

# GENERAL PURPOSE STANDING COMMITTEE No. 1

Monday 13 October 2008

Examination of proposed expenditure for the portfolio areas

## PORTS, WATERWAYS

The Committee met at 11.15 a.m.

### MEMBERS

Reverend the Hon. F. J. Nile (Chair)

The Hon. K. F. Griffin  
Dr J. Kaye  
The Hon. M. R. Mason-Cox

The Hon. M. J. Pavey  
The Hon. P. G. Sharpe  
The Hon. I. W. West

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### PRESENT

**The Hon. J. G. Tripodi**, *Minister for Finance, Minister for Infrastructure, Minister for Regulatory Reform, and Minister for Ports and Waterways*

**NSW Maritime**

**Mr S. Dunn**, *Chief Executive*

**Mr T. Middleton**, *Acting Deputy Chief Executive*

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## **CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS**

**Corrections should be marked on a photocopy of the proof and forwarded to:**

**Budget Estimates secretariat  
Room 812  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000**

**CHAIR:** I declare the hearing of the inquiry into the budget estimates 2008-09 open to the public. I welcome the Minister Tripodi and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure of the portfolios of Ports and Waterways. Before we commence I wish to make some comments about procedural matters. In accordance with the Legislative Council guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In reporting the proceedings of this Committee you must take responsibility for what to publish or what interpretation you place on anything that is said before the Committee. The guidelines for the broadcasting of the proceedings are available on the table by the door. Any messages from attendees in the public gallery should be delivered through the Chamber and support staff or committee clerks.

Minister I remind you, and the officers accompanying you, that you are free to pass notes and refer directly to your advisers while at the table. I remind everyone to turn any mobile phones off. Minister, the House has resolved that answers to questions on notice must be provided within 21 days and transcripts of these hearings will be available on the Internet from tomorrow morning. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament. I ask the other witnesses to each in turn state their full name, job title and agency, and then swear either an oath or an affirmation, the words of which are on the cards on the table in front of them.

**TONY MIDDLETON**, Acting Deputy Chief Executive, NSW Maritime, and

**STEVE DUNN**, Chief Executive, NSW Maritime, affirmed and examined:

**CHAIR:** Under the motion establishing the estimates committees there is no provision for a Minister to make an opening statement before the Committee commences questioning. However, Minister, do you wish to table a statement or make a brief comment?

**Mr JOSEPH TRIPODI:** No.

**The Hon. DUNCAN GAY:** Minister, as you are aware a record cruise ship season is coming up in New South Wales. Will all the cruise ships that want to come to Sydney be able to get a berth in Sydney?

**Mr JOSEPH TRIPODI:** My understanding is that they need to book well in advance and that those bookings have been made. That was my understanding of it as at the last time I was briefed. The overseas passenger terminal and Darling Harbour are still in use. As far as I know at the moment, and I have not been told anything to the contrary, it is all still available.

**The Hon. DUNCAN GAY:** Are you aware that at least two of the liners coming to Sydney will have to berth at a buoy in the middle of the harbour?

**Mr JOSEPH TRIPODI:** No, I am not aware of that.

**The Hon. DUNCAN GAY:** Would you accept that that is not an ideal situation?

**Mr JOSEPH TRIPODI:** It is almost impossible to always be able to cope with the demands for infrastructure facilities. While I do not know that to be a fact, if it were to be the fact then I can understand if it is a particular peak part of the season. It is a common practice to have an alternative arrangement put in place for a peak period. I do not think that you or anyone else would suggest in order to provide, say, 10 hours service to a shipping line once a year that would justify a multi-million-dollar investment. Sometimes these kinds of arrangements can be acceptable to both the customer and their customers. While I do not know that to be a fact, if that was the case and if Sydney Ports Corporation had put that transitory arrangement in place I can understand why it would do that.

**The Hon. DUNCAN GAY:** It is my understanding that the Royal Caribbean and Celebrity cruise lines will have to anchor to ships at Athol Buoy off Taronga Zoo next February. Do you accept my information is correct?

**Mr JOSEPH TRIPODI:** I cannot accept it is correct at the moment.

**The Hon. DUNCAN GAY:** Perhaps you could check with your advisers?

**CHAIR:** Do you want to take the question on notice?

**Mr JOSEPH TRIPODI:** Yes, I will take the question on notice. If that is the case I will come back and give you the information as to why that decision has been made.

**The Hon. DUNCAN GAY:** Accepting that my information is correct—and I assure you it is—do you find that as an acceptable situation; that people who come to Sydney will now have to travel to and from these crew ships by small—

**Mr JOSEPH TRIPODI:** If it were correct, I think even you would agree that if it is only for a period of, say, 10 hours that would not justify building a third passenger terminal in Sydney, which would cost millions of dollars to taxpayers when a temporary solution can be found that is acceptable to the customer—which is the shipping line. It appears that they have accepted that offer and it would be an arrangement that Sydney Ports Corporation put in place. Like all infrastructure, you need to look at what is the most sensible and rational decision around how it copes with the peak demand. There may be a range of solutions, for example, finding an alternative slot or putting in a temporary arrangement if the customer is insisting on being able to come in at that point in time. Once again, as I have said, I will find out exactly what the situation is and report back to you.

**The Hon. DUNCAN GAY:** Access Economics found cruising contributed almost \$230 million to New South Wales and we know you have another hat as Minister for Finance. Can it be said that you are not watching your portfolio properly because I would like to know how many other crew ships have not been able to find berths in Sydney and have gone to other ports instead?

**Mr JOSEPH TRIPODI:** To the best of my knowledge that has not been the case. Sydney is still the most preferred destination.

**The Hon. DUNCAN GAY:** But for how long?

**Mr JOSEPH TRIPODI:** It is preferred for a range of reasons: one is price and the other is the quality of service. There are about 100 cruise vessels that visit every financial year. As I said, like with any form of infrastructure there may be periods of peak demand where an alternative arrangement is acceptable to the customer and also economically sensible. Once again, I think you would agree—you have not expressed whether you do or you do not—that building may be a \$20 million or \$50 million piece of infrastructure to cope with a period of demand for 10 hours a year would not be the most rational response to that kind of peak demand.

**The Hon. DUNCAN GAY:** When will a decision be made on a dedicated cruise terminal at Barangaroo?

**Mr JOSEPH TRIPODI:** At the moment the Coordinator General is working across the different agencies to work out the best solution. As I understand it, at the moment there has not been a resolution of that matter, but the Coordinator General is working on that.

**The Hon. DUNCAN GAY:** Minister, what is going to happen to the old car terminal?

**Mr JOSEPH TRIPODI:** The answer to that question is the same as the answer I have given to the previous one. The Coordinator General is working on an ideal future use for White Bay and Glebe Island. That is being worked on at the moment.

**The Hon. DUNCAN GAY:** Minister, could you check how many cruise ships have gone to other cities because they were unable to obtain berthing facilities in Sydney and what the cost is to Sydney?

**Mr JOSEPH TRIPODI:** If there are any at all, I will do that for you, Mr Gay.

**The Hon. DUNCAN GAY:** I can assure you there are. Minister, I will move a little north to Port Waratah. You will recall that the Australian Competition and Consumer Commission [ACCC] was forced to grant an interim authorisation to the coal services in March last year to immediately reinstate an amended

capacity balance system, following a queue of 70 vessels banked up at Newcastle port. You will also recall the ACCC again granted an interim authorisation for Newcastle port to use that capacity balance until 31 December this year. Further, the ACCC very clearly warned that this solution was only a band-aid one and that a long-term solution was desperately needed to properly address the capacity system. Minister, what plan do you have in place when the capacity balance scheme runs out on 31 December this year?

**Mr JOSEPH TRIPODI:** The Port of Newcastle, I was happy to announce last Friday, is the world's largest coal export port—

**The Hon. DUNCAN GAY:** For how long?

**Mr JOSEPH TRIPODI:** —with 88.8 million tonnes, a new record, being shipped last financial year. Coal exports from the port of Newcastle in 2007-08 were worth \$7.7 billion, helping to generate jobs and investment across the whole of the Hunter. The New South Wales Government understands the importance of the Hunter Valley coal industry and supports it wholeheartedly. The Government is working with the coal industry to assist in the expansion of the coal supply chain capacity as the industry continues to grow. The New South Wales Government has paved the way for a massive expansion of capacity in the Hunter Valley coal chain, with approvals granted in April 2007—

**The Hon. DUNCAN GAY:** Minister, you are reading your press release of last Friday. I have a copy of your press release. It is a public document. Can you answer the question?

**Mr JOSEPH TRIPODI:** The content of that press release does answer your question. I do not know why you asked the question though.

**The Hon. DUNCAN GAY:** No, it does not.

**Mr JOSEPH TRIPODI:** It does, and I will get on with it. There is a major expansion of the existing Kooragang Island terminal to provide for a total capacity for Port Waratah Coal Services of 145 million tonnes and a new \$922 million coal terminal with a capacity of 66 million tonnes is to be constructed on Kooragang Island by the Newcastle Coal Infrastructure Group. The development of the new export terminal is moving ahead, with a lease being signed in January and construction commencing on the site in April this year. These planning approvals will allow the coal industry to more than double its existing capacity and bring exports up to a potential 211 million tonnes per annum. The Hunter Valley coal industry and coal chain infrastructure are owned and operated by private companies. As such, it is the coal industry that is in the best position to plan and develop the infrastructure needed to support the industry. However, with 14 competing coal companies in the Hunter Valley and a number of service providers, achieving consensus within the industry on how to do this best is not easy. Following requests from industry for someone independent to help, the Government invited the Hon. Nick Greiner to facilitate an industry solution and all industry players have engaged in trying to solve their own problems.

