the best interests of the taxpayer and the best interests of the New South Wales economy.

**Ms SYLVIA HALE:** Minister, you must be aware that while you look at the port in isolation from the rest of Sydney you may—and I dispute it, but you may—be able to maintain that expanding the port was reasonable in the interests of the port, but if you look at the cost and the problems that will be inflicted on Sydney, surely it must be reasonable to take those costs into consideration? There we are looking at the cost of expanding the road network, because while you may say 40 per cent of the increase is to go by rail, that leaves 60 per cent of the increase to go by road. We have the problem of pollution, we have the problem of massive congestion, we have the problem of even larger B-doubles being on our roads. Have you taken into account, in any financial modelling you have done, those extraneous costs of the port's expansion?

**The Hon. ERIC ROOZENDAAL:** The problem with your question is that it is based on a false premise. You are suggesting if we do not expand Port Botany somehow demand will stop, that somehow the port will not grow. This is the real problem with your argument, both here and in the House. It is this false notion that if you do not expand Port Botany there will be no ramifications, therefore it is a bad decision to expand Port Botany. Let us go through the figures. Demand is growing at around 7 per cent a year, each year, in the way Port Botany operates. That is happening. The reason it is happening is that you are in a large international city where basically 80 per cent of the boxes that come out of Port Botany go within 40 kilometres.

The question you need to ask is what is the other option? The other option is to send all the boxes to Port Kembla so they travel further distances to come back to Sydney at increased cost, or send them to Newcastle and bring them back, further increasing greenhouse pollution and further costs, or do you utilise the facilities already in place? There is already a direct rail link into Port Botany. There are already road links into Port Botany. It is going to grow. I will not accept the basis of your argument that somehow the expansion can simply not happen and it will all stop. The demand of Sydneysiders and the people in New South Wales to import and export their goods will continue. The port growth will continue. We need to deal with it in the most efficient way possible, and it is far more efficient to use infrastructure already in place, where you already have your stevedores, your shipping lines and your transport logistic lines than to pretend you can simply do nothing. The do nothing option is not an option and it never has been an option.

**Ms SYLVIA HALE:** I will pursue that later, but have you discussed these matters with Kristina Keneally, the member for Heffron, or Virginia Judge, the member for Strathfield, or even the Premier, Morris Iemma, the member for Lakemba? Are they equally in agreement that the expansion of the port will have no impact upon their electorates?

**The Hon. ERIC ROOZENDAAL:** Hold on, I never said that. Do not put words in my mouth.

**Ms SYLVIA HALE:** I am asking you—

**The Hon. ERIC ROOZENDAAL:** You are asking two separate questions.

**Ms SYLVIA HALE:** —have you discussed the expansion of the port—

**The Hon. ERIC ROOZENDAAL:** Certainly Virginia Judge, Barbara Perry and Tony Stewart have been very strong in their opposition to Enfield. As good local members who work very

hard for their constituents, quite rightly they have taken very strong positions on Enfield. I believe they will be putting in submissions in opposition to the development application Sydney Ports has lodged, and I believe they are encouraging other people, community groups that are involved, to also lodge their views on Enfield. That is one issue. But we need to be clear that if we do not expand Port Botany, which is apparently the Sylvia Hale option, doing nothing will mean every year at least 7 per cent growth in the port, so 2010 will come and if we have not made a decision about Port Botany it will reach capacity.

What will happen when we reach capacity? We can take your position, which is to trust Corrigan and the other stevedores and trust that they have invested in technology, and put the fate of the New South Wales economy, the Australian economy and the taxpayers in Corrigan and Tim Blood and hope that, if they are not busy taking each other over or involved in takeovers, they have invested in infrastructure at Port Botany and hope they can handle the capacity after 2010. That is the do nothing option that you are advocating, or we can take a serious, responsible government position, which is to make a plan five years out and start the expansion. You have Professor Richmond developing an overall freight strategy to ensure that when we hit 2010 the economy of the State is not threatened and people can get their goods off the docks—whether it be Christmas goods, play stations, whatever it is—and take advantage of the facilities we already have.

**Ms SYLVIA HALE:** What I asked you was whether you have consulted with those Labor members—members of the Labor Government—as to the impact on their communities of the expansion of the port? Have you taken their comments and remarks into consideration before you announced the port's expansion?

**The Hon. ERIC ROOZENDAAL:** I certainly had strong and robust discussions with Virginia Judge, who is an excellent local member, and Tony Stewart and Barbara Perry, who are also good local members who work very hard for their local communities. I had strong discussions with them. I have encouraged them to participate in the planning process in relation to Enfield, which is one aspect of the Port Botany expansion. You would be well aware from all the public documents, that we are talking about a network of potential intermodals around the State to ensure that the load is shared and they can continue to have growth at the port. So, certainly I have had discussions with local members who are concerned, and also with Kristina Keneally, who is also a very good local member who works very hard for her local area. Can I just add, the decision was not mine. The decision about the granting of the expansion of Port Botany was ultimately the Minister for Planning's decision—Frank Sartor's. But I am certainly supportive of the decision.

**Ms SYLVIA HALE:** When you are talking about there being no feasible option, are you aware that according to the Australian Bureau of Statistics the largest exports from Port Botany, both by value and by volume, are aluminium and wool products that originate far closer to Newcastle than they do to Sydney?

**The Hon. ERIC ROOZENDAAL:** You will have to refer me directly to that report, because I do not believe they are accurate figures.

**Ms SYLVIA HALE:** It is the Australian Bureau of Statistics report.

**The Hon. ERIC ROOZENDAAL:** For what period of time was that?

**Ms SYLVIA HALE:** Perhaps, Minister, you might inform yourself. So if you could get back to me with answers to the question—

**The Hon. ERIC ROOZENDAAL:** Hold on, Ms Hale, you asked me a question. Show me the courtesy—

**Ms SYLVIA HALE:** If you cannot give me the answer—I asked you were you aware that the Australian Bureau of Statistics figures—

**The Hon. ERIC ROOZENDAAL:** You have a history, you have a real record, of taking figures and misrepresenting them, so I will not take you on face value.

**CHAIR:** Minister, you can take it on notice. It is a question asked in a Committee. I think Ms Hale has every right to ask that question.

**The Hon. ERIC ROOZENDAAL:** It is quite within my rights to ask what is the time frame.

**CHAIR:** You can take it on notice or you can answer it. I do not think it is incumbent on Ms Hale to prove the point. If she claims it is from the Australian Bureau of Statistics, you might like to explain it or refute it on notice.

**The Hon. ERIC ROOZENDAAL:** But is that over one month, one quarter, one year or one decade? You cannot just pull a number out of the air.

**Ms SYLVIA HALE:** Therefore, Minister, could you please provide the Committee, so we may all satisfy ourselves on this issue, with the percentage of all exports from Port Botany with regard to aluminium, wool, beef, cotton and wine?

