



26 February 2010

Infrastructure Coordinator
Infrastructure Australia
GPO Box 594
CANBERRA ACT 2601

Dear Sir

National Freight Network Plan: Call for Public Submissions

Attached for your consideration is a submission from the Port Kembla Port Corporation regarding development of a National Freight Network Plan.

The comments are those of the Port Corporation and are designed to identify the key matters which the Corporation believes are critical to the future development of an efficient freight network strategy.

Please contact me at your convenience if you would like further information or clarification on the submission's contents.

Yours sincerely

D Figliomeni
Chief Executive Officer

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Port Kembla Port Corporation – Submission to National Freight Network Plan

With the changing demographics of Port Jackson in Sydney over the years and the encroachment of commercial and residential development towards the old port area, a number of port import and export activities have transferred from Port Jackson to the Port Kembla Port.

The Port of Port Kembla is located in the Wollongong Local Government area and is approximately 80 km south of Sydney's CBD.

The changing dynamics of Port Jackson has not been immediate but a gradual process due to increasing external pressures. The pressures that have been contributory to the relocation of cargo from Port Jackson to Port Kembla can be identified as follows:

- Encroachment by incompatible developments;
- Growth of Sydney occurring on the west and south-west corridors;
- Higher and better use of the port land;
- Cost of inner city land;
- Gentrification of the surrounding land;
- Road congestion, and
- Environmental requirements.

Supporting this change the Port of Port Kembla has, over time, been developing to ensure that economic benefits to the State were not lost and that the needs of customers were not compromised.

Following is a succinct summary of the historical development of the Port of Port Kembla:

- 1854 The first coal shipment was exported from Wollongong Harbour to China
- 1883 A jetty to load coal from Bellambi was commissioned

- 1896 Designs were prepared for a Harbour at Port Kembla
- 1898 An Act of Parliament was passed creating the Port Kembla Harbour
- 1901 The first stone was laid to create the Eastern Breakwater
- 1908 No. 4 Jetty was built and extended in 1929
- 1912 A Northern Breakwater was constructed
- 1932 The main railway from Moss Vale to Wollongong was opened
- 1956 Dredging of the Inner Harbour commenced
- 1963 The Coal Berth was commissioned
- 1969 BHP No. 2 Products Berth (BlueScope Steel) commenced
- 1969 Ro Ro facility commenced
- 1973 The Inner Harbour was deepened to 42 feet
- 1974 The Iron Ore Discharge Berth was completed
- 1978 New rail loop, expanded stockpiles and new coal loading facilities established
- 1982 New coal facility was commissioned
- 1983 New Multipurpose Berth was commissioned
- 1985 Work commenced on new Grain Terminal
- 1985 The Moss Vale to Unanderra line was opened
- 2005 Premier announces approval for development of Car Facilities in Port Kembla
- 2007 East Darling Harbour was closed and cargo handled at this facility was relocated to Port Kembla
- 2007 Rail Network (not privately owned) in the Port Kembla Port acquired by Port Kembla Port Corporation
- 2007 NSW Government announced approval of the Outer Harbour Master Plan
- 2008 Car imports transferred from Glebe Island to Port Kembla
- 2010 Environmental Assessment for construction of the Outer Harbour lodged with the Department of Planning

As can be seen from the above, the Port of Port Kembla has, since its creation in 1898, been in a constant state of growth and development. Cargos that were previously handled in Port Jackson, such as coal, grain, vehicles, general cargo and others, have and continue to relocate to Port Kembla.

While the Port has to date been able to accommodate the relocated trade, planning of the national freight network has not kept pace with this redevelopment. For instance:

- The establishment /planning of intermodal facilities does not appear to be co-ordinated to take advantage of existing road/rail infrastructure;
- Regard needs to be given to inland ports or industrial hubs, such as Moss Vale (Wingecarribee) and Picton (Wollondilly);
- The national road network (AusLink) stops at the bottom of Mount Ousley (University) some 5 kms from the Port. Many representations have been made to the Federal Department to extend the network but to date all to no avail.
- The opening of the M7 in Sydney has had a significant impact on freight growth corridors and resulting road freight movements. National freight network planning to date has paid scant regard to this shifting freight pattern.
- Growth areas such as along the M7 (referred to above), west and south-west Sydney and along the national Sydney to Melbourne corridor have to date not been adequately addressed in the national freight network strategy.
- At some stage a second airport will be required for Sydney. This network will involve a change in air freight transport patterns and as such network planning must consider this impact.
- The drive appears to be to increase transport corridors serving major capital city ports rather than exploring how the freight congestion can be minimised by reallocating existing resources.