The coal industry has submitted its proposed framework for review by the New South Wales Government. Advice received by the Government indicates that the proposal that was put forward by the coal industry will lock out new entrants from accessing existing terminal capacity and planned expansions. It will also limit the growth opportunities of existing coal producers looking to invest in new mines to grow exports. The New South Wales Government wants to ensure that exports continue to grow and that there is room for future coal producers. This is about ensuring that the Hunter Valley continues to attract investment and generate jobs in this very vital industry. The industry is aware of concerns raised about the agreement and its potential to stifle new jobs and investment in the Hunter Valley. Coal producers have committed to revise the framework to address the Government's concerns and provide measures to protect access by third parties, including new and expanding coal exporters. We look forward to receiving the industry's revised proposal. The Government will continue to assess proposals against the need to ensure the growth and competitiveness of Hunter Valley coal. The Australian Competition and Consumer Commission may need to review the proposal and, if necessary, authorise certain parts of the framework. It is important for the solution introduced to provide an equitable export process and a long-term plan for managing the future of one of the State's biggest export earners.

**The Hon. DUNCAN GAY:** Minister, that press release is trying to shift the blame to the industry. Clearly, as the person you put in place to write this report indicated, the fault lies with you. He produced a report bringing industry together. Yet you have sat on your hands. This capacity balance scheme runs out on 31 December this year and the Australian Competition and Consumer Commission has said it is unlikely to give

another one. Why will you not endorse his plan—a plan that will take us into the future and has all the industry together? You sit on your hands and talk about new players that will not come in for at least 5 years, probably 10 years. You run the risk of shutting down the existing industry through your procrastination.

**Mr JOSEPH TRIPODI:** It is not procrastination it is actually a reality. You have just said that you do not expect the new entrants to come in for five years. The proposal before me from the industry is to allow take or pay contracts to be signed for 10 years, and they are rolling contracts so they will go forward each year. That means for 10 years, plus the rolling period that it continues on for, there will be no entrants, not only in the current capacity that exists in Newcastle but in the authorised or signed off or consented to capacity that still has not been built. So what the industry agreement, in effect, asks me to do is to exclude any potential new entrant. There is a whole range of reasons why I am not comfortable with that and I have expressed that to industry. One of them is that investment in the Hunter Valley requires a long lead time. We need to send to global investors around the world a very clear signal that Newcastle and New South Wales is open for business when it comes to exploration and development of coalmines for export.

If I were to agree to this industry agreement it would have the effect of locking out for the next 10 years any new entrants into the coal industry. While that is very comfortable and preferred by the existing producers it has the effect of precluding the Hunter Valley from further investment and precluding the Hunter Valley from attracting investment and jobs. I do not think that that is a very good signal to send out to the world. The legal advice I have received on this issue is that the industry agreement as proposed by the industry and coordinated by Mr Greiner would not be acceptable to the ACCC because of that very reason, and that is because of its exclusive nature.

On top of that, when I raised it with Mr Greiner when he handed over the industry agreement, which is not his position it is the industry's position that he facilitated, he conceded to me that there was not sufficient provision in that agreement for new entrants. Why he chose to discontinue its service at that point I do not know, but, in effect, that industry agreement did not resolve the issues that we had got together to try to resolve. I essentially will continue to work on to try to get a response from industry. As you know, very recently Shenhua has been issued an exploration licence up in Gunnedah. That is a very major investment and I am hoping that they will be able to develop that mine and start production within 10 years.

If I were to sign up to the industry agreement today the effect of that would be that the only people who can go and invest in the Hunter Valley are companies with enormous balance sheets. It would be the exclusive domain of extremely wealthy companies or sovereign funds; they are the only ones who would be able to go in there, because not only would they have to fund the exploration rights and the development of the mine and all the capital involved in that, they would then have to issue take or pay contracts on rail capacity and also issue take or pay contracts in securing the rolling stock and the trains to shift it. On top of that they would then have to go and build a third coal loader. If you look at the NCIG project, that is a billion dollar investment on its own, and at the moment that is actually what Shenhua is facing if I were to sign up to this industry agreement. They would have to have the biggest balance sheet that you could imagine in order to come to the Hunter Valley.

I do not think that is good enough for the people of the Hunter Valley. I think the Government has an obligation to stick to its common user obligations because it is in the interests of creating jobs and attracting investment, and it is not just investment for the bigwigs and the big end of town. My concern is about small and medium type coal producers who have been the bread-and-butter of that industry in that area for 30, 40 or 50 years—for as long as I can recall. So the industry agreement has a lockout effect and that lockout effect is not acceptable to the New South Wales Government. It might be acceptable to the Opposition but it is not acceptable to us. That common user arrangement has served the people of the Hunter very well for a very long time and it has served Australia very well and before we budge on it we need to see clearly from industry that they will come up with an alternative arrangement where new entrants can be allowed to come in.

**The Hon. DUNCAN GAY:** Under the standing orders you can take as long as you need to answer these questions but if you take a heap of time we will have no choice but to bring you back because we will not get through any questions.

**Mr JOSEPH TRIPODI:** Tell me when the answer is not relevant, Duncan.

**The Hon. DUNCAN GAY:** It has not been relevant for some time.

**Mr JOSEPH TRIPODI:** There was a meeting of producers last Thursday and today's *Australian Financial Review* reported that they are waiting for me to get back to them. That is completely wrong. The producers know that we are waiting for them to come back to us. At last Thursday's presentation this is a sheet that was circulated at that meeting and it has on it, "Finalised Response to Minister Tripodi"—proof that we are waiting for industry to come back to a solution on the issue of new entrants. Industry needs to get its act together and respond to the fundamental question—basic economics. We are not going to be part of establishing barriers to entry for this industry. We want this industry to be contestable and we want to attract investment to Australia. That is the situation we are in at the moment.

**The Hon. DUNCAN GAY:** You are in denial, Minister. You said that you do not know what happened to Nick Greiner. In an article on 17 September 2008 in the *Australian Financial Review* I do not think Nick Greiner left anyone in New South Wales in doubt who he thought the problem was: he said he thought it was you.

**Mr JOSEPH TRIPODI:** We are working with the industry to get a solution.

**The Hon. DUNCAN GAY:** But there is a solution there and you will not accept it.

**Mr JOSEPH TRIPODI:** Do you accept it, Duncan?

**The Hon. DUNCAN GAY:** I accept it. I believe it is a workable solution—it is a proper solution.

**Mr JOSEPH TRIPODI:** It is a shame. It just illustrates that you do not understand anything about that supply chain, because if you think it is acceptable that no-one is going to invest in the Hunter Valley—

**The Hon. DUNCAN GAY:** What it shows is that you cannot make a decision.

**CHAIR:** Can we just have one person speaking at a time?

**Mr JOSEPH TRIPODI:** If you think it is acceptable that we send a signal to global investors around the world that says "Don't bother coming into the Hunter Valley for the next 10 years looking for a mine to produce coal", that means you are condemning the future of the Hunter Valley.

**The Hon. DUNCAN GAY:** No, Minister, you are talking about the Liverpool plains and you are talking long time into the future; you are not talking about the current developments in the Hunter Valley; you are not talking about the planned infrastructure development that is already underway; you are covering your friends in the Labor Party and killing the industry in the Hunter Valley.

**Mr JOSEPH TRIPODI:** What friends in the Labor Party are you referring to?

**The Hon. DUNCAN GAY:** You probably have not got many left. We have read that.

**Mr JOSEPH TRIPODI:** Duncan, you yourself said in your question that you expect there to be new entrants within five years.

**The Hon. DUNCAN GAY:** Not before five years.

**Mr JOSEPH TRIPODI:** But you want me to agree to allowing the coal terminals to be locked up with take or pays for the next 10 years. I am not going to agree to that because that means that in five years time when production starts from a new entrant they will have to wait another five years before they even have a crack at using the existing terminals.

**The Hon. DUNCAN GAY:** Minister, talking about friends in the Labor Party, the hiring of Joe Scimone and Patrick Lowe by your department, is that an indication that you have been consciously strategically placing members of the Labor Party and fellow travellers in key positions in your department?

**Mr JOSEPH TRIPODI:** No.

**Ms LEE RHIANNON:** Mr Tripodi, is the contract for Port Botany a fixed price contract?

**Mr JOSEPH TRIPODI:** As I understand it is, but obviously there are some issues where the risk may be borne by Sydney Ports Corporation. In all of these contracts there is a distribution of a risk and it usually lays with the party most able to control for that risk.

**Ms LEE RHIANNON:** Can you—or perhaps can you take it on notice—provide more details about the risk that the Sydney Ports Corporation could be exposed to?

**Mr JOSEPH TRIPODI:** I will take that on notice.

**Ms LEE RHIANNON:** Baulderstone Hornibrook is presently doing the deep water channelling.

**Mr JOSEPH TRIPODI:** They are currently in the construction side of it and Jan de Nul is doing the dredging side.

**Ms LEE RHIANNON:** Is that the \$800 million contract for both those companies?

**Mr JOSEPH TRIPODI:** That is right.

**Ms LEE RHIANNON:** How much for the land side development do you anticipate will be allocated?

**Mr JOSEPH TRIPODI:** For the Government?

**Ms LEE RHIANNON:** Yes.

**Mr JOSEPH TRIPODI:** I do not want to put an exact figure on it. Our estimate is that the total project, including the investment from the stevedores, is around \$1 billion. Obviously with the stevedores coming in they will need to determine what their level of investment is and what the appropriate level of investment is. It is roughly a \$1 billion investment.

**Ms LEE RHIANNON:** I just want to clarify that. That has been the word all along, that it is a \$1 billion investment. That includes the stevedore that you will be accepting, does it?

**Mr JOSEPH TRIPODI:** That is correct.

**Ms LEE RHIANNON:** What opportunities are available to exit this contract given that it is not far advanced? I ask that in the context of the mini-budget being brought down soon, the need for savings and the fact that there is no possibility to expand where the other stevedores are and the commission of inquiry did not recommend that it should go ahead. It could be argued that it would be financially wise to exit at this stage. What are the opportunities under the contract to achieve that?