**The Hon. MELINDA PAVEY:** It is an export-import issue, Minister.

**The Hon. ERIC ROOZENDAAL:** What is the actual question?

**Ms SYLVIA HALE:** Will you provide the Committee, if you do not have that information available now—

**The Hon. ERIC ROOZENDAAL:** I think the rear-admiral may have an answer for you.

**Mr OXENBOULD:** The reason, particularly, the aluminium comes down from Newcastle to Sydney and is exported through Port Botany is that the markets that that aluminium is going to are not served by ships that call in at Newcastle. As the Minister said earlier, the shipping lines will not call in at each port. They will not go to Port Kembla and then call in to Sydney and then call in to Newcastle to pick up cargoes. They will just go to the one port on the east coast within New South Wales and possibly they will visit Melbourne and Brisbane, and then they will serve the international markets. Newcastle has a container throughput of around 12,000 containers a year but they are going to New Zealand, the Pacific islands or New Guinea, but they do not service the overseas markets where that aluminium is going, and that is why it has to come to Sydney and go out through Port Botany.

**Ms SYLVIA HALE:** Mr Oxenbould or Minister, if Newcastle were expended to enable it to handle both aluminium and wool exports, surely anyone wanting to transport those commodities would have no option other than to go to Newcastle for them?

**Mr OXENBOULD:** That will eventually happen, and that is the Government's plan and the port's growth plan. When Botany reaches its capacity Newcastle will be developed as that container port.

**Ms SYLVIA HALE:** Before we spend this massive quantity of money expanding Port Botany, why are we not redeveloping Port Newcastle so we can handle the wool and the aluminium, because it is obviously far more efficient to handle it from that area rather than to bring it down to Sydney? Why is that not one of the objectives of an integrated port strategy?

**The Hon. ERIC ROOZENDAAL:** I am happy to answer that. I think there are some inconsistencies here. On 1 December in Parliament you criticised trucks, as you are now apparently, rumbling down the F3 from Newcastle to Sydney, yet on the other hand you argue that we should have trucks running from Newcastle to Sydney, which would happen if you start to expand the facilities. I will go back to the original logic.

**Ms SYLVIA HALE:** Aluminium is far closer to Newcastle than it is to Sydney.

**CHAIR:** It is produced in Newcastle.

**The Hon. ERIC ROOZENDAAL:** I appreciate that, but there is a bit of a trick here, as Ms Hale well knows. The majority of stuff that comes through Port Botany is imports as opposed to



exports. Ms Hale is quite aware of that, and that is why she is reluctant to reveal the rest of the ABS figures that she is so quickly referring to. I will restate the principles behind the expansion of Port Botany. It is far smarter, far better value for the Government and in the interests of the taxpayers and the economy to complete the development of Port Botany. Most of the infrastructure is in place, whether it be road or rail. Some will require upgrading as the port expands to its peak in 2025, but that is a far smarter way and far better for the people of New South Wales and the Government to expand Port Botany.

We certainly have a growth plan for Newcastle and a growth plan for Port Kembla. Newcastle will become the next port of call for boxes once we complete the development of Port Botany. We have done a lot of good things at Newcastle with the announcement of a third coal loader and the expansion of the second coal loader to ensure that Newcastle does generate a lot of income and it is getting its percentage and value of port business and maintains its position as the world's largest coal export port. But it is not as simple as you say, Ms Hale, to just shift facilities to Newcastle, because at the moment, as I tried to explain to you earlier, the shipping industry likes to come into one port, do its business, drop off, pick up and move on.

Newcastle does not have the facilities at the moment to handle this. It does not have them. We have the space because of the BHP site and we are looking at different projects to go onto the BHP site, but it has to be done within the way the market will handle or accept. You cannot just force the market to do something. You cannot do it that simply.

**Ms SYLVIA HALE:** What? You are the Government. You can determine who does wherever and at what cost.

**The Hon. ERIC ROOZENDAAL:** Those Stalinist tendencies are showing through there, but with respect—

**CHAIR:** That is not appropriate.

**The Hon. ERIC ROOZENDAAL:** That was pretty accurate. We do not force people to do things.

**CHAIR:** It is a valid question to look at perhaps, the export import balance. If you are generating to Port Botany because it has the imports coming in it is still something I am interested in, given that the aluminium is actually smelted in Newcastle itself.

**The Hon. ERIC ROOZENDAAL:** The other point is that these ships that pick up the aluminium do not pick up just aluminium, they pick up by other boxes as well and it is just not economically feasible at the moment to force—

**The Hon. MELINDA PAVEY:** But an aluminium ship would not take just containers.

**The Hon. ERIC ROOZENDAAL:** I just answered. I am sorry, I will not be interrupted by you.

**The Hon. MELINDA PAVEY:** Mr Oxenbould has something to add.

**Mr OXENBOULD:** A lot of the aluminium goes out in containers.

**The Hon. MELINDA PAVEY:** It does?

**The Hon. ERIC ROOZENDAAL:** I am advised that, in fact, most of the aluminium goes out in containers, so what you have is the ships that come in do not just pick up aluminium, they pick up other boxes as well. At the moment you are not going to get the shipping industry, because it costs money to keep chugging up to Newcastle, pulling into Newcastle and the fees involved in that. It costs money to do that. And let me assure you, if the market thought it was viable for them they would do it, but at the moment it is not viable to force the shipping industry to take in an extra port. But you need to remember that we are in tough competition with both Brisbane and Melbourne all the time. We are

competing with those other States about their ports as well. We are in tough competition. That is why it makes a lot of sense for the expansion of Port Botany to continue.

**Ms SYLVIA HALE:** I am aware of your compassion for the shipping industry and for imports, but I think it is worth bearing in mind, and I am sure you would agree, that the people of Sydney are going to have to bear enormous costs as a result of the expansion of support largely because of the increased number of trucks and B-doubles on the roads and the resultant pollution, loss of amenity, loss of safety, et cetera. Do you not agree that it would be preferable, and here I take Mr Oxenbould's comments that once Port Botany reaches its capacity the scheme is to divert wool and aluminium to Newcastle, to do that diversion now and save the people of Sydney having to shoulder all of those resultant costs from the expansion of the ports? Why not do it now rather than plan to do it in 25 years?

**The Hon. ERIC ROOZENDAAL:** Let me go through this one more time because you insist on refusing to understand the basics. The port is going to grow at 7 per cent a year whether or not we physically—

**Ms SYLVIA HALE:** Not if you—

**The Hon. ERIC ROOZENDAAL:** No, you are wrong.

**Ms SYLVIA HALE:** It will only continue at that if you permit it to grow.

**The Hon. ERIC ROOZENDAAL:** Here is the complete contradiction in your argument. Just five minutes ago you were saying why do I not take on board Corrigan's promise that he can handle up to 8 million boxes, which is certainly what you said—

**Ms SYLVIA HALE:** I have not said that this morning at all.

**The Hon. ERIC ROOZENDAAL:** I have the transcript of the previous estimates.

**Ms SYLVIA HALE:** And that is irrelevant.

**The Hon. ERIC ROOZENDAAL:** I will not be interrupted. I have the transcript of the previous estimates where you said, "Why don't you accept Corrigan's promise that he can handle up to 8 million boxes out of Port Botany?" They are your words from the last transcript. I can refer you to the page, if you like. Here today you argue something else. You are suggesting—

**Ms SYLVIA HALE:** Why do you not answer the question?

**The Hon. ERIC ROOZENDAAL:** You are suggesting that somehow we shut Port Botany, is that what you are suggesting?

**Ms SYLVIA HALE:** I did not. I have never said that.

**The Hon. ERIC ROOZENDAAL:** You just said, "Why doesn't the Government force the business to Newcastle?" We already have—

**Ms SYLVIA HALE:** We are talking about aluminium and wool—

**The Hon. ERIC ROOZENDAAL:** Because if the ships do not—

**Ms SYLVIA HALE:** —wine, cotton and beef.

**The Hon. ERIC ROOZENDAAL:** You do not have a ship that comes to pick up just cotton. You do not have a ship that comes to pick up just wool. They come and pick up a whole series of boxes, so it makes more sense to have all the boxes picked up from one port. That is where the sense is from the shipping industry's perspective and that is where the economies of scale are for business.

