

# Draft Ports and Freight Strategy

NSW Business Chamber Submission



## The Ports and Freight Strategy

The development of a Ports and Freight Strategy is supported by the NSW Business Chamber. The NSW Business Chamber is one of Australia's largest business support groups, helping around 30,000 businesses each year. Founded in 1885, the NSW Business Chamber works with thousands of businesses, from owner operators to large corporations, from product-based manufacturers to service provider enterprises.

The NSW Business Chamber is a leading business solution provider and advocacy group with strengths in workplace management, workplace health and safety, industrial relations, human resources, international trade and improving business performance. Operating throughout a network in metropolitan and regional NSW, the NSW Business Chamber represents the needs of business at a local, State and Federal level, advocating on behalf of its members to create a better environment for industry.

Given the importance of freight to the NSW economy, both now and into the future, a Strategy which directs ports and freight policies will help guide business investment across NSW. The Strategy correctly identifies the importance of enhancing the efficiency of current infrastructure, increasing capacity across the network and making the network sustainable.

### Aviation should be included

However, it is concerning that the Strategy fails to make mention of one of the key modes of freight transport in NSW. Discussion and actions around