**Mr JOSEPH TRIPODI:** There is no chance whatsoever that we will be exiting from that contract. The damages claim would be insurmountable—it would be an incredible figure—and we would not end up with the port expansion. The Government supports the port expansion because it will deliver cheaper goods and services to people in their homes. That is why we are very much committed to it. The port generates about \$1.5 billion a year in economic activity. The growth rates, which are forecast to be 5 per cent to 7 per cent per annum over the next 20 years, mean that we will need that facility to ensure that the stevedores cannot increase their prices as they hit capacity constraints.

At that growth rate, the port is estimated to reach optimum capacity by about 2010 to 2011. Last year the growth rate was about 10 per cent and the year before that it was about 12 per cent. It is actually growing faster than has been forecast. I do not know whether that rate will be the same this financial year, given what is happening globally. However, it is important that the Government provide capacity well ahead of that anticipated congestion.

**Ms LEE RHIANNON:** With regard to congestion, the other two stevedores have said all along that the space is there. Will Sydney Ports Corporation accept below commercial rates of return after the expansion by the third operator, or will you be looking to pass on to importers, exporters and consumers increased prices in costs such as rent and wharfage?

**Mr JOSEPH TRIPODI:** The competitive tension in the tendering process will determine the rate they will be offering. A range of different factors will be considered in undertaking that assessment. I am keen to ensure that there is competitive tension between the three stevedores so that the actual cost to consumers is minimised. At the same time, we will be looking at the planned schedule of investment by the stevedore to determine what the rate should be and the rate they offer. A selected tenderer may feel that it is wise to front load the investment in cranes and equipment, and as a consequence that will affect the rate of return it offers us. It will depend on the stevedore's planned investment, what it offers us in terms of competitive tension and a range of other factors regarding the rate of return to the Sydney Ports Corporation. Of course, while the corporation needs a rate of return to service debt and the investment involved in that, that is not its sole or primary concern. Its concern is the cost to consumers of the end product once it is delivered.

**Ms LEE RHIANNON:** Is Hutchison Whampoa Ltd the favoured stevedore for this new project?

**Mr JOSEPH TRIPODI:** That is all commercial-in-confidence. I have not specifically asked about the tenderers.

**Ms LEE RHIANNON:** Have you had meetings with them?

**Mr JOSEPH TRIPODI:** I had meetings with many proponents before the expression of interest process started.

**Ms LEE RHIANNON:** Including Hutchison Whampoa Ltd?

**Mr JOSEPH TRIPODI:** Representatives of Hutchison Whampoa Ltd have come to see me. They were expressing interest.

**Ms LEE RHIANNON:** Have you met with Mr Brereton to discuss this?

**Mr JOSEPH TRIPODI:** Mr Brereton came along with the Hutchison Whampoa Ltd representatives.

**Ms LEE RHIANNON:** Was Hutchison Whampoa Ltd discussed when the former Premier was in China?

**Mr JOSEPH TRIPODI:** I do not know what the former Premier discussed.

**Ms LEE RHIANNON:** Can you take on notice how many development applications have been lodged in New South Wales for marina developments since the moratorium on such developments was lifted in 2005?

**Mr JOSEPH TRIPODI:** I will take that on notice.

**Ms LEE RHIANNON:** What review has been undertaken of the regional environmental plan for Sydney Harbour and Middle Harbour and its performance since 2005?

**Mr JOSEPH TRIPODI:** There has been no review.

**Ms LEE RHIANNON:** No review?

**Mr JOSEPH TRIPODI:** Of the REP, no.

**Ms LEE RHIANNON:** Is one planned?

**Mr JOSEPH TRIPODI:** Minister Sartor announced reforms with regard to REPs and all of them will become SEPs. As a consequence of that there will have to be a transformation of some description.

**Ms LEE RHIANNON:** Will that cover the plans for Sydney Harbour and Middle Harbour?

**Mr JOSEPH TRIPODI:** Yes.

**Ms LEE RHIANNON:** Do you have a timeline for that?

**Mr JOSEPH TRIPODI:** No. The Planning Minister will decide when that process will start. The seabeds of Sydney Harbour, Botany Bay, Newcastle Harbour and Port Kembla are public lands that are vested in NSW Maritime. As the landowner, NSW Maritime's permission is required before development applications may be granted for water-based development proposals on these harbours, such as jetties, slipways, boat ramps and boardwalks. In August 2007, following an extensive public consultation process, NSW Maritime adopted a new policy for determining when to grant permission for the lodging of a development application.

The policy focuses on core maritime issues, such as navigation safety, the relationship between the structure and the adjoining dry land and leasing agreements. It also reduces duplication and overlap with planning instruments, sets performance indicators for application processing and better defines the land to which the policy applies. The various environmental and aesthetic controls that are applied in the previous policy are preserved in the relevant planning instruments. In addition, 80 per cent of public submissions supported the draft policy. We have received feedback since we published and implemented the policy. For example, Cronulla Marina stated:

Politicians talk a lot about red tape. Your Government is to be commended in this case for actually cutting some.

**Ms LEE RHIANNON:** We will not to have estimates where you congratulate yourself.

**Mr JOSEPH TRIPODI:** You are also congratulated.

**Ms LEE RHIANNON:** We have something in common. That is unusual.

**Mr JOSEPH TRIPODI:** Very unusual.

**Ms LEE RHIANNON:** Would you be happy to table that document?

**Mr JOSEPH TRIPODI:** No, that is fine.

**Ms LEE RHIANNON:** Do you plan to investigate the cumulative impact of marina development on the Tweed region? Those developments include Boyds Bay Marina, Tweed Coast Crown Reserve, the Jack Evans Boat Harbour marina, the Southern Boatharbour Marina extension, Fingal Head marine precinct and the Banora Point Marina and Resort. There is also a council wish list for 13 marina locations on the Tweed River. I am sure you are aware that that is causing concern in many quarters. Are you looking at the cumulative impact?

**Mr JOSEPH TRIPODI:** Yes. That is managed by the Minister for Lands.

**Ms LEE RHIANNON:** So it does not come across your desk at all?

**Mr JOSEPH TRIPODI:** No.

**Ms LEE RHIANNON:** How much public land is affected by marina development proposals? Is that your responsibility?

**Mr JOSEPH TRIPODI:** Not along the Tweed.

**Ms LEE RHIANNON:** No, generally. There are many developments along the coast. Can you take that question on notice—that is, the amount of land currently affected by marina development proposals and applications for development projects?

**Mr JOSEPH TRIPODI:** As I said in my original answer, if the proposal relates to Sydney Harbour, Port Botany, Port Kembla or the Port of Newcastle it would be my responsibility. Anything beyond that is the responsibility of the Minister for Lands.

**CHAIR:** You referred to a document a moment ago. Is that a public document? Do you want to table it?

**Mr JOSEPH TRIPODI:** No. I was going to go into the details, but there is no need to.

**Ms LEE RHIANNON:** Perhaps a Government member can ask the Minister a related question and the Minister can read it all. I think he would like to.

**CHAIR:** Can you table the document?

**Mr JOSEPH TRIPODI:** There is no need to. I can read it out; there is only one more page.

**Ms LEE RHIANNON:** It would be useful if it were tabled. If it is not tabled, perhaps a Government member could ask the question.

**CHAIR:** Are you happy to table it?

**Mr JOSEPH TRIPODI:** It would take me about 30 seconds to read it. I would rather not table it. It is simply the comments of four or five other people about how good the reforms have been. If Ms Rhiannon would like it, that is fine.

**CHAIR:** In the budget papers you talk about improving safety in Sydney Harbour.

**Mr JOSEPH TRIPODI:** Yes.

**CHAIR:** In view of some of the serious accidents we have had in recent times, especially around the Sydney Harbour Bridge, what action has been taken to ensure safety on Sydney Harbour?

**Mr JOSEPH TRIPODI:** The Rees Government is dedicated to supporting safe and responsible use of the State's waterways and will continue to work hard to make our waterways even safer for the people of New South Wales. I am advised that for the first six months of 2008 NSW Maritime night patrols on Sydney Harbour increased by more than 100 per cent compared to the same period last year. In addition to this, on 4 June 2008 I informed the House that Maritime's night patrols are increasing by a further 100 per cent from the start of the new boating season. I am advised this is supported by the New South Wales Police marine area command, comprising 34 police officers who also manage boating crime, conduct regular patrols of Sydney Harbour and provide 24-hour, seven-day-a-week emergency response. I am advised the water police also conducted over 6,000 random breath tests last financial year.

On-water compliance checks on Sydney Harbour are conducted by a dedicated team of five boating safety officers assisted as required by a further five officers from the Sydney-based safety education and compliance team. Two additional positions are currently being recruited. Boating safety officers conduct rostered patrols in daylight and night-time hours. Patrols are undertaken every day of the year. A three-months vessel-lighting blitz commenced on 1 October with night patrols operating up to three nights a week on Sydney Harbour. The increased night patrols and recruitment of additional boating safety officers comply with published responses to Office of Transport Safety Investigation reports, which are available on the NSW Maritime website.

The Rees Government commitment to on-water safety does not stop there. Our safety reforms announced on 4 June 2008 include tougher penalties, new offences and a new practical component to getting a boating licence and stronger enforcement of laws on our waterways. We are doing a lot to improve safety. The evidence shows that the vast majority of boaters act safely and within the law. In fact, compliance on Sydney Harbour is over 90 per cent. Overall enforcement is a top priority for both NSW Maritime and New South Wales Police. These dedicated officers work day and night to enforce boating safety laws. Last year over 46,000 random safety checks on all kinds of vessels were conducted all over the New South Wales by government agencies working together to improve safety on our waterways. Recently, 1,153 random safety checks across New South Wales were made on vessels including personal watercraft such as jet skis by NSW Maritime boating safety officers over the three days of the long weekend.

Patrols that took place offshore netted several boaters who did not have the appropriate safety equipment, such as flares. Fines also included not carrying enough appropriate lifejackets for the number of people on board, speeding and operating a vessel with expired registration. In total, 74 penalty notices and 34 formal warnings were issued. We believe that education is the key to save our waterways. Whilst 90 per cent of the vessels checked complied with the rules, we will continue to crack down and issue fines if the rules are broken. With 1.5 million people going out on the water each year in this State it is also important that they all do their best to keep safe.