**The Hon. PATRICIA FORSYTHE:** Can I follow up in relation to Newcastle? Why, given your very strong position that ships will not call in and were in competition with Brisbane and Melbourne, and they do not carry just aluminium or wool but they carry lots of other things and they have to go to only one point, did the Government hold out the carrot that they were going to expand the port in Newcastle when they did?

**The Hon. ERIC ROOZENDAAL:** We are not holding out any carrot. We had a clear ports growth plan dealing with all three ports, Port Botany, Port Newcastle and Port Kembla. In terms of Port Newcastle there have been a number of major achievements in the last year and I am happy to go through those again. The first key line for the Government is to maintain Newcastle as the largest coal port in the world. You would be well aware of the value of the—

**The Hon. PATRICIA FORSYTHE:** We are talking about a multimodal.

**The Hon. ERIC ROOZENDAAL:** You did not say that in your first question. You just asked generally about investment.

**The Hon. PATRICIA FORSYTHE:** You are as aware as I am of what we were talking about.

**The Hon. ERIC ROOZENDAAL:** You do not want to know about coal exports and their value?

**The Hon. PATRICIA FORSYTHE:** I know about coal exports, this is the multimodal terminal concept.

**The Hon. ERIC ROOZENDAAL:** You mean the multipurpose terminal, do you?

**The Hon. PATRICIA FORSYTHE:** Yes.

**The Hon. ERIC ROOZENDAAL:** I do not know what a multimodal is.

**CHAIR:** The multipurpose terminal.

**Ms SYLVIA HALE:** Talk about being childish!

**The Hon. ERIC ROOZENDAAL:** I just want to be very clear. I want to be very clear on what the question is. In relation to the multipurpose terminal, you would be aware there were two tenderers who put forward tenders for that. Those two tenderers have been through a rigorous assessment project through Newcastle Port Corporation and their criteria really was to ensure that they were appropriate for the site and that they would ensure a proper successful businesses and good value for the people of Newcastle in particular and for the Hunter region. At the end of that rigorous assessment project neither tender proceeded. I say at the outset that I am disappointed by that, but we certainly have zoned the former BHP site and Kooragang Island as a ports facility. It is a prime ports area where it is located in terms of the depth next to it, and we certainly are keen to see more port facilities based there.

I understand that since the MPT's original two tenderers did not go forward that Newcastle Port Corporation has engaged in negotiations with a number of port operators or clients now, and will look to make some announcements in the future about different port-related industries, which will take place on that site. But it is a pristine site in terms of the long-term development in terms of the port of Newcastle. Often it is important when planning these things, if you are looking at what we are doing at Port Botany it is five years at least to build it. We are looking at a 25 to 30-year plan on the future Port Botany. Certainly at Newcastle we are looking at preserving key pieces of port land and zoning for port use to ensure in the long term that they are there for the people of the Hunter and to utilise those areas in the development of the Port of Newcastle.

**The Hon. PATRICIA FORSYTHE:** In relation to the expansion of Port Kembla, earlier you identified that it would allow for only a very minor increase on the F6, but in actual fact there is a disincentive to use rail because of the restricted hours in which freight is carried on the rail line from

Wollongong and, indeed, into Sydney. Is there any proposal by the Government to change the policy in relation to the hours in which freight can be carried on rail services?

**The Hon. ERIC ROOZENDAAL:** Are you talking in relation to cars specifically, or freight?

**The Hon. PATRICIA FORSYTHE:** No, more generally. At the moment coal has restricted times, but I presume that you have looked at it in terms of cars?

**The Hon. ERIC ROOZENDAAL:** I have not had those discussions. I think they would be more appropriately done by the Minister for Planning and the Minister for Transport in relation to roads.

**The Hon. PATRICIA FORSYTHE:** If you are going to have an integrated solution, surely you have to look at that?

**The Hon. ERIC ROOZENDAAL:** All of those issues need to be examined, which is why Professor David Richmond has been given that task.

**The Hon. PATRICIA FORSYTHE:** You have already made the announcements. Can I now turn to another area altogether? When we look at the key output indicators of the New South Wales Maritime Authority for the last year and we see that there has been a decline of 5,000 in the number of boating licences issued, but an increase in registered recreational vessels of 7,000, which would seem to me that there are more boats yet fewer licences. Have you examined that issue, and could you shed some light on that?

**Mr OXENBOULD:** Yes, I can. There is a distortion in those figures, which has been created by the fact that Victoria has introduced boating licences in the last couple of years. Beforehand most of the people who operated on the Murray River from Victoria, they had to have a licence to operate on it because it was a waterway we controlled and so they had New South Wales licences. But once Victoria introduced its own licensing system they have now had to transfer over to those licences so that the proportion of licences to boats remains about the same. In recent months we have noticed numbers building up again.

**The Hon. PATRICIA FORSYTHE:** Is there any proposal to increase the number of so-called educational seminars provided?

**Mr OXENBOULD:** We are always reviewing that and, as the Minister answered a question recently in the last estimates hearing, we have introduced a new licensing procedure. We are always looking at ways to improve our education and compliance checking.

**The Hon. PATRICIA FORSYTHE:** Last year there was a 25 per cent drop in the number of seminars offered through the New South Wales Maritime Authority. What is the proposal for this year?

**Mr OXENBOULD:** I do not think it was a 25 per cent drop. There might have been a drop of about 25 in—

**The Hon. PATRICIA FORSYTHE:** According to the Auditor-General, in 2003-04 there were 461 education seminars and in 2004-05 there were 356. My calculation says that is a decline of about 105, and I reckon that is about 25 per cent.

**Mr OXENBOULD:** I will have to check those figures because they do not tally with the figures that I have.

**The Hon. PATRICIA FORSYTHE:** As it stands, they are provided from the Auditor-General's report. Can I also ask in relation to the work of the Auditor-General, for a number of years the authority's audit has been qualified and it comes down each time to the remediation at Homebush? According to the Auditor-General, the report says that the authority has not recognised an \$11.5 million liability. Could you shed some light on the policy of the authority in relation to this?

**Mr OXENBOULD:** Yes, this has been an argument between the Auditor-General's office and New South Wales Maritime for the years that you have indicated. The matter should be resolved by the next report because that work is now being carried out and remediation of the Homebush site is now under way.

**The Hon. PATRICIA FORSYTHE:** What is the completion time frame on that?

**Mr OXENBOULD:** The completion time—again, this was discussed at the last estimates hearing—is about 18 months to two years before the whole remediation is complete. I was out at the site last week.