Scope of the Network

The Port Kembla Port Corporation argues that key to establishing an efficient and productive national freight network strategy is consideration of changing inputs and dynamics of the environment; it is not sufficient to just focus on existing transport and distribution patterns as, in our view, this will lead to a congested, inefficient and unproductive network strategy. There needs to be a futuristic and holistic thinking correlated with growth areas in population, warehousing, industrial estates, employment lands and currently available and future major road and rail arterial corridors. Channelling freight through heavily populated residential and commercial areas generates a hunger for capital resources, logistic inefficiencies, environmental negativities and community angst.

The network plan needs to be one that gets away from traditional thinking and short-term decision-making trying to address an immediate problem, to one that explores and identifies options, alternatives and possibilities which generate longer-term benefits for the economy and the community.

The desire to constantly move large volumes of freight through busy congested areas is difficult to fathom when other options and alternatives are available. It is also important in defining the scope that consideration is given to an efficient and productive network which allows efficient and easy flow of freight, whether it be by road, rail or sea. It is the Corporation's view that a national freight network plan must provide for all 3 modes of transport as to do otherwise will place unnecessary strain and risk on the mode(s) of transport used.

The scope needs to be extensive; it needs to consider the main points of entry and exit into the country and how these pivot points, such as ports, are fed. It also needs to consider whether the existing arrangements are efficient or productive or whether a paradigm shift is necessary as more economic options are presented.

It is also important to focus on the infrastructure available and required to service the major arterial freight corridors etc and entry and exit points to facilitate the establishment of estates for future economic development. Concentrating more freight into congested areas is not a long-term solution and while it may address the immediate needs it will not avoid the future cost to the community and the economy.

The landscape is littered with decisions made based on short-term solutions. The national freight network plan needs to rise above such pressures and truly focus on efficient and productive outcomes. Alternative ways of meeting the requirement need to be identified and costed as this will truly provide the best economic outcome.

Freight Use and Priorities

All indications to date are that Australian freight will increase significantly in the next 20-30 years. It is evident that in many of the strategic arterial corridors mounting congestion will become a problem, particularly so in capital cities.

As new lands in the outer areas of capital cities are opened up for development, such as residential, industrial, commercial and employment lands, the freight landscape will change. As mentioned previously, the opening of the M7 has significantly changed the usage and distribution patterns for the Greater Western Sydney industrial area. Similar developments occurring across other parts of the country will have a like impact. To address this changing landscape transport planning needs to be sufficiently broad to consider the diversity of developments and the impact on the future efficiency and productivity of freight.

Land transport, both road and rail, at various points of the freight network, suffer limitations and congestion. Some of these can be alleviated by alternative routing of port receipt and distribution points; however, to date there has been a reluctance to do so primarily due to the pricing and carriage

arrangements of containerised cargo. For instance, ships generally are responsible to load/discharge a container at a particular port whereas the land side cost is carried by the cargo owner and in many instances is carried by the community. Further, some of this problem can be alleviated, particularly where there are significant distances, by using coastal vessels; however, Australia does not have a coastal vessel service and the legislative framework at this stage is not conducive to such a possibility. This is an area that needs to be addressed.

It is difficult to specifically identify priorities as all are equally important to service the various markets but one of the looming issues appears to be the capacity of the rail network and its ability to handle growth, particularly where there is shared infrastructure between passenger and freight services.

A key factor in all of this is the need to retain flexibility to ensure more equitable and efficient use of available resources, which includes providing the framework for a coastal shipping service to compete on a level playing field with international shipping.

Movement of freight will generally be driven by many factors, including the origin and destination of cargo, distribution centres, ports, etc. In progressing a network plan an important input is to identify, from a national level, how trade to and from our ports and other industrial zones will be serviced. It is important that there are good road connections, major arterial corridors and that the impact on the community is minimised wherever possible. Due to historic planning, in many capital city ports many of the roads, including rail corridors, leading to our ports, have limited capacity for growth without significant expenditure being incurred (tunnelling, bridges, etc).

An option to incurring such expenditure is the use of regional resources, while maintaining the opportunity for separation between industrial and community areas. Such options have many lasting benefits including:

- Minimising congestion in capital cities;

- Improving freight efficiency and productivity;
- Creating jobs in regional areas;
- Diversifying regional industry (away from, in many cases, a mono industry); and
- Reducing travel times.

Operating and Infrastructure Standards

First and foremost it is important that OH&S standards are not compromised and these are always the priority in any decision-making process. Having said this, the need for operating and infrastructure standards is such that it is not always possible or advantageous to apply a one size to fit all.

From time to time there is the desire to ensure uniformity and while this is desirable it equally needs to be such that the uniformity and the policy does not stifle innovation and efficiency.