In addition to the penalties recently legislated, boat licence requirements will also be strengthened by requiring practical boating experience before a licence is issued. These new measures will strengthen safe boating in New South Wales. This safety package is not just about punishment. It is also about prevention and education. NSW Maritime will renew its focus on boating education and communication programs like the statewide television and radio campaigns like You're the Skipper; You're Responsible, launched in 2007. Other programs target life jackets, offshore sailing training, boating over electrical crossings and behaviour in dangerous conditions such as crossing bars. We will also be launching a new series of maritime safety alerts to warn boaters when dangerous conditions are expected.

**CHAIR:** Within that safety program, is there any review of the speed limits on the harbour? What is the current situation there?

**Mr JOSEPH TRIPODI:** Out of some of the incidents that have happened on Sydney Harbour we have an area under the Harbour Bridge that has been speed limited to 15 knots. There are other points around the waterways in Sydney Harbour that are also speed limited. At the moment, while I have examined this question about speed limits for boats, I believe the current international practice and general practice, what is required by law, is that the skipper has responsibility to determine a safe speed. It is not like travelling on roads where you have a hard surface and it remains a hard surface even when it is wet. In difficult weather circumstances, what would be an appropriate speed limit depends on the state of the waterway. So, it is more appropriate and more effective, in my view, to have the current law prevail. That is, it needs to change to the circumstances, rather than people relying on the speed limit as the safe travelling speed.

There is a tendency for some of our skippers to do that. The current practice is the one I support but I am always open to new research or ideas on this issue and I have an open mind about it, but at the moment the current practice of speed limiting some areas where it is appropriate and there is an obvious safety benefit is the best way to go forward, not to create a crutch and stop people from being actively engaged in checking out the safety of the circumstances. I believe that is the best way to go forward. There are areas that are speed limited and there is a general rule that applies; that is, you bring your boat at a speed that is safe in the circumstances.

**CHAIR:** As you know, Manly is a very important tourist destination for visitors to Sydney. What improvements and plans do you have for the Manly wharf and the development of that area?

**Mr JOSEPH TRIPODI:** We have just completed a major redevelopment of Manly wharf. I can come back to you and give you the details of the degree of that investment. I have the information here. The major upgrade works to Manly wharf work were completed in June 2007 at a cost of \$15.7 million.

**CHAIR:** That is very good. It has been run down in the past and it needed that improvement. In the budget papers you talk about reviewing the commercial lease policy and also looking at the recommendations from the pricing and regulatory tribunal concerning rentals of private residential wetlands. Some concern has been expressed by people who own those properties as to the fairness of that operation. Are there any hardship considerations or other factors involved in coming to this commercial area, which may create unexpected hardship?

**Mr JOSEPH TRIPODI:** That relates to the second part of the question. I will go through the first part of the question, which is the policy review and changes that happened with commercial leasing. NSW Maritime is responsible for the management and administration of a significant property portfolio valued at more than three-quarters of a billion dollars. The freehold title for the beds of Sydney Harbour, Botany Bay, Newcastle Harbour and Port Kembla Harbour are vested in NSW Maritime and it administers more than 2,000 wetland leases covering foreshore structures in these areas. Sydney Harbour includes North Harbour, Middle Harbour, Parramatta River, Lane Cove River and Duck River—in total, around 320 kilometres of foreshore, with an area of more than 5,250 hectares.

The foreshore leases cover structures ranging from private recreational facilities such as jetties and pontoons to community facilities such as boat ramps and wharves, through to restaurants such as Doyle's and Catalina's, and commercial and industrial maritime businesses. All these are critical to maritime needs and include working harbour waterfront businesses such as boat repairs, commercial marinas, shipyards, dry boat stores and facilities for yachting, fishing and passive boating such as rowing. Income from commercial leases for the 2007-08 financial year was approximately \$23 million. The Government supports these maritime

facilities, within an appropriate environmental and public benefit framework. The NSW Maritime commercial lease policy was approved by the Government in December 2007.

It provides a sound foundation for private sector investment in maritime infrastructure. It respects the role of Sydney Harbour as an icon owned by the whole community and ensures a fair return to taxpayers for the lease of public land. The policy creates a clear and consistent framework for commercial leases managed by NSW Maritime. The policy sets a framework for the administration of commercial leases, including indicative lease terms, procedures for lease renewal and a framework for rental negotiations.

It aims to deliver market reference returns to the New South Wales Government for the commercial leasing of public land while encouraging a climate of business certainty and renewed investment in marine infrastructure. It also gives appropriate recognition to leaseholders who have built up successful businesses providing services to the community. The policy provides guidance on standard lease terms and conditions, including rentals, maintenance, methods of selecting a lessee and lease duration. It also outlines specific requirements for leases, including commercial marinas, working harbour activities, maritime clubs, retail outlets and utilities.

The policy was developed following extensive stakeholder consultation. It has been well received by lessees and has been operating since January this year. NSW Maritime is continuing to work with lessees, industry and stakeholders to ensure a smooth transition. In the first eight months of the new policy eight lease negotiations were concluded and 70 new leases are under negotiation. Nine market rent reviews were concluded and 17 further market rent reviews are under consideration.

NSW Maritime's domestic leasing policy is based on recommendations from a 2004 report by the Independent Pricing and Regulatory Tribunal [IPART] in relation to private waterfront tenancies. The IPART recommendations aim to deliver a fair return to taxpayers for the leasing of public land. In 2007 NSW Maritime conducted a comprehensive review of domestic leasing arrangements. The review was an open process and invited comments from the public. As a result of the review the Government made a number of changes to domestic leasing policies, including improved security of tenure via an offer of longer term leases; a three-year rolling average of statutory land values to smooth out rental fluctuations year on year; a temporary cap on rental increases; new rules for recreational berthing; and a simplification of the rental formula, which will assist lessees with small lot sizes. These measures improve security of tenure, transparency in lease decisions and certainty in rental calculations.

As a result of the review and in response to stakeholder consultation, waterfront leases in Sydney Harbour and its tributaries have now been divided into six geographic precincts. A standard per square metre rental rate applies in each precinct, calculated using the existing domestic rental formula and based on the statutory land value of the adjoining properties. The introduction of these precincts reduces red tape, smooths rental variations between neighbours, and assists those with smaller properties by reducing the impact of small lot sizes in the calculation of domestic rents. The changes took effect from 1 January 2008. Lessees will progressively move to the new longer-term leases. Pensioner concessions and hardship provisions remain the same. The changes have been well received. A lessee in North Sydney wrote to say:

NSW Maritime's vastly changed attitude and approach to private domestic occupancy agreements has been highly beneficial. Congratulations.

From Mosman:

I think the proposals are a big improvement and NSW Maritime is to be congratulated on the initiative. Good luck with it all.

Another lessee from Drummoyne:

We congratulate you on your attempts to simplify the current arrangements and to improve the fairness in rental determinations.

The President of the Boat Owners Association, a peak body for recreational boating, described the changes as:

A huge win for residents ... there is a lot of common sense. I congratulate the Minister for showing such leadership.

An environmental group, the Sydney Harbour and Foreshores Committee, said:

Much of what we see as desirable change has been incorporated.

Lastly, the member for Pittwater, Mr Rob Stokes, states on his website that he is "delighted" that NSW Maritime has introduced these new policies. The changes to the DLP add to the other reforms I have introduced, including the adoption of a new commercial lease policy and reforming the old landowners consent conditions, to cut red tape and encourage investment in infrastructure. With these changes the Government has positioned our State well to foster investment and protect the environment.

**CHAIR:** Can you take on notice what percentage of increase has occurred? Is there any way of calculating whether there has been, say, a 50 per cent increase in lease payments?

**Mr JOSEPH TRIPODI:** That will not be difficult to calculate. Indeed, Mr Dunn can answer that.

**Mr DUNN:** The review that we undertook changed the nature of the way in which charges were distributed among the various leaseholders but the gross amount received by government has not increased above the original IPART determination.

**CHAIR:** Has not increased?

**Mr DUNN:** Has not increased above the original IPART determination.

**CHAIR:** We will now move on to Government members.

**The Hon. KAYEE GRIFFIN:** Minister, you spoke about marine approvals and leases. Can you detail what has happened to improve boating facilities generally for the people of New South Wales?

**Mr JOSEPH TRIPODI:** New South Wales has 2,140 kilometres of coastline and 12,500 square kilometres of navigable waters, with 87 per cent of the population living in areas adjacent to the coastline. There is no doubt that for many people boating is a way of life. It is estimated that more than 1.5 million people go boating each year. This State Government recognises the need for safe and convenient access to our waterways to support our boating community and to meet the improved urban environment by having more people using parks and sporting and recreational facilities.

That is why in August 2008 I announced that the three grants programs funded by NSW Maritime for improvement to recreational boating facilities, that is the Maritime Infrastructure Program, the Sharing Sydney Harbour Access Program and the Better Boating Program, would be consolidated into a single program called the Better Boating Program. Additional funds will also be provided, with up to \$25 million over five years to be made available from 2009-10. This represents an increase of \$2 million each year.

The consolidation of the programs will provide streamlined communication of the grants to the public as well as ensuring consistent management of NSW Maritime grants. In the past financial year NSW Maritime made more than \$1 million available in funding to seven boat ramp improvement projects in Sydney. I launched this in March 2007 as a new initiative to provide up to 100 per cent funding to council and other agencies to encourage development of new or improved boat ramp facilities at suitable sites within Sydney Harbour.

In addition to the boat ramp improvements, eligible works also include car and trailer parking, wash down areas, pontoon access and landscaping of existing boat ramps. There are also a number of design and investigation works, which will lead to a future commitment of works and funding. The 2008 round of applications closed on 22 August 2008. In that, close to 70 applications were received for the MIP and Better Boating Sydney, with successful recipients expected to be announced towards the end of 2009.