**The Hon. PATRICIA FORSYTHE:** Is the work being done on time and on budget?

**Mr OXENBOULD:** It is a very complex project, which will cost in the order of about \$100 million for the remediation of that site. The Government's contribution is about \$21 million. We are holding that money at the moment and we are making progressive payments, and that is locked into the contract that we have with the remediator.

**The Hon. MELINDA PAVEY:** In relation to disturbances last weekend and down in Cronulla and the shire, and issues pertaining to Coogee and other coastal locations, has the Maritime Services Bureau been involved in negotiations or discussions with police about assisting in their surveillance and other operational duties to ensure the safety of Sydney and New South Wales residents?

**Mr OXENBOULD:** No, we have not been involved. New South Wales Maritime has not been involved or called upon by New South Wales Police in that regard. If there were such a requirement we always would be willing to assist the Police Service.

**The Hon. PATRICIA FORSYTHE:** In relation to Sydney as a working harbour, a lot of the Greens questions earlier focused a lot on certain products, such as wool and aluminium, and referred to ships that make calls to the islands. Often they are not containerised shipping, but small general cargo. It is a niche market and it has always operated out of Sydney. If Sydney ceases to have the extent of maritime activity that we have seen in the past and relocation of much of that maritime activity to Port Botany, what is the future for those small shipping lines?

**Mr OXENBOULD:** The container trade which is due to move out of East Darling Harbour is expected to go to Port Kembla.

**The Hon. PATRICIA FORSYTHE:** What about the non-containerised?

**Mr OXENBOULD:** The break bulk cargo, which also comes into Sydney or is handled in Sydney at East Darling Harbour, is all expected to go to Port Kembla, and it is expanding to handle that.

**The Hon. MELINDA PAVEY:** What do you see as the future for Sydney Harbour activities?

**Mr OXENBOULD:** I think I responded to this at the last estimates hearing. I think that Sydney Harbour will always remain a working harbour, but the nature of that working harbour will change. It is an evolving process. We will lose the container trade out of Sydney Harbour. We will lose the motor vehicles out of Sydney Harbour. We will still retain the oil coming into Sydney Harbour. We will retain the passenger ships. We are looking at some tremendous opportunities in the near future to expand some of the maritime precincts. Glebe Island and White Bay will be transformed to allow for recreational craft, super yachts—there is a whole range of opportunities there for the maintenance of these vessels and bring a lot of good business opportunities into the city. The harbour will remain a working harbour but it will be a different makeup.

**The Hon. PATRICIA FORSYTHE:** You just mentioned oil. Is concrete batching still the long term—

**Mr OXENBOULD:** The concrete will still come in and those building materials will still be required to come into Sydney and there is provision for that. That berth will still remain available in White Bay for those, and eventually we would be looking to take some of the facilities which are currently in Blackwattle Bay and put those into White Bay as well. So we can concentrate that into the one area where that commercial shipping will remain and provide a great opportunity to open up Blackwattle Bay.

**The Hon. MELINDA PAVEY:** For what, because it is pretty ugly at the moment, is it not?

**Mr OXENBOULD:** I would have to agree with you. There are some areas of it which are ripe for development as a maritime precinct.

**The Hon. MELINDA PAVEY:** You did not have to qualify that.

**The Hon. PATRICIA FORSYTHE:** Going back to the Auditor General's report, there is a reference to the potential loss of revenue by the Sydney Ports Corporation as a consequence of the closure of stevedoring activities at East Darling Harbour, and it is said that that has been factored into the statement of corporate intent for Sydney Ports Corporation. Can you elaborate on what that means?

**Mr OXENBOULD:** There will be a loss of trade, and we responded to that question as a question on notice from the last estimates hearing, and we predicted what we thought that loss would be.

**Ms SYLVIA HALE:** Just returning to Port Botany, I understand that as part of the inducement to Patricks to leave Sydney Harbour was the offer of an option of approximately 18 hectares at Port Botany following the port's expansion. Has Patricks exercised that option?

**The Hon. ERIC ROOZENDAAL:** I believe that option has been in existence since 1997. It was certainly canvassed at the commission of inquiry into Port Botany. I am not aware that that option has been exercised.

**Ms SYLVIA HALE:** If it has not been exercised, will the option deal be resolved before the Government commits approximately \$200 million to the building of that additional 18 hectares as part of the port's expansion?

**The Hon. ERIC ROOZENDAAL:** I am sorry, could you repeat the question?

**Ms SYLVIA HALE:** If Patricks decides that it will not take up the option and the Government has announced a proposal to reclaim 51 hectares, if Patricks did not take up its 18 hectares, will that 51 hectares then be reduced to 33 hectares?

**The Hon. ERIC ROOZENDAAL:** The decision to expand Port Botany has been taken on the basis of what will be effective for the port, and I cannot see that we will review that, regardless of whether Patricks sits on 18 hectares of the expanded site or another stevedore sits on 18 hectares of the expanded site.

**Ms SYLVIA HALE:** So we will have a major expansion regardless of any firm commitment on the part of cargo companies to utilise that land.

**The Hon. ERIC ROOZENDAAL:** I find it fascinating that you seem to have this close allegiance with Patricks—

**Ms SYLVIA HALE:** I am just asking. If Patricks does not take it up, will you still be going ahead with it, regardless of not having a commercial partner on board to utilise the site?

**The Hon. ERIC ROOZENDAAL:** I will go through it one more time so that people are clear. At the moment you have two stevedores operating—

**Ms SYLVIA HALE:** Please do not waste the time of the Committee. You are indicating—

**The Hon. ERIC ROOZENDAAL:** Can I request that I be allowed to answer?

**CHAIR:** On that point, Minister, you have clearly talked about the expansion and then there is a possibility of a third operator. You have discussed that. Perhaps to clarify things, will the Government be securing a contract for a third operator prior to the expansion?

**The Hon. ERIC ROOZENDAAL:** The expansion will continue because it is required to give Port Botany additional capacity. Sydney Ports Corporation will of course, through proper commercial probity, be looking for people to declare their interest in this site as we expand it. But let me be clear: The Government is committed to expanding Port Botany because the capacity is required. If we do not expand it by 2010 we reach capacity. As to who operates the expanded site is a decision that will eventuate once Sydney Ports puts out for calls of interest around the shipping community.

**CHAIR:** So you are saying that there is not necessarily a secure contract to be gained with a third operator before the expansion.

**The Hon. ERIC ROOZENDAAL:** We have five years until the expansion is completed. There have been a number of expressions of interest informally to Sydney Ports that I am aware of, but I am confident that Sydney Ports will secure stevedoring operations—who that will be, I cannot say—by the time the port is open for business.

**Ms SYLVIA HALE:** Will you be putting the additional terminal facilities out to tender prior to going ahead with the expansion? If you are so confident of the need for it, therefore you must be confident that if you tendered it you would get people at least tendering prior to the expansion being undertaken.

**The Hon. ERIC ROOZENDAAL:** The decision as to how that process goes depends; first, we have to determine the financial model. Before you seek people to come onto the site—and I will not be interrupted at this point, Ms Hale—you have to work out the model, which is still being worked—

**Ms SYLVIA HALE:** When will we have the model?

**The Hon. ERIC ROOZENDAAL:** Obviously there are discussions occurring between Treasury, Sydney Ports and others to work out what is the best model to give the best value to the people of New South Wales. You cannot go out into the marketplace looking for new stevedores or even the present stevedores until you know what the model is and what you are seeking from the private sector, which could be zero or 100 per cent, or any computation between zero and 100 per cent. So we need to know what the model is first. Once we know what the model is I am confident that Sydney Ports will then, through the appropriate probity processes, look to find people to take up that expanded space. Whether that is Patricks, P&O, Dubai shipping, Singapore shipping or a new stevedoring group, who knows?

