# Some thoughts on NSW ports

An excellent article was recently posted at Mr John Menadue AM Pearls and Irritations site; ‘JOHN MENADUE. *Gladys Berejiklian and NSW Ports’* http://johnmenadue.com/blog/?p=9213

It attracted considerable interest and some readers offered comments covering matters such as:

* Whether privatisation is worthwhile;
* Explanations by the NSW government as to whether and why Newcastle is restricted in developing a container terminal;
* The role of the media in uncovering the facts about the Newcastle restriction;
* Port Botany expansion and the resultant ’need’ for Westconnex;
* Whether Newcastle could have been a better container option than a Botany expansion;
* Light rail in Newcastle and Canberra.

After reading the comments the jadebeagle thought it worthwhile to add a few. These follow.

**Port Botany**  
Port Botany is in a good location, is well run and is there to stay. Like most ports and airports, many local residents would prefer it was somewhere else and their concerns are often legitimate. Keeping ports on their toes about these matters is no bad thing!

The dominant issue for Australia’s city ports is access from the land side; encroachment towards the port and the road (truck) and rail routes that lead to it. Urban ‘densification’ and ‘gentrification’ are gradually moving industrial areas further from the existing ports; meaning their international ‘supply chains’ are both longer and increasingly traverse suburbia.

As people don’t like trucks this issue has economic and amenity dimensions; hence freight policies/strategies, which in Australia must have sea ports at their centre, need to aim to align least financial cost pathways (along which freight will flow) to least total economic (financial, external and amenity) cost pathways. Virtually none of very many government freight policies in Australia recognise or adopt this stance, hence the continuing tensions between freight and the community.

To illustrate the importance of pathway-land access, road transport accounts for around half of port interface costs for Australian container ports, roughly equalling all port, ship call, customs, brokerage and stevedoring charges (combined). Moreover there are apparently large inefficiencies evidenced for example by chronic underutilisation of truck capacity; on average trucks carry 1.4 containers (teu) per move at the port; probably less than 50% utilisation. This is despite great efforts by ports and stevedores; causes probably include a failure of the road charging system and unwarranted vehicle restrictions.

Trade through city ports continues to grow rapidly. Port expansion in most cases is necessary, the alternative is a substantial drag on the national economy and less Australian jobs. At the rare extreme relocation of existing port activities to a new site can offer the least total economic cost pathway; this is not the case for Botany, but may have been for parts of Sydney Harbour.

The key issue for city port expansion is the adequacy and amenity of road and (increasingly) rail access, the latter of which depends on rail terminals in urban industrial areas. This is certainly true for Botany.

The terminal expansion at Botany makes eminent sense if a series of rail terminals are set up in western Sydney.

There are several suitable sites and the one at Minto seems to work very well even if it is on the wrong side of the tracks.

The need for terminals is one of the reasons governments are interested in the Moorebank sites. While not having the figures I suspect Moorebank will be necessary but not sufficient for freight in Sydney.

**Botany and Westconnex**

Comments on the post mentioned Westconnex. Again, the details are not at hand but the issue is whether Westconnex will be adequate – ‘big enough’ – assuming it does actually connect to the Port Botany precinct; a connection which was omitted from some earlier iterations of the M5 expansion (which forms part of Westconnex).

The question of Westconnex adequacy arises from the fact that cars dominate traffic on Sydney’s roads. What capacity is available for trucks?

Some previous iterations of the M5 expansion were done when the Port Botany was limited to around 3 million teu rather than its present capacity which is probably over 8 million. Also at present ‘dangerous goods’, some of which come from the port, are not permitted in road tunnels.

One could ask: why not a road dedicated to trucks between Botany and at least part the way towards Sydney’s industrial areas? Don’t expect a sensible answer.

**Botany and Port Kembla**

At some point in the future it is likely that some Sydney containers will be put through Port Kembla. For this reason, I think the NSW government’s approach to sell both Botany and Kembla to the same party was right.

Land side issues also are relevant to Port Kembla. The most efficient and amenable method of transporting many containers from Kembla to industrial land in south west Sydney, maybe even Moorebank, is probably rail.

At present the Illawarra line (Tempe-Hurstville-Sutherland etc) is used for much Port Kembla freight including coal. The state government’s ‘plan’ for a metro railway poses a risk to this; one version of the plan had part of this line converted to metro.

If so the only reasonable solution might be completion of the line from Maldon (near Picton) and Dombarton (near Wollongong). This would have the advantage of taking freight away from the more crowded parts of the Sydney basin thus improving overall amenity.

**Botany and national policy**  
Most of these matters (and others, including issues for Australia’s bulk and regional ports) were dealt with in background to the Council of Australian Governments 2011 national ports strategy.

While there was to be an annual public statement of progress on the strategy, I am unaware of any to date, except for South Australia.