These grants come on top of more than \$290,000 for eight boat projects in Sydney Harbour under the Sharing Sydney Harbour Access Program announced in December 2007. This year the Sharing Sydney Harbour Access Program is said to support seven projects worth a total of \$292,000 in boating facility upgrades to be supported by NSW Maritime. NSW Maritime is to support a share in Sydney Harbour access program grants in 2008-09, with a number of significant grants, including \$105,100 in funding for a new pontoon at Pearl Bay. This grant is to be matched dollar-for-dollar by Mosman Rowing Club. This project involves construction and installation of a new floating pontoon in association with improvements to the facilities at Mosman Rowing Club at the Spit West Reserve, Pearl Bay. The pontoon will provide public access for a number of boat users, including people with disabilities and will also include provision for public dinghy storage.

We have also provided \$85,405 in funding to approved boating facilities at Clifton Gardens. The grant, matched dollar for dollar by Mosman council, is for a project to replace timber and fender poles and safety rails to the jetty at Clifton Gardens. The project will improve the structural integrity of the jetty and ensure safe access for all recreational boaters and others accessing the harbour via the jetty. The grant will build on improvements made to the jetty, with our SSHAP funding in 2007. We have also given \$62,000 in funding for dinghy storage at Foley Point. This grant is matched dollar for dollar by North Sydney council, and the project will upgrade pathways to the foreshore and provide inter-tidal access and dinghy storage at Foley Point, building on a previously awarded grant in 2006. The project will ensure improvements to dinghy storage and provide the best access for users without impacting on the significant Aboriginal heritage of the site.

Some \$17,000 in funding has been provided to improve boating facilities in Lane Cove West. The grant is to be matched dollar for dollar in a joint arrangement by Lane Cove kayakers and Willoughby City Council. This partnership project involves the enlargement of the existing pontoon on the Lane Cove River at Rotary Park, Lane Cove West. The project aims to facilitate improved access to the river for kayaks, canoes and other small non-motorised watercraft. It builds on the 2003 SHHAP grant for a new boardwalk, jetty and mangrove restoration at the site. We have also provided \$10,000 in funding to improve boating facilities in Balmain. This grant is to be matched dollar for dollar by the Balmain Sailing Club. This will involve the development of design detail for the reconfiguration of the existing wharf to provide a new publicly accessible floating pontoon. The aim of the project is to provide recreational boating access for the public and improve the club's facilities for small boat launching, including access for people with disabilities.

NSW Maritime is to commit \$10,000 in funding to improve boating facilities in Hermit Point, in a project to be matched dollar for dollar by the Department of the Environment and Climate Change. This project involves the reconstruction of the recently collapsed timber wharf at Hermit Point. The project aims to provide access for people in recreational boats to the Sydney Harbour National Park at South Head. We have also provided \$4,750 in funding to improve boating facilities at Spit East Reserve. This grant is matched dollar for dollar by Mosman council and involves the upgrade of a small boat access ramp within the Spit East Reserve. The project will restore the access ramp, which is currently in poor condition, and improve access to the various boating groups at The Spit.

The State Government is committed to supporting the boating community, and since 1998 grant funding has been contributed statewide to encourage new and improved boating infrastructure. Since that time NSW Maritime has allocated more than \$16 million in grants for approximately 400 projects across the State. Projects funded through the Maritime Infrastructure Program include the provision of public wharves and jetties, boat ramps, pump-out facilities, public moorings, and related feasibility studies. Funds are provided at a 50:50 subsidy with local councils and other community organisations. Applications for the Maritime Infrastructure Program grants for 2008-09 closed on 22 August 2008 and are being assessed. Last year a total of 30 projects in regional areas were supported, with the total value of grant offers for 2007-08 being \$1.75 million. Details of all recently awarded grants are listed on the NSW Maritime website. As at October 2008, 28 of these projects are progressing, worth \$1.88 million in grants. The total value of approved MIP grants, including SSHAP funding, in 2007-08 was approximately \$2.1 million.

Projects under these programs completed recently include the installation of a new floating pontoon at Coraki, with assistance from a \$78,000 grant to Greater Taree City Council; the refurbishment of the fixed jetty at the Bellambi boat ramp, with the assistance of a \$71,875 grant to Wollongong council; the reconstruction of the dilapidated pontoon at Davey Robinson Reserve, on the Georges River, with assistance from a \$49,000 grant to Liverpool City Council; and a new floating pontoon in Leichhardt Park, in Iron Cove, with assistance from a grant of \$112,000 to Leichhardt council. The streamlining of the NSW Maritime grants program into one will cut unnecessary red tape and help deliver infrastructure improvements across the State, as well as increase the number of people using our parks, and sporting and recreational facilities.

**The Hon. PENNY SHARPE:** Could you provide an overview of what the Government is doing to progress the Ports Growth Plan?

**Mr JOSEPH TRIPODI:** I thank the honourable member for her question. In 2003 the New South Wales Government laid out a visionary plan for the development of our major trading ports. The plan set out the strategy for catering for the projected growth of trade in New South Wales. The plan provided for: the relocation of container, general cargo and car stevedoring from Port Jackson to Port Kembla; the former BHP steelworks site at Newcastle Port to be secured for port use; development of the State's next major container facility at Newcastle once Port Botany reaches capacity; the expansion of Port Botany; and review of how to increase

movement of containers to and from ports by rail. Five years on and the Government is delivering on its commitments under the plan. The \$1 billion Port Botany expansion has been approved and construction is underway. The construction of the third terminal is anticipated to be completed by 2011, with the first berths ready for trade by 2012. In January 2007 the Government announced a wharf and infrastructure project worth over \$22 million to be carried out by the Newcastle Port Corporation at the former BHP site, now called the Intertrade Industrial Park. The Mayfield No. 4 Berth project involves the upgrade of a former BHP berth and the provision of a hardstand for cargo handling, storage or assembly area.

Three companies have been short-listed for the construction of the wharf facilities. This investment will build on projects already planned for the former BHP site, following the \$8.1 million in infrastructure funding announced in October 2006. A master plan for the Intertrade Industrial Park has been developed to guide future development, proposing around 90 hectares for the port and freight industry, including around 35 hectares for a new container terminal. An independent appraisal by consultants Hill PDA estimates that full development of the site will generate approximately \$900 million over 30 years, and provide 7,000 full-time equivalent jobs on site once it is fully developed. The Hunter Development Corporation is conducting a tender process to develop the site. Port Kembla's \$167 million port expansion will be complete and open for business in November 2008. Container, general cargo and RoRo vessels were relocated from East Darling Harbour to Port Kembla in 2007, in the first step of the phased relocation. The Glebe Island motor vehicle terminal will close in November 2008, as the final stage in the relocation process. The relocation of general cargo and motor vehicles to Port Kembla will be completed four years ahead of schedule.

Over the past five years New South Wales trade growth has continued to break State records. Results for the first quarter of this financial year show this trend is set to continue. Successive record months for container exports at Port Botany have seen 490,000 TEUs shipped last quarter, a 13.2 per cent increase on the same period last year. And the Port of Newcastle is on track to break the record set this year of 88.8 million tonnes, shipping 23.1 million tonnes this quarter, a rate equivalent to over 94 million tonnes per annum. The capacity of the ports and their landside supply chains need to be fit for their task. The New South Wales Government is delivering the facilities needed to support this continued growth. Expansion of facilities at the Port of Newcastle will create more than 3,000 jobs. Expansion projects include the completion in February 2007 of the \$170 million expansion works at the Port Waratah Coal Services coal loader terminal, which increased capacity of its Kooragang Island terminal from 64 million tonnes to the current 77 million tonnes per annum.

**Ms LEE RHIANNON:** Are those 3,000 jobs direct jobs? They must be indirect, must they not?

**Mr JOSEPH TRIPODI:** They would be direct and indirect. They are still jobs.

**Ms LEE RHIANNON:** I know they are still jobs, but I think it is important. I think that is what you are saying, is it not? I wanted to clarify it.

**Mr JOSEPH TRIPODI:** I do not know how many are contractors and how many are employees or—

**Ms LEE RHIANNON:** But I mean not just the contractors. I mean flow-on, like the indirect jobs from the maintenance yard down in Maitland or somewhere?

**Mr JOSEPH TRIPODI:** I hope so, yes.

**Ms LEE RHIANNON:** So it is direct and indirect? Do we take it as that?

**Mr JOSEPH TRIPODI:** I would imagine, yes, but I do not know.

**CHAIR:** Do you want to take that on notice or leave it as it is?

**Ms LEE RHIANNON:** If the Minister wants to take it on notice; I have taken it that he has given a clear answer to that.

**Mr JOSEPH TRIPODI:** I said I would imagine. So I clearly would have imagined 3,000 direct and indirect jobs—

**Ms LEE RHIANNON:** I think that is dangerous for you!

**Mr JOSEPH TRIPODI:** But I will make inquiries and get you an answer as to whether it includes indirect jobs. The expansion projects included the approval by the Minister for Planning in April 2007 of a further expansion project at the Kooragang terminal, increasing its nominal capacity from 77 million to 120 million tonnes per annum and the total nominal capacity of Port Waratah Coal Services to 145 million tonnes per annum. The approval by the Minister for Planning in April 2007 of a new \$922 million coal export facilities to be developed by the Newcastle Coal Infrastructure Group. The terminal will have an initial capacity of up to 33 million tonnes per annum, expanding to 66 million tonnes. The construction of the facility commenced on 11 April 2008. Other major infrastructure projects that are underway include the \$150 million Enfield Intermodal Logistics Centre; construction of a second bulk liquid berth at Port Botany; and the progressive development of Port Kembla's outer harbour to accommodate future growth and trade opportunities. The Rees Government is delivering on the Ports Growth Plan and these major infrastructure investments will ensure NSW Ports will continue to deliver capacity to service our trade needs.

**The Hon. IAN WEST:** Minister, what is the Government's vision of the role of NSW Maritime for the next few years and what consultation has been done in developing that vision?