**Ms SYLVIA HALE:** When do you expect the financial model to be in place or be prepared?

**The Hon. ERIC ROOZENDAAL:** That is an issue that is in government at the moment. I could not give you a time frame on that.

**Ms SYLVIA HALE:** Will that model be made public?

**The Hon. ERIC ROOZENDAAL:** I am confident that at the appropriate time the financial model will, within normal commercial-in-confidence issues, be made public, yes.

**Ms SYLVIA HALE:** So a financial model, a business plan will be made public so that people may be aware of the details prior to you going ahead with the expansion.

**The Hon. ERIC ROOZENDAAL:** No, hold on. The expansion will happen but we will certainly make clear what the funding mechanisms are for that expansion. I am quite relaxed about

transparency to ensure that both the public and industry understand what the model will be to finance and develop the Port Botany expansion. So that is the answer to that.

**Ms SYLVIA HALE:** We have all seen the case of the cross-city tunnel where the usage figures were grossly exaggerated and in fact the financial plan for that tunnel appears to have been worthless. What are you doing to prevent a similar debacle occurring at Port Botany?

**The Hon. ERIC ROOZENDAAL:** I do not want to bore the Committee with previous answers but since you ask a question that requires it I will go through it again. The 7 per cent growth figure is an average over 30 years. In fact, in the last couple of years it has been well above 7 per cent. So let us look at that. You have consistent growth of at least 7 per cent a year. So we know—

**Ms SYLVIA HALE:** Does that 7 per cent growth refer to exports from the port or imports into it, containers going out or coming into the port?

**The Hon. ERIC ROOZENDAAL:** It is the total containers handled by the port.

**Ms SYLVIA HALE:** Can you provide the Committee with a breakdown of those figures, on what you base the 7 per cent and whether they are coming in or going out?

**The Hon. ERIC ROOZENDAAL:** I am happy to provide that on notice. But now to finish the question. You have a 7 per cent average over 30 years. In the last couple of years it has been considerably higher than that. We clearly know that capacity will be reached by 2010. We know the stevedores are making record profits there at the moment so all the indicators are that the appropriate financial decision for the Government to make is to expand Port Botany as it is.

As to your previous question on aluminium, as I suspected, it was a bit of a fudge. I am advised that only 20,000 containers were exported in 2004-05 out of Sydney containing aluminium. So out of 1.3 million boxes in that time period, it is a very small percentage of what was actually boxed. I am advised that it is boxed aluminium as opposed to bulk aluminium. Bulk aluminium is still exported out of Newcastle.

**Ms SYLVIA HALE:** Earlier you said that you expected 40 per cent of the TEUs to be moved by rail. When do you expect to reach that figure of 40 per cent?

**The Hon. ERIC ROOZENDAAL:** That 40 per cent is the target that has been set by the Government. Obviously to achieve that figure requires an upgrading of some of the rail facilities, and we are certainly investigating the possibilities of Auslink funding to increase the rail capacity for that. It will also require an expanded intermodal network, so we are looking at that too. That is why we have empowered Professor David Richmond to come up with a comprehensive freight policy.

**Ms SYLVIA HALE:** So at this stage you have no idea when that 40 per cent figure will be reached.

**The Hon. ERIC ROOZENDAAL:** That is why we have Professor David Richmond to come up with a comprehensive policy. I think I will wait for his report to come out first.

**Ms SYLVIA HALE:** In Victoria the Bracks Government has announced that it set a target for moving 30 per cent of all port-related traffic by rail by 2010. Will the Government be making available a similar target date?

**The Hon. ERIC ROOZENDAAL:** I am sorry, I missed the first part of your question.

**Ms SYLVIA HALE:** The Bracks Government has announced that it wishes to move at least 30 per cent of port-related traffic by 2010. It has set itself a very specific target against which performance can be matched. Will the New South Wales Government be setting a similar target for the 40 per cent of cargo that it wishes to move by rail?



**The Hon. ERIC ROOZENDAAL:** We have set ourselves a target of 40 per cent and that has been on the record for some time. As to the time frame, we are waiting to see Professor Richmond's report as to how we best implement that to achieve it.

**Ms SYLVIA HALE:** Will all intermodal facilities have rail connections?

**The Hon. ERIC ROOZENDAAL:** For them to work they need a rail connection, yes. I think pretty much they do but I will not say all. There may be some circumstances where they would not but to get the efficiencies that you need it works better. It is important to realise that intermodals not only benefit from delivery via rail of full containers. They also become a drop-off point for empty containers as well.

**Ms SYLVIA HALE:** The Moorebank intermodal facilities located close to both the M5 and M7 road corridors, what proportion of TEUs will be moved by road and what proportion by rail to and from the Moorebank terminal?

**The Hon. ERIC ROOZENDAAL:** This is the proposed Moorebank terminal.

**Ms SYLVIA HALE:** Yes, the proposed Moorebank terminal.

**The Hon. ERIC ROOZENDAAL:** The proposed Moorebank terminal is actually owned by the Federal Government; it is owned by the Army's engineering corps. Really, we are in the hands of the Federal Government. We would like to work with them on this issue but at the moment there is quite a time lag. I understand from the advice that I have received that there is uncertainty as to whether they will actually make that site available to us for an intermodal, so negotiations need to take place, and I cannot give you any specifics on projections and so on.

**The Hon. MELINDA PAVEY:** Who is holding up the discussions?

**The Hon. ERIC ROOZENDAAL:** The Federal Government. It is so busy worrying about how to spend the massive surplus it has accumulated from the taxpayers' pockets it has not taken the time to think about how it can help the people of New South Wales.

**Ms SYLVIA HALE:** If negotiations succeed for the Moorebank terminal, presumably it will be the New South Wales Government's responsibility to provide the rail link. Will the State Government provide that rail link to that terminal?

**The Hon. ERIC ROOZENDAAL:** I think we are getting ahead of ourselves. Firstly, we need to complete the negotiations and hopefully there will be some Auslink money available potentially for a rail link. I think it is all a bit of a hypothetical at this stage. I am advised that it will be an Australian Rail Track Corporation responsibility.

**Ms SYLVIA HALE:** Half of Queensland's exports leave the country through Queensland ports. What percentage of Queensland's exports leave through New South Wales' ports?

**The Hon. ERIC ROOZENDAAL:** I will have to take that on notice.

**Ms SYLVIA HALE:** Can you also take on notice that question with respect to Victoria?

**The Hon. ERIC ROOZENDAAL:** I would be happy to do that.

**CHAIR:** Mr Oxenbould, you mentioned maritime officers in your department. How many are on the water undertaking compliance checks?

**Mr OXENBOULD:** I think I indicated at the last estimates hearing that we have 55 or 56. There are actually 55 positions within NSW Maritime's establishment as boating services officers and their prime job is to spend as much time on the water as possible to carry out compliance checks and to assist in the education process statewide.