The standard needs to suit the occasion; for example, having a requirement that all rail infrastructure provides for double-stack of containers with the full knowledge that the possibility of achieving this movement from point A to point B is highly unlikely, will impose an additional cost while the benefit (if any) of double-stacking may never be realised due to other limitations and costs of incorporating these into the whole system. The infrastructure standard needs to be carefully considered, particularly when proposed efficiencies are unlikely to eventuate and other alternatives may be available.

Provision of infrastructure needs to be considered on the basis of fit for purpose, now and into the foreseeable future. With this in mind, consideration of standard operating and infrastructure standards has merit.

Ownership and Control

This is a complex question and needs to be addressed as part of the development decision process, which includes risk of ownership, financing and cost recovery.

Governments have a responsibility to ensure that infrastructure is available on a fair and equitable basis to the community and for economic development of the country. However, where the infrastructure is used for a particular purpose, such as within a port or particular freight corridor, etc, then options other than Government ownership control should be explored, particularly where the project is commercial in nature and there is a need for ongoing future funding to meet growth requirements.

The responsibility for ownership and control needs to be considered on a project by project basis and again a 'one size fits all' approach will not always result in the best outcome.

Planning Regimes

It is fair to say that all levels of Government have a strong involvement and responsibility for the orderly planning of infrastructure, etc. Where there is infrastructure which crosses between Australian, State and Local Government boundaries then it is important that there is a single planning body to approve and oversee such a planning process. To do otherwise may severely restrict the efficiencies that can be gained and, due to parochial interests, the project may be delayed or, at worst, not proceed.

For major arterial corridors, whether they be road or rail, both State and Australian Governments have a responsibility and, as such, it is important that co-operation and co-ordination are key.

A further point for consideration is to ensure that criteria in planning decisions are consistently applied across the country and over time. There has to be

the capacity to respond to changing needs where growth areas and transport planning have fallen out of sync. It is important that the two are not looked at in isolation but form part of an integrated and co-ordinated network.

There is advantage in having a single planning regime when the activity is across borders.

Regulatory Responsibility

Where there is a national freight network plan it is important that all regulations relating to the movement of freight are synchronised.

Unfortunately the current predicament is that different Local Governments and even State Governments have varying load limits, legislative requirements, etc, which increase costs and reduces productivity and operational efficiency to the community.

Currently there is a disjoint with Local Councils imposing various operating hours and load limits which can create problems further upstream, particularly where operations are condensed to day time hours only, resulting in the inefficient use of resources and infrastructure and possibly increasing congestion during peak travel times. Where there is freight moved on the national network this responsibility should reside with the Australian Government; on major state arterial corridors responsibility should be with the State, and on community roads within Local Council areas then these naturally fall within the ambit of the local authorities. Within the local authorities the roads should not be ones which provide major connections to arterial corridors.

It is essential that a national freight network to and from ports, employment lands, industrial estates, intermodal terminals, etc, are synchronised with respect to load capacity, operating hours, etc.

Financing, Cost Recovery and Funding

Financing and cost recovery of infrastructure projects has capacity for both public and private funding, with each project being considered on its merits.

Public and private funding will have different drivers and different expectations in relation to returns on investments, timeframes for capital recovery, etc, and these need to be weighed up in relation to the community benefit that will be generated. Where there are commercial imperatives for infrastructure then these are best funded privately and cost recovery left to the private sector. Where there are multiple users of the infrastructure then the option of the infrastructure being publicly provided should be considered but with an appropriate cost recovery regime in place. Where there are wider public benefits, while private sector funding may be a possibility, there needs to be some oversight from a Government perspective.

Governments have competing demands for scarce resources and it is important that financing of infrastructure by Government is undertaken where the following is desired:

- Desire to change distribution patterns;
- Project is not commercial per se but has wider commercial benefits;
- Is part of a national network;
- Desire is to open up new areas for development, and
- Encourage a modal shift in freight or pattern of use.

In such instances "tolls" may be appropriate on a user pays basis.

Overall, there is a significant growth in freight forecast over the next 20-30 years. It is imperative that infrastructure provision keeps pace and whether it is by private or public funding at this stage is of less importance as long as for commercial projects the appropriate cost recovery mechanism is in place. To avoid provision of necessary infrastructure will impose considerable

constraints on the economic growth and development of this country. The prerequisite is a solid plan which supports the current and emerging development areas of this country, the main ports for imports and exports, and how resources that are currently available can best be utilised.

The plan needs to consider the point to point movement of freight to major warehousing and storage areas and ports. The distribution network needs to be clearly laid out and the land corridors protected for the future benefit of all.