**Mr JOSEPH TRIPODI:** Thank you for the question. In October last year I convened a maritime forum of more than 100 stakeholders to gather their views on the future for recreational and commercial boating and shipping in New South Wales. The forum included recreational boaters, commercial vessel operators, local councils, port operators, industry, community groups and waterfront landowners. Discussion focused on the role of maritime regulation, the importance of safety, the need for improved infrastructure and ideas for a vibrant and growing maritime community for the future. This was in addition to ongoing consultation with the boating community on infrastructure, environment and safety issues, including liaison with representatives of rowing, fishing and diving organisations, local councils and recreational and commercial boating organisations. A product of this consultation was a NSW Maritime vision statement, charting the course for improvements in safety, infrastructure and community development. The vision statement represents a three-year action plan addressing the principal theme of "Serving Our Boating Community". Within this theme three key areas: boating safety, community support and maritime infrastructure, including specific activities the authority will undertake over the next three years.

Boating safety is a core responsibility of the NSW Maritime Authority as the State's boating regulator. At the heart of the vision for improved boating safety is the development of a culture of safe boating through education, encouragement and enforcement of boating rules. The vision commits NSW Maritime to new and expanded education programs, renewed partnerships with stakeholder groups, and additional compliance testing. Penalties will increase where necessary, particularly for dangerous or negligent navigation and for operating an unsafe vessel. Both boating safety officers and the water police will also be given new powers of direction to enforce boating safety on New South Wales waterways. Boating safety would be further enhanced with the proposed integration of the three volunteer marine rescue services into a new and stronger statewide body, which is currently in the process of consultation. A discussion paper outlining this proposal was publicly exhibited and attracted 797 submissions, with more than 93 per cent in favour of the integration. In August this year I committed an additional \$3 million dollars in seed funding for this proposed new service, on top of the annual contribution of approximately \$1.35 million. This additional funding would be available from 2009-10.

The community support component of the vision statement focuses on how NSW Maritime conducts its business, how it provides a voice in decision-making, and how commercial and recreational boaters can have a say on the policies affecting their livelihood and enjoyment. The authority will reduce red tape and administration while maximising consistency and transparency in decision-making. Public input will be a standard feature of policy and regulatory development to ensure the views and suggestions of the community are heard. Maritime infrastructure was also identified as a major area of improvement, particularly the creation of additional public access points to waterways, the need for upgraded facilities to meet environmental and community expectations, and support for maritime-related jobs.

The vision statement outlines specific actions the authority will take to improve access to the waterways, encourage private investment in maritime industries and revitalise underused working harbour lands. The vision nominates a number of waterfront sites to be targeted for upgrading and renewal to meet modern standards and generate employment growth. The vision statement relies upon strong partnerships between the Government and the boating community including commercial operators, recreational boaters, stakeholder groups and government agencies. It aims to deliver a healthy and growing maritime community with a focus on safety, renewed infrastructure and access to and along our coastline and inland waterways. It outlines both the

broad approached maritime policy development and a set of specific actions aimed at achieving a safer, stronger and growing maritime sector.

**The Hon. DUNCAN GAY:** Minister, you indicated earlier in answer to a question from the Chair on Sydney harbour safety that in the first six months of 2008 there has been a 100 per cent increase in night patrols and night patrols will increase a further 100 per cent from the start of the New South Wales boating season. Can you give the figures from what the base was that increased 100 per cent? Was it from one to two? Was it from two to four?

**Mr JOSEPH TRIPODI:** I have already provided my answer and I refer you back to it.

**The Hon. DUNCAN GAY:** You indicated a 100 per cent increase. If you have a 100 per cent increase it must be based on a figure. This is a budget estimates committee hearing—to work out a 100 per cent increase you must have had a base figure to work it on?

**Mr JOSEPH TRIPODI:** Mr Gay, did you put a freedom of information application in on this?

**The Hon. DUNCAN GAY:** Yes.

**Mr JOSEPH TRIPODI:** So you have got all the numbers.

**The Hon. DUNCAN GAY:** No, we did not get an answer.

**Mr JOSEPH TRIPODI:** You did not get an answer to your freedom of information application? You got all the rosters with the numbers in it.

**The Hon. DUNCAN GAY:** Minister, it is a simple question. I thought your Government was about openness—

**Mr JOSEPH TRIPODI:** It is about openness.

**The Hon. DUNCAN GAY:** You said it is a 100 per cent increase. What did it go from and to? It is not a hard question?

**Mr JOSEPH TRIPODI:** I refer you to my previous answer and I also refer you to the freedom of information documents with the rosters.

**The Hon. DUNCAN GAY:** Will you undertake to provide the Committee with an answer?

**Mr JOSEPH TRIPODI:** Yes.

**The Hon. DUNCAN GAY:** Thank you. Was it an actual increase or were these night-time patrols taken from the daytime patrols?

**Mr JOSEPH TRIPODI:** I refer you to my previous answer. It is a 100 per cent increase in night patrols.

**The Hon. DUNCAN GAY:** The people of New South Wales are sick of the spin. You tell us 100 per cent. We are asking a simple question. Is there an actual increase in the patrols on Sydney harbour or did you just move them from one area to another? Will you take that on notice?

**Mr JOSEPH TRIPODI:** They have not been moved from one area to another and—

**The Hon. DUNCAN GAY:** My question was—

**Mr JOSEPH TRIPODI:** I refer you to my previous answer.

**The Hon. DUNCAN GAY:** Did you lower the daytime patrols to lift the night-time patrols? Was there an actual increase in patrols?

**Mr JOSEPH TRIPODI:** In night-time patrols there was a substantial increase, that is correct.

**The Hon. DUNCAN GAY:** You know there is a 100 per cent increase but you cannot and will not tell us whether it went from one to two or two to four? That is what a 100 per cent increase could be and that is what the people of New South Wales, I suspect, will think because you are not prepared to answer it? Will you take it on notice?

**Mr JOSEPH TRIPODI:** I have answered the question.

**The Hon. DUNCAN GAY:** You are not going to answer—

**Mr JOSEPH TRIPODI:** I have answered that question and it is in your freedom of information documents.

**The Hon. DUNCAN GAY:** Minister, you are telling us in actual fact then that you have actually removed patrols from the day to the night and that is how you got your increase?

**Mr JOSEPH TRIPODI:** I have answered the question.

**The Hon. DUNCAN GAY:** How many times this year have you spoken or communicated with Mr Joe Scimone?

**Mr JOSEPH TRIPODI:** I have not spoken—this year?

**The Hon. DUNCAN GAY:** This year.

**The Hon. PENNY SHARPE:** This question has nothing to do with the budget estimates process at all.

**Ms LEE RHIANNON:** It is not a good look to defend Mr Scimone and Mr Tripodi.

**The Hon. PENNY SHARPE:** I am not defending anyone.

**Ms LEE RHIANNON:** You are. That is the essence of it.

**The Hon. PENNY SHARPE:** I am trying to keep us on track.

**Mr JOSEPH TRIPODI:** I have not spoken to Mr Scimone since that whole issue occurred.

**The Hon. DUNCAN GAY:** That issue occurred this year. Do you undertake to come back to the Committee on that?

**Mr JOSEPH TRIPODI:** I have answered the question. I have not spoken to Mr Scimone since that whole issue occurred.

**The Hon. DUNCAN GAY:** You have not answered the question. The question was: How many times this year have you spoken or communicated with Mr Scimone? I add: What were those occasions? When, where and for what purpose?

**Mr JOSEPH TRIPODI:** I have answered the question.

**The Hon. DUNCAN GAY:** No, you have not.

**Mr JOSEPH TRIPODI:** Yes, I have.

**The Hon. DUNCAN GAY:** Will you undertake to supply an answer to those questions?

**Mr JOSEPH TRIPODI:** My answer is since the whole issue occurred I have not spoken to Mr Scimone.

**The Hon. DUNCAN GAY:** Have you introduced him to any other Ministers or Labor members of Parliament?

**Mr JOSEPH TRIPODI:** Since when?

**The Hon. DUNCAN GAY:** This year.

**Mr JOSEPH TRIPODI:** No.

**The Hon. DUNCAN GAY:** Minister, has he applied for any other government jobs?

**Mr JOSEPH TRIPODI:** That it is not a question for me, Mr Gay.

**The Hon. DUNCAN GAY:** Are you aware that he has applied for any other government jobs?

**Mr JOSEPH TRIPODI:** No.

**The Hon. DUNCAN GAY:** You are not aware?

**Mr JOSEPH TRIPODI:** No.

**The Hon. DUNCAN GAY:** You indicated earlier the cost of the new terminal at Port Botany is significant—a billion dollar undertaking. A mini-budget is coming up next month to address a critical shortfall in revenue. Is the Government still committed to the current plans? There is speculation that this project may be delayed and some of the ancillary works may be wound back due to funding shortfalls. Could you comment on that?

**Mr JOSEPH TRIPODI:** That is emphatically not the case.

**The Hon. DUNCAN GAY:** So nothing will change in Port Botany?

**Mr JOSEPH TRIPODI:** Nothing will change.

**The Hon. DUNCAN GAY:** Is anything going to change in any of your portfolios?

**Mr JOSEPH TRIPODI:** In Ports, no.

**The Hon. DUNCAN GAY:** Waterways?

**Mr JOSEPH TRIPODI:** With respect to the ports I can say emphatically that none of those major projects is under consideration. Waterways, obviously, is part of the mini-budget process.

**The Hon. DUNCAN GAY:** An article in the *Australian Financial Review* on Friday 10 October 2008 states:

The NSW government will be forced to give Patrick Stevedores almost one-third of its new \$1 billion terminal at Port Botany after the company refused to give up a 20-year option for a strategic piece of empty land ...

Asciano spokeswoman said, "The expanded area will also have direct access to the existing rail spur in the terminal and will enable Patrick to leverage its recent investment in rail-mounted gantries to facilitate the increased use of rail at the port.

Ports Minister Joe Tripodi tried to put a positive spin on the hiccup saying the new operator would not be in a position to use the entire terminal when it was ready in 2012.

Then you said:

It helps them to have less space.

What did you mean by "It helps them to have less space"?