**CHAIR:** Including inland waterways?

**Mr OXENBOULD:** Yes.

**CHAIR:** Remediation at Homebush Bay was mentioned earlier as well. Recently in the papers the Fisheries Minister made an announcement about the unsuitability of harbour trawl prawns because of high toxic levels. Given that the Homebush Bay area is a centre area, is that a result of the remediation occurring at Homebush?

**Mr OXENBOULD:** No. The remediation in Homebush Bay takes place under very strictly controlled environmental conditions. It has been a source of contaminated land for many years now, since it was originally used for industrial purposes. There is some leaching and that is why we are in the process of remediating that land and improving it. I understand that this is the first time that samples of prawns have been tested against various safety standards of toxic levels and that those levels have been quite dramatically adjusted downwards by the European Standards Committee of which they are measured against.

**CHAIR:** Minister, moving back to Newcastle coal, the Newcastle Coal Infrastructure Group, in a press release, stated that the new coal loader approved for construction at Kooragang Island in the Port of Newcastle will export 30 million tonnes of coal a year. Is that export expansion necessary to facilitate the export resulting from the new open-cut coalmine in the Hunter? Will there be an increase in open-cut coal mining in the Hunter to supply this coal to the new coal loader and is that part of the environmental impact assessment of the coal loader facility itself?

**The Hon. ERIC ROOZENDAAL:** Issues in relation to mining are really outside of my portfolio. I cannot respond to that. Whether it forms part of the environmental impact statement, I am not sure. I will take that on notice.

**CHAIR:** I appreciate that. Is the viability of the new coal loader at Newcastle dependent on any proposed coalmines in the Hunter?

**The Hon. ERIC ROOZENDAAL:** No. I am advised that the viability of the coal loader rests with the responsibility of the private sector. That is as much as I can add to that.

**CHAIR:** Is there any question about the viability of the new coal loader being dependent on the ongoing boom in coal prices and would you agree that that is not necessarily guaranteed to last?

**The Hon. ERIC ROOZENDAAL:** The whole third coal loader is a private sector project where they accept all of the risk. In the informal discussions that I had when I went up there for the announcement, they indicated to me that they believe that it is very important and they are confident that it will be financially viable for them. They take a pretty long-term attitude to these investments. It is quite a diverse group involved in that investment for that third coal loader.

**CHAIR:** Is that not a little bit like trusting Patricks and P & O on expansion of Port Botany in terms of their projections for the future? Obviously, they have a vested interest and they are there to promote the coal industry. We have boom prices and global warming, despite some Government members saying they are real issues. Given a projection of this sort of facility for decades, there is not necessarily the guarantee that the boom prices in coal will continue. You said before that P & O and Patricks will be responsible for such an expansion but in Newcastle, it is okay, the coal industry will work it out.

**The Hon. ERIC ROOZENDAAL:** They are two very different issues. Firstly, with respect to Port Botany—and it depends on what the model is—clearly the Government may or may not contribute to the development of that site, but I assume there will be some contribution from the Government along the way. The Newcastle Coal Infrastructure Group, NCIG, which is the winning proponent for the third coal loader, comprises Excel Coal, Centennial Coal, BHP Billiton, Donaldson Coal, ANCI Mining, and Whitehaven Coal Mining, encompasses a large diverse group within the coal industry. They are accepting the risk.

We are making available the land and we are going to lease it to them but they are accepting the \$530 million worth of investment required. You have to assume that that group has a lot of

industry expertise and if you are prepared to invest over half a billion dollars in a coal loader one would hope, since it is all private sector money, that they are taking a very long-term view. It is interesting to note that while they are investing \$530 million in a third coal loader, the second coal loader, which is owned by Port Waratah Coal, is also investing considerable funds to upgrade their facilities.

These groups take longer term 20, 25 and 50-year decisions about the levels of coal that they are going to export and for them to invest that sort of money as the private sector, one would assume that they have done pretty strong research into the long-term viability of the coal industry, notwithstanding that there are some issues that you and others have with coal in general. They have taken strong decisions and there is no risk to the Government. If the third coal loader did not proceed, there is no money lost to the Government. It is a private sector enterprise. We have made available the land but all of the projections are, as Newcastle maintains its place as the premier coal export port in the world, that demand will be there for the coal.

**CHAIR:** When you say you made available land, is that at a cost?

**The Hon. ERIC ROOZENDAAL:** Yes, it has been leased to them. I have the information here somewhere.

**CHAIR:** Perhaps you could take that on notice.

**The Hon. ERIC ROOZENDAAL:** It has been leased on a commercial basis. I am happy to provide you with details about the lease agreement if you would like.

**CHAIR:** Thank you. On another related matter, how many tonnes of sediment will be dredged from the south arm of the Hunter River at Newcastle as part of the construction of the new coal loader?

**The Hon. ERIC ROOZENDAAL:** There will be remediation of the contaminated river sediment in the section of the south arm of the Hunter River. That responsibility will be through BHP. They retain that. I am advised that the Newcastle Port Corporation obtain planning approval for the development of the full south arm, including remediation of the BHP sediment. BHP is using the development approval for remediation of the sediment. They are doing a small section south-east of the south arm. I am advised that approximately 250,000 cubic metres of contaminated sediment will be the initial pilot and that approximately 13 million cubic metres of clean dredging will be done in the south arm.

**CHAIR:** So there will be approximately 13 million cubic metres of clean sediment but an amount of toxic sediment in the pilot study, is that correct?

**The Hon. ERIC ROOZENDAAL:** About 250,000 cubic metres. They are doing a pilot study at the moment.

**CHAIR:** How much of the total sediment in the whole process will be toxic?

**The Hon. ERIC ROOZENDAAL:** I am advised that 250,000 cubic metres is contaminated sediment.

**CHAIR:** Is that from the pilot project?

**The Hon. ERIC ROOZENDAAL:** No, the pilot project is dealing with a smaller amount. The pilot project involves a new process where they take sediment and mix it with concrete to create these blocks. If that proves successful I am advised that 250,000 cubic metres of contaminated sediment will need to be removed.

**CHAIR:** Is there a proposal to dump sediment in an offshore basin?

**Mr OXENBOULD:** There is no proposal to dump any of the contaminated sediment. That will be treated and that is part of the development approval.

**CHAIR:** That is a percentage of the total amount of sediment that the Minister just quoted—the non-toxic sediment as well. Is there a proposal to dump in an offshore basin the non-toxic sediment?

**Mr OXENBOULD:** A lot of it is very valuable sand and will be used for fill and construction around the place. There is a total of 13.6 million cubic metres for the whole of the south arm and that takes it right up to the Tourle Street road bridge which runs across to Kooragang Island. For the coal loader you would not have to dredge the full extent. It would probably be about half that amount, about 6 or 7 million cubic metres roughly. A good part of that will be good-quality clean fill sand, which is quite valuable for the building industry.

**CHAIR:** So there will be no dumping offshore?

**Mr OXENBOULD:** There will be some dumping offshore but I am not sure of the exact amount of the proportion of that.

**CHAIR:** What would be dumped offshore, given that you have toxic material, valuable building material as a major component and an element of dumping of some material?