**Newcastle**

Irrespective of Botany’s expansion, or containers at Port Kembla, there is no legitimate public policy reason to constrain a private owner of Newcastle port from developing a container terminal.

It probably would not compete with Botany, and could handle the many thousands of containers from northern NSW which unnecessarily traverse the crowded M1 motorway, main north rail line and inner Sydney to Botany. The comments by NSW ports Minister, the Hon. Duncan Gay MLC on this issue are, to me, ridiculous.

**Concerns about the secret Newcastle arrangements**

The secret container cap and penalty arrangement for Newcastle raises several types of additional concerns

1. ***Privatisation***.

Some have a concern about privatisation of the port. The default setting for a private port, by law, is for it to maximise profits.

In Australia, publicly owned ports, such as Newcastle was, typically aim for an adequate income stream agreed with the government while seeking to also facilitate trade for regional development.

Newcastle was, and is, excellently managed. In these circumstances privatisation is unlikely to improve efficiency or effectiveness.

The Independent Commission Against Corruption’s Operation Spicer report indicated that the port’s attempts to develop a container terminal were being frustrated by members of the previous Labor state government; in theory privatisation should reduce such meddling.

1. ***Land transport and urban development***.

Those interested in efficient land transport and urban development, including reductions in congestion, should have concerns about the restrictions on Newcastle.

It would seem better to have northern NSW containers go through Newcastle than Botany. This would boost the Newcastle and northern NSW economies and jobs, especially in rural areas. It would reduce congestion in Sydney, and perhaps most importantly assist diversification of Newcastle’s economic base which will be essential in the future.

This does not mean that a container terminal at Newcastle must be established, but it does mean that establishment should not be penalised.

1. ***Competition***.

The potential for a container terminal at Newcastle would create contestability, a real threat of competition, in a significant market. This would exert pressure on costs faced by businesses that currently rely on Port Botany’s facilities. This is one of the matters the Chairman of the ACCC, Rod Sims, had in mind when recently throwing doubts on the practice of privatisation in Australia.

1. ***Democratic accountability***.

Parliamentary scrutiny and therefore public assessment of the cap and penalty deal was avoided via a claim of ‘commercial in confidence’ of the relevant documents.

In September 2015 in response to a question about whether there was a cap, both Minister Gay and (then) Treasurer the Hon. Gladys Berejiklian MP told parliament there was no legislated cap, a trite comment given parliamentarians are legislators.

Later explanation of these answers was to the effect that the word ‘legislated’ was carefully chosen because the arrangements were commercial in confidence.

Whether this was intentional or accidental is beside the point; in any event the state government initiated the transactions within which the cap was embedded ie. the sales processes.

Whatever people think about the first three matters, and views do vary, in my view the last matter is utterly unacceptable. High Court Justice Gageler AC recently said in a different context:

*‘The ever-present risk within the system of representative and responsible government …….. is that communication of information which is either unfavourable or uninteresting to those currently in a position to exercise legislative or executive power will, through design or oversight, be impeded by legislative or executive action to an extent which impairs the making of an informed electoral choice and therefore undermines the constitutive and constraining effect of electoral choice’*

**Newcastle light rail**

One comment mentioned Newcastle light rail. The initiative took shape while Ms Berejiklian was Minister for Transport and Minister for the Hunter.

The line is reportedly to be around 2.2km long, somewhat less than maximum train length in NSW, possibly around the same length as amusement park or toy trains rides.

The peak frequency is said to be a tram every 10 minutes; off-peak it may well be faster to walk.

Despite this as far as I know ‘the plan’ does not dispense with Hamilton Junction and thus does not improve, and may in fact degrade and delay the operation of urban, and all rural and (non-coal) freight trains in northern NSW, including all interstate trains.

The ‘plan’ retains, and considerably worsens (with more to come) the effect of, the Beaumont Street Hamilton level crossing notwithstanding that one purpose of the ‘plan’ was to reduce the inconvenience of level crossings. I would be happy if corrected on this.

The light rail is reportedly funded by the proceeds of the sale of Newcastle port.

Cynics might view this as reinforcing a recent post where I ask, in reference to Sydney infrastructure projects, whether ‘the legacy’ will be remembered as selling silverware to buy things of much lesser, if any, value.

**In conclusion**  
I think Mr Menadue’s post was unduly charitable.

The litany of problems noted above should be staggering; bad landside planning for Australia’s most important international container port; policy-makers ignorance of basic freight principles; the Sydney metro threatening Kembla; Newcastle port being nobbled; an (at best) pointless light rail line of toy train length; the Council of Australian Governments apparently being ignored by officials and informed democratic accountability being impaired.

As they say ‘a very special effort’.

No wonder some fear for Australia’s competitiveness and loss of respect for institutions.

J Austen  
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