**Mr JOSEPH TRIPODI:** If they were to take a lease over the whole space, Mr Gay, they would have to pay for the whole space. Given they are a new entrant and they have to secure customers over time, having

less space but sufficient space means that they would have less rent to pay and that would allow them an opportunity to ramp up over time and attract further customers. So there is an argument that says not being required to take the whole of that space actually could be commercially preferential to some of the tenderers.

**The Hon. DUNCAN GAY:** Then you went on in a very positive note and said:

The land would be put to tender once Patrick's option expired in 2023.

That is in 15 years time. How does that make you feel better about the whole situation?

**Mr JOSEPH TRIPODI:** Patrick has an option over that part of the expansion. I would assume that they will exercise that option and it will be used by Patrick. What happens in 2023 will be something to be determined by the Sydney Ports Corporation at that time in terms of what the future use will be when the lease with Patrick expires.

**The Hon. MARIE FICARRA:** In May my colleague Jonathan O'Dea put to you the following questions and was told to consult the NSW Maritime annual report. He asked a second time and again you referred him back to the annual report. Having been unable to locate the amount of profit share—and I am talking about Walsh Bay—paid to the New South Wales Government regarding the development of Walsh Bay, I put to you the following questions: What is the original estimated amount of profit share received by the New South Wales Government relating to the major redevelopment of Walsh Bay over the past decade? Could you answer that?

**CHAIR:** Do you want to take that on notice?

**Mr JOSEPH TRIPODI:** I have an answer. NSW Maritime's profit share from the Walsh Bay project was agreed when final project costs and income were quantified in 2006, subject to goods and services tax and associated costs. The profit share paid to NSW Maritime was made in accordance with that agreement.

**The Hon. MARIE FICARRA:** That is not an adequate answer. I put on record again what Jonathan O'Dea, the local member, has asked. Perhaps, Minister, you could take it on notice and give a more detailed answer. The other questions were: How much was ultimately paid to the Government to settle the profit share agreements? What were the components of this payment? On what dates were the payments made and how much was made? Exactly how was the revenue accounted for in the NSW Maritime accounts? Did the accounting process that was followed involve any special or unusual arrangements? If so, what were they? Were any amounts of the originally agreed profit share to be paid forgiven or reduced either by NSW Maritime or the New South Wales Government? They are Jonathan O'Dea's questions put for the third time. Is there a problem in answering these questions, Minister?

**Mr JOSEPH TRIPODI:** Apart from the elements of that agreement that are commercial in confidence, I am advised there is nothing unusual about that settlement, to the best of my knowledge. According to the advice, it did not vary from the agreement.

**The Hon. MARIE FICARRA:** In other words, it is possible to provide us with an answer? Without revealing anything commercial in confidence, you could at least attempt to answer these questions for the member?

**Mr JOSEPH TRIPODI:** We will offer our best endeavours.

**CHAIR:** The Minister is taking those questions on notice.

**The Hon. DUNCAN GAY:** Third time lucky. This is the third time they have been asked.

**Ms LEE RHIANNON:** Minister, in answer to an earlier question you explained that some of the \$1 billion for the Port Botany expansion will come from the third stevedore. When do you anticipate that the Government and the chosen stevedore will sign the contract?

**Mr JOSEPH TRIPODI:** We expect that will be some time next year.

**Ms LEE RHIANNON:** Early next year?

**Mr JOSEPH TRIPODI:** It is a bit difficult to say.

**Ms LEE RHIANNON:** In answer to an earlier question you explained that you had met with representatives, including Mr Brereton, from Hutchison Whampoa. What other stevedores have you met with who are interested in being the third stevedore?

**Mr JOSEPH TRIPODI:** First of all, I would like to clarify the answer I provided earlier in response to your question regarding whether I met with Hutchison, who may be a potential tenderer for the new third terminal at Port Botany. I would like to point out that at this stage the request for proposals has not yet commenced. Once that request for proposal opens, for probity reasons I will not discuss with any potential tenderer the request for proposals or any matter that touches on the tender process. I also want to point out that the selection of the preferred tenderer will meet the highest probity standards and will be overseen by Sydney Ports Corporation's probity advisers Deloitte.

**Ms LEE RHIANNON:** Are you saying that when you met with Hutchison Whampoa that it was not about being a third stevedore at Port Botany, it was just preliminary talks about being a third stevedore at Port Botany?

**Mr JOSEPH TRIPODI:** It was quite a while ago, from memory.

**Ms LEE RHIANNON:** When?

**Mr JOSEPH TRIPODI:** Quite a while ago.

**Ms LEE RHIANNON:** Could you find out please?

**Mr JOSEPH TRIPODI:** I will try.

**Ms LEE RHIANNON:** Could you take that on notice?

**Mr JOSEPH TRIPODI:** It was prior to the EOI process.

**Ms LEE RHIANNON:** So you will take that on notice when you met them?

**Mr JOSEPH TRIPODI:** I will try to get an answer to you on that. It was a general meet and greet and an expression that they were keen to see it go ahead.

**Ms LEE RHIANNON:** Have you had any other similar meetings with other stevedores—a meet and greet—who are interested in it going ahead?

**Mr JOSEPH TRIPODI:** We have stevedores from all around the world dropping in all the time.

**Ms LEE RHIANNON:** I know you do, but my question specifically about Port Botany was have you had a meeting with another stevedore who is interested in being a third stevedore at Port Botany?

**Mr JOSEPH TRIPODI:** Yes.

**Ms LEE RHIANNON:** Who are those other ones?

**Mr JOSEPH TRIPODI:** As I say, they come in all the time. I had a meeting with Patrick not long ago.

**Ms LEE RHIANNON:** But they are not interested.

**Mr JOSEPH TRIPODI:** I think they are interested.

**Ms LEE RHIANNON:** You are saying that they are?

**Mr JOSEPH TRIPODI:** I think they are. There were discussions about it. I meet with stevedores all the time and if they want to be part of the process they are welcome to. I am happy to meet with them at any point.

**Ms LEE RHIANNON:** Can you nominate any others, even a couple who are interested in being the third stevedore, apart from Hutchison Whampoa?

**Mr JOSEPH TRIPODI:** Given that I have not been briefed on exactly who the participants are in the EOI process it would be difficult to answer your question. But in terms of any stevedoring or port business around the world it is common practice that when they are in Sydney they come in and visit the Ports Minister. So I have met with many people who may be participants in this process.

**Ms LEE RHIANNON:** When they walked in the door did they ask you a question about being a third stevedore at Port Botany?

**Mr JOSEPH TRIPODI:** The world is aware of this and they often ask about how plans are progressing.

**Ms LEE RHIANNON:** So the only one you actually remember at the moment is Hutchison Whampoa who specifically asked about it?

**Mr JOSEPH TRIPODI:** What I am saying is I have met with many stevedores and discussed the Port Botany expansion and the T3 opportunities.

**Ms LEE RHIANNON:** In an earlier question about Port Newcastle you spoke about China Shenhua as one of the operators that would be locked out if you accepted the recommendations of the commission of inquiry. What other coal companies would be locked out as well as China Shenhua if you went with the take or pay contracts?

**Mr JOSEPH TRIPODI:** There could be potentially many. There could be, for example, current coal producers that are supplying domestic markets who may choose to switch to the export market.

**Ms LEE RHIANNON:** But normally they do that with one of the big operators like BHP.

**Mr JOSEPH TRIPODI:** No, they could do it themselves.

**Ms LEE RHIANNON:** They could but normally they go in under the umbrella of somebody.

**Mr JOSEPH TRIPODI:** I do not have a crystal ball to know what commercial decisions they are going to make, whether they are going to seek an export market or a domestic market. I also do not have a crystal ball about what divestments existing coal producers may make of coalmines and whether they sell it off to a different company who may then seek to get access to the port terminal.

**Ms LEE RHIANNON:** But the only company is China Shenhua and you cannot think of others at the moment—and that is certainly the one that is being talked about that would be disadvantaged. In your earlier question you talked about small and medium type coal companies. Surely you were not suggesting that China Shenhua is a small company?

**Mr JOSEPH TRIPODI:** Not at all.

**Ms LEE RHIANNON:** Precisely. But that is where there was that deception in your answer; that you were making out that it will be these small companies and that you are out there defending these small companies.

**Mr JOSEPH TRIPODI:** No.

**Ms LEE RHIANNON:** That is what you stated, Minister.

**Mr JOSEPH TRIPODI:** No, that is not my recollection. My recollection is that we were talking about potential small- and medium-size coal producing investors that would find it extremely difficult to get access to the terminal if the Government were to agree to the industry agreement.

**Ms LEE RHIANNON:** But is not why you are going in to bat so hard where you have got offside all these coal companies—

**Mr JOSEPH TRIPODI:** So have you, Lee Rhiannon, and you are a person of principle too, I am sure.

**Ms LEE RHIANNON:** —and extraordinary statements about horses heads being delivered by yourself; it is a pretty ferocious battle that is going on there—is not why you are working so hard to ensure that China Shenhua gets a deal with the coal loader because they are willing to pay the Government an extraordinary amount to explore and mine for coal, like possibly \$600 million, and you are not getting that out of other coal companies?

**Mr JOSEPH TRIPODI:** The only reason I am taking this policy position is, unlike you, Lee Rhiannon, I believe in the marketplace and I believe the marketplace should be contestable.

**Ms LEE RHIANNON:** Are you still willing to say that this week?

**Mr JOSEPH TRIPODI:** I believe in the marketplace and I believe that it should be contestable and government should not as a matter of policy be seeking to be party to barriers to entry, because ultimately it is not in the interests of the industry. That is the only reason.

**Ms LEE RHIANNON:** I know it is outside your portfolio but it obviously leads to it: if you believe in the marketplace you are not too happy with what Mr Rudd and Wall Street are bringing down?

**CHAIR:** That is outside this Committee's area of concern. Just some general questions, Minister. One of your responsibilities is to ensure the protection of the environment in State waters. Can you outline if there have been any recent cases of ships discharging oil or other materials into the harbour from a pollution point of view?

**Mr JOSEPH TRIPODI:** I am advised that there has been nothing major. There are very occasional small leaks of oil. But generally there are none that I am aware of.

**CHAIR:** In your report you talk about recreational licence applicants. My understanding is that in the past a licence could be obtained by simply an examination. Has that been changed to include now a practical test for recreational licence applicants?

**Mr JOSEPH TRIPODI:** We are working on preparing ourselves for the middle of next year. We are working out what the practical components of a test would be. One of the standards that we brought in is the requirement to do a boating safety course that can be done online or it can be done with a service provider. But the new element of the licensing—and it was in response to quite legitimate concerns about the fact that you could technically and possibly get a licence without having been in a boat; I was concerned about that and as a consequence I have ordered a practical component test—at the moment we are nutting out the content of that element of the test to secure a licence.

**CHAIR:** You said it would start January next year?

**Mr JOSEPH TRIPODI:** No, it seems like the middle. We do not want to be committed. It depends on the content of it. We will do it when we believe it is the most appropriate time, but we are working out the content of that practical component element.

**CHAIR:** Do you have a rough idea of what it might be? Is it an hour or two hours in a boat or—

**Mr JOSEPH TRIPODI:** That is the subject of deliberation at the moment. We are focusing more on what is the content of the practical component, the competencies, because there are many, for example, young people whose parents may have had a boat and they have been on a boat for many hundreds of hours; there is no point in putting them through a time test because they probably would have a whole range of competencies that someone could verify, and at the same time, on the other side of the equation, you could have someone who may

need more hours than what we specify. So it is more a competency-based assessment rather than a time-based assessment.

**CHAIR:** So it would be very flexible?

**Mr JOSEPH TRIPODI:** Yes.

**CHAIR:** Minister, you mentioned support for the volunteer marine rescue organisations. I note that you made a grant to them this year. You went on to say that there was an amalgamation process. Could you outline that amalgamation process? Which organisations are amalgamating?

**Mr JOSEPH TRIPODI:** The New South Wales Government has a long history of productively working with our volunteer marine rescue agencies. In 1998 NSW Maritime entered into an agreement with the State Rescue Board to provide funds to three volunteer marine rescue organisations—the Australian Volunteer Coast Guard Association, the Royal Volunteer Coastal Patrol and the Volunteer Rescue Association. Since 1998 more than \$8.7 million in funding has been provided under the agreement, which includes \$1.3 million for 2008-09. The funding is used to purchase new vessels, set up search and rescue coordination centres, train volunteers in radio operations and rescue procedures, and to help volunteers obtain commercial qualifications. In addition to these funds, NSW Maritime waives annual registration fees and reduces periodic survey fees by 50 per cent for the New South Wales volunteer marine rescue units. These arrangements recognise the service that these organisations provide to the boating community and the vital role they play in promoting marine safety and preventing loss of life on our State's waterways.

**CHAIR:** Has there been any reaction from the volunteer members of those three organisations about the amalgamation? Are you confident that the membership is happy and fully supports it?

**Mr JOSEPH TRIPODI:** In one of my previous answers I said that 93 per cent of the submissions supported the amalgamation. Obviously, there are many emotional attachments and cultural differences between the organisations and members have invested a large part of their life in their organisations. We will be very sensitive in how we progress this process, which we believe is in the public interest, while trying to capture the value that exists within the organisations, particularly the strong history and sense of volunteerism that characterises them. I am aware that it will be very challenging and difficult for some people. They have a range of different skills and we do not want to lose any of them in the process; we want to capture and maximise those resources. We will be handling the situation in the most delicate way possible to ensure that each of the organisations, and particularly their members, feel comfortable with the new rescue organisation and that it is effective in serving the public interest when it comes to boating safety.

**CHAIR:** I was referring to the membership of those three organisations, not to the submissions from people who might think it is a good idea.

**Mr JOSEPH TRIPODI:** There is overwhelming support amongst the membership of all three organisations. As I said, 93 per cent of the submissions—and I understand that most of them come from the members of the different organisations—state that it is the right thing to do. As I said, many of them have an enormous history and emotional attachment to their organisation. However, they see the merits of what is being proposed. Almost all of the industries embrace this reform agenda.

**CHAIR:** Will the three independent names disappear as part of the amalgamation?

**Mr JOSEPH TRIPODI:** Those issues have not yet been resolved. There is a proposal to go forward. I intend to allow a transitional committee to resolve these issues to whatever degree it can through a consensus process.

**The Hon. KAYEE GRIFFIN:** Can you explain how the State Government response to the Independent Pricing and Regulatory Tribunal recommendations will enhance New South Wales ports by reducing road congestion and helping to improve efficiency?

**Mr JOSEPH TRIPODI:** Our key trading ports of Port Botany, Newcastle and Port Kembla are powerhouses of the New South Wales economy. They handle more than \$60 billion worth of trade each year. The Rees Government is committed to the New South Wales Ports Growth Plan, which is delivering a major expansion in port capacity. Works are underway at all three of our major trading ports with projects including

the \$1 billion expansion of Port Botany, the Outer Harbour Development at Port Kembla; and a new \$1 billion coal terminal at Newcastle. These projects will help to secure the trade capacity that underpins the New South Wales economy. The Rees Government is also committed to undertaking reforms to ensure that these increases in infrastructure capacity are complemented by matching increases in productivity and efficiency. Two recent reviews have highlighted the opportunity to improve the efficiency and competitiveness of our ports: the Port Regulation and Competition Review undertaken as part of the Council of Australian Governments Competition and Infrastructure Review Agreement and the Independent Pricing and Regulatory Tribunal review of Port Botany landside operations. In response, the Rees Government has laid out a comprehensive microeconomic reform package to ensure that New South Wales ports are delivering for businesses and consumers.

Ports around the world have traditionally operated under what is known as the "landlord model" for port management. That model focuses on developing port land for use by stevedores. This strategy has been successful in developing stevedoring capacity at our ports, but it does not encourage efficient supply chains or a competitive environment at our ports. The Rees Government will be asking port corporations not only to fulfil this port development role but also to pursue new objectives to provide a competitive commercial environment and to improve productivity and efficiency at the port and in the port-related supply chain along with a new function to facilitate and coordinate improvements in the efficiency of the port-related supply chain.

The New South Wales Government has made a clear break with the past and is spelling out the need for port corporations to move beyond the landlord model. With these new objectives and function, port corporations will be expected to help align the supply chain to achieve an overall improvement in performance, thereby reducing the time and cost of moving goods to and from the port and conducting international trade. In responding to the Independent Pricing and Regulatory Tribunal's review of Port Botany's landside operations, the Rees Government has brought cutting-edge port management practices to our State. With this series of reforms we will pull New South Wales closer to the centre of the global economy. That will shorten the distance to our trading partners and reduce the time taken and costs for businesses to access international markets and for consumers seeking the latest technology from around the globe. The Government's response builds upon the projects and systems used by the largest ports in Asia, Europe and America.

Off-peak incentives are part of the plan. The Government has endorsed an off-peak incentive scheme similar to the one used in California. This scheme will encourage trucks to operate outside of peak hours, thereby helping to reduce peak-hour road congestion and increasing the efficiency of cargo movements. In Los Angeles this initiative has resulted in 40 per cent of truck movements moving from peak to off peak. That is having a dramatic effect in lifting port performance and reducing road congestion. One of the stevedores at Rotterdam, the largest port in Europe, has introduced guaranteed service times for handling trucks. A penalty of \$US62 is paid if a truck is not serviced within the time set in the performance standard.

The Government will be requiring industry to develop similar enforceable performance standards to govern port performance in this State. These new standards will be applied to all parties, including stevedores, trucks and trains, to ensure overall port performance. These requirements will be backed up with penalties for failing to meet the performance standards. The money from the penalty will be used to compensate the affected party. This will mean that more trucks show up on time at the port and that they are serviced promptly by stevedores. This will help to align the supply chain and will deter companies from optimising their operations in ways that adversely affect the rest of the supply chain and ultimately driving up the costs for consumers.

Real-time information is also a feature of the reform. Finally, new information systems will be put in place similar to those being used in the world's largest container port, Singapore. Information will be available to port stakeholders via the Internet about port performance, such as truck queues and estimated delays. This information will complement the TruckCams installed by Sydney Ports Corporation, which allow port users to monitor traffic conditions at key facilities and port access roads. This will also allow transport operators to allocate their resources more efficiently and respond more quickly to any delays. Overall, these reforms represent what is possibly the most comprehensive and ambitious ports reform agenda in the world. Their implementation will see New South Wales at the front of the pack in port management on the world stage.

This means better access to global markets for businesses and consumers in New South Wales and the delivery of cheaper imported goods and more competitive exports. The Rees Government is delivering on the Ports Growth Plan with its \$1-billion expansion of Port Botany and the tender process started to select the third terminal operator. The Government has also approved the intermodal terminal at Enfield. These projects will deliver the capacity needed to grow our international trade through Port Botany. The Government's response to

the IPART review will help to deliver a more efficient supply chain to assist consumers and businesses across New South Wales.

**The Hon. IAN WEST:** Minister, you mentioned the Government's response to the Independent Pricing and Regulatory Tribunal recommendations. Can you elaborate on how the State Government has responded to those recommendations to enhance New South Wales ports by reducing road congestion and enhancing efficiency?

**Mr JOSEPH TRIPODI:** There are many good features of this reform, but the best is the peak charging that has been proposed. The effect of peak charge access to stevedores will be, first, to create an incentive for pushing truck congestion away from the peak hour, reducing the carbon footprint.

**Ms LEE RHIANNON:** No, that is not true. There will be trucks going through these suburbs during the evening.

**Mr JOSEPH TRIPODI:** No, at the moment they are waiting at the port for quite a while. Reducing the congestion reduces the carbon footprint. Secondly, it will have the effect of encouraging the cargo to be moved by rail instead of truck. That is also an encouraging element and it will help us to achieve our 40 per cent target on rail.

**(The witnesses withdrew)**

**The Committee proceeded to deliberate.**