**Mr OXENBOULD:** It will certainly be within very strict Department of Environment and Conservation Standards. Newcastle does dump sediment at the moment as it has an ongoing maintenance dredging program to maintain the channel depths within the port. They have a licence to dump this sediment in the spoil grounds just off the coast and it has to comply very strictly to the environmental guidelines which are set and reported upon each quarter.

**CHAIR:** If it is not toxic and therefore treated with these experimental treatments and is not valuable building material, as obviously dredged sand can be, what is it that is being dumped at the present time on an ongoing basis and what will be dumped as a result of the port expansion?

**Mr OXENBOULD:** I will have to get the specific details and provide them on notice.

**CHAIR:** What was the material? Exactly where is that dumping ground if it is, in fact, an offshore basin?

**Mr OXENBOULD:** There is a spoil ground marked off the coast at which the Port Corporation has a licence to dump that material.

**CHAIR:** Who issued that licence?

**Mr OXENBOULD:** I believe it is a Commonwealth licence. Again I would have to check on that.

**CHAIR:** In addition, would you take on notice this question? Where is the dumping ground situated? What impacts does it have on the marine eco-systems in that area? Further, what impacts will the dredging have on the tides of the Hunter estuary?

**Mr OXENBOULD:** I believe it will have no impact on the tides because they are totally independent of whether the dredging that takes place on the—

**CHAIR:** There may well be a different impact on the tides in the dredged area, not so much an impact on the tides themselves. What impacts will the tides have on the waterfront infrastructure or the natural lay of the land, if you like, where it could well have an impact? Do you agree?

**Mr OXENBOULD:** Yes, and this was very closely looked at in the environmental impact statement which was prepared, and we can provide some of that information.

**CHAIR:** Perhaps you will take that on notice?

**Ms SYLVIA HALE:** The rail in Port Botany containers report recommended that the number of TEUs to be handled by Chullora be capped at 300,000. Has the Government accepted that cap?

**The Hon. ERIC ROOZENDAAL:** The whole issue of the freight strategy has been referred to Professor David Richmond and he is doing a total review of all those issues in relation to the movement of containers via rail, and the issues of intermodels. We will be awaiting his report before decisions are made in relation to intermodels and the issues associated with that.

**Ms SYLVIA HALE:** You would have no idea when that 300,000 would be likely to be reached?

**The Hon. ERIC ROOZENDAAL:** No, you are misunderstanding me.

**Ms SYLVIA HALE:** I understand you are awaiting the report.

**The Hon. ERIC ROOZENDAAL:** That is exactly what I am waiting for.

**Ms SYLVIA HALE:** Okay, fine. Is it the expectation that Enfield and Chullora will handle the bulk of the 40 per cent of container traffic that is to go by rail?

**The Hon. ERIC ROOZENDAAL:** I really am waiting for Professor Richmond to come up with an overall strategy and recommendations in relation to intermodel networks.

**Ms SYLVIA HALE:** Has the Government calculated how many trains in to and out of Enfield would be required over a 24-hour period if it were to meet that 40 per cent target?

**The Hon. ERIC ROOZENDAAL:** I think that is something that Professor Richmond will look at. But it is a sort of loaded question because obviously the Port grows and it depends at what point in time you are talking and if you are talking about 2025, 2005 or 2010. So it is why we really need to have an overall review and approach to it.

**Ms SYLVIA HALE:** Those figures both in terms of movement by rail and by road will be made public when Professor Richmond's report—

**The Hon. ERIC ROOZENDAAL:** I am sure Professor Richmond's report will be made public at the appropriate time.

**Ms SYLVIA HALE:** When is it anticipated his report will be finalised?

**The Hon. ERIC ROOZENDAAL:** I am not aware of the finalisation date for that. He has only been given the brief very recently so I think it will take him a little bit of time to assess all of the issues.

**The Hon. MELINDA PAVEY:** Before or after the State election?

**Ms SYLVIA HALE:** Or before or after the next budget, would help. You have no idea? Has the Government given any indication to Professor Richmond when it would like the report completed by?

**The Hon. ERIC ROOZENDAAL:** He was only given the brief very recently.

**Ms SYLVIA HALE:** Usually a brief has a time line associated with it?

**The Hon. MELINDA PAVEY:** Your adviser is trying to tell us something.

**The Hon. ERIC ROOZENDAAL:** I am advised it will be early in the New Year.

**Ms SYLVIA HALE:** Early in the New Year, despite you say Professor Richmond has just been given the brief. But he will prepare his report early in the New Year and one assumes it will not be a particularly in-depth study in that case?

**The Hon. ERIC ROOZENDAAL:** Ms Hale, as always, you interpret things to suit your own perspective.

**Ms SYLVIA HALE:** You were the one who was saying how it needed to be done.

**The Hon. ERIC ROOZENDAAL:** I am not going to get involved in these childish debates. I have a lot of faith in Professor David Richmond's ability to produce an appropriate report to develop a freight strategy and you will have it early in the New Year.

**CHAIR:** Early in the New Year would be what?

**The Hon. ERIC ROOZENDAAL:** I think we will leave it at that. I am not going to get pinned down by a date.

**CHAIR:** The first half of the New Year?

**The Hon. ERIC ROOZENDAAL:** I would hope so.

**Ms SYLVIA HALE:** Before March?

**The Hon. ERIC ROOZENDAAL:** I would hope so.

**Ms SYLVIA HALE:** Early in the New Year is presumably before March?

**The Hon. ERIC ROOZENDAAL:** I am not getting into a debate about dates with you. Why don't you ask me something sensible?

**Ms SYLVIA HALE:** Has Waterways conducted any assessment of the proposal to change the moorings at Rose Bay from the existing swing moorings to fixed moorings?

**Mr OXENBOULD:** We currently have an application to landowner's consent by a proponent to develop the Rose Bay marina and the Point Pipe marina. And that is undergoing a preliminary assessment at the moment. This will be the first stage of that process, and if landowner's consent is provided it will go through a development application and the normal public consultation and public exhibition processes.

**Ms SYLVIA HALE:** When is that assessment expected to be completed?

**Mr OXENBOULD:** The preliminary assessment we are doing we hope to complete in this week before Christmas. Once the proponent has got that, and if it is favourable, they will then enter into the requirement to develop an environmental impact statement and that may take several months to develop. But we would be expecting to give them the final landowner's consent, should that be the decision, in the middle of next year.

**Ms SYLVIA HALE:** Will that preliminary assessment be made public?

**Mr OXENBOULD:** No, at the moment it is just between the proponent and us as the landowner. It would not normally be made public because it is giving them the authority, or the confidence, to go ahead and invest quite a considerable amount of money in an environmental impact statement.

**Ms SYLVIA HALE:** Would you agree that if the change were made from swing moorings to fixed moorings that the development would, in fact, represent a new marina for Sydney Harbour?

**Mr OXENBOULD:** Yes, it would which is appropriate. There was a moratorium on marina development for four or five years but with the announcement and gazettal of the Sydney Harbour Regional Environmental Plan a few months ago that moratorium has been lifted.

**Ms SYLVIA HALE:** In the course of the preliminary assessment will you be looking at the impact on seagrass beds and marine life in Rose Bay with the installation of fixed moorings?

**Mr OXENBOULD:** Yes, that is a normal part of our process.

**Ms SYLVIA HALE:** So that will be taken into account in both the preliminary process and then the issues will also be addressed at a later stage by the developer, if need be?

**Mr OXENBOULD:** Yes.

**Ms SYLVIA HALE:** Does Waterways have any role with regard to the assessment of the marine environment of the proposed desalination plant at Kurnell, and any associated impacts on Port Botany? Does Waterways play a role at all in that process?

**Mr OXENBOULD:** NSW Maritime does not have a direct role in that. There is, though, a group of government agencies which is being formed and we are being asked to participate within that to see if there are any aspects which may impact on us, but it does not have a direct impact on us at the moment.

**Ms SYLVIA HALE:** Does the department have a policy on desalination plants because there have been various private proposals to install a desalination plant?

**Mr OXENBOULD:** It is beyond our core responsibilities.

**Ms SYLVIA HALE:** Why is that?

**Mr OXENBOULD:** Because we are not involved in water making. We are the NSW Maritime Authority.

**Ms SYLVIA HALE:** Yes, but presumably you are involved in the impact on seabeds?

**Mr OXENBOULD:** From the vessels. We have a responsibility for the impact of vessels on the environment in the State's waterways as an authorised reporting authority but we do not have a responsibility with regard to what comes off the land and what is generated from the land.

**Ms SYLVIA HALE:** Say, with a fixed marina, you would have responsibility for the impact of a fixed structure?

**Mr OXENBOULD:** No, not necessarily. It could be the local council would have responsibility. For example, if it were a slipway, and work was being carried out on the slipway, that would be a council responsibility. However, if a boat was alongside a marina and was causing a pollution problem, we would have responsibility for that.

**Ms SYLVIA HALE:** Has NSW Maritime had any involvement in the proposals for Careel Bay?

**Mr OXENBOULD:** No, I think I responded to this at the last estimates hearings as well. That is primarily a responsibility of the Department of Lands.

**The Hon. PATRICIA FORSYTHE:** In relation to the desalination plant you suggested that some government authorities were asked to comment. What is the timeframe for that?

**Mr OXENBOULD:** As I recall, and I have not got the specific details in front of me, there was a group of government agencies which were being formed into a working group to determine if there were any impacts on the government agencies that were invited to participate, and we have been invited to participate within that group.

**The Hon. PATRICIA FORSYTHE:** Would you be able to provide the basis upon which you have been asked to report to the working group?

**Mr OXENBOULD:** Yes, I believe I would.

**The Hon. PATRICIA FORSYTHE:** Is there any proposal in the current year for any disposal of property by NSW Maritime?

**Mr OXENBOULD:** Not of any significance that I am aware of—no, I do not believe we are getting rid of any major piece of property.

**CHAIR:** Recently I had reason to swim through the marina in Careel Bay and there was significant diesel or diesel oil contaminant in the water. Is that within your purview? Does that translate to other marinas if there is spillage or leaks from boats moored in the marinas? Is that something that your department needs to investigate?

**Mr OXENBOULD:** Any oil in the water is a concern to us. NSW Maritime, as an agency, has responsibility as the State marine pollution controller. And so any oil spills are of a concern to us and we try to work out the cause and whether any action is necessary to be taken.

**CHAIR:** I suggest that with a collection of boats like that it is almost impossible not to have some contaminant in the water?

**Mr OXENBOULD:** No, there should not be. If it comes from the boats it is even more of a concern to us because that is where we do have a direct responsibility. If it emanated from the land, and a lot of this does at times, they come down through stormwater drains and other outlets into the waterways, we also try to deal with that and find out the source, and prevent it and see whether any prosecution action needs to be taken.

**Ms SYLVIA HALE:** How many accidents involving jet skis occurred in 2004-05?

**Mr OXENBOULD:** I will have to take that on notice. I have not got the specific details.

**Ms SYLVIA HALE:** Would you also take on notice, how many infringements notices were issued to riders of jet skis in 2004-05 both in Sydney waterways and the remainder of the State?

**Mr OXENBOULD:** Yes, I can provide that on notice.

**Ms SYLVIA HALE:** Would you provide a break down into individual waterways and make it site-specific, as it were?

**Mr OXENBOULD:** We should be able to provide where the incident took place.

**Ms SYLVIA HALE:** Is the Minister aware of considerable resident opposition to jet skis being permitted in Corrigan and Longs Beach in Batemans Bay, both areas being adjacent to relatively heavily populated areas?

**Mr OXENBOULD:** There is a trial in the Eurobodalla Shire at the moment, where there have been certain bans on jet skis and PWCs. The trial has been running for a number of months. We sought comments, advertised and received a number of comments. We are now discussing with the local council a proposal to extend the trial through to the end of the current boating season.

**Ms SYLVIA HALE:** How long has the trial been in place?

**Mr OXENBOULD:** It commenced in December 2004. Is coming up for 12 months.

**Ms SYLVIA HALE:** A full year, 12 months?

**Mr OXENBOULD:** Yes.



**Ms SYLVIA HALE:** Why has been found necessary to extend it beyond that period? What would be the benefit?

**Mr OXENBOULD:** At the moment there have not been any significant comments, and I believe the number of complaints has been very few. I can get specific information and provide that to you on notice.

**Ms SYLVIA HALE:** The completion of the trial, do you suggest that that will be at the end of the boating season or at the end of the holiday season?

**Mr OXENBOULD:** It will be at the end of the boating season. In fact, they were planning to extend it through to the end of the boating season in 2007 but we are still in negotiations with the local council to decide what is the most appropriate way to proceed from here.

**Ms SYLVIA HALE:** What date signals the end of the boating season?

**Mr OXENBOULD:** It is usually Easter.

**Ms SYLVIA HALE:** Just after the State election?

**Mr OXENBOULD:** Yes.

**Ms SYLVIA HALE:** Who has the ultimate authority when it comes to permitting jet skis to operate? Is it NSW Maritime or the local council?

**Mr OXENBOULD:** The local council has a responsibility there. It is a joint responsibility. We would have to amend the regulations or put in place regulations if we were going to ban them in an area. I think it would vary throughout the State.

**Ms SYLVIA HALE:** If push came to shove in Eurobodalla, who would have the ultimate say, as it were?

**The Hon. ERIC ROOZENDAAL:** Obviously, once the test has been completed the views of the locals will be taken into account before any decision is made.

**Ms SYLVIA HALE:** I am curious as to the need to extend the trial for so long a period when one would expect that some sort of report or determination should be made prior to Easter 2007, because it would be a significant issue for people in the Eurobodalla shire, I would think, and they may well want to make their views known.

**The Hon. ERIC ROOZENDAAL:** I think Rear Admiral Oxenbould has already indicated that they will take into account responses from local residents.

**Ms SYLVIA HALE:** You said there has been a disappointing level of response. How do—

**Mr OXENBOULD:** I did not say it was disappointing. I said there has been little response and we are working closely with the council. In putting this trial in place there has been very close co-operation between NSW Maritime and the local shire council.

**CHAIR:** I thank you, Minister, and your officers. The only outstanding issue is the fact that you took a number of questions on notice. The Committee has resolved to seek answers to questions taken on notice within 35 calendar days. I hope that does not create any major difficulties for you.

**(The witnesses withdrew)**

**(The Committee adjourned at 12.05 p.m.)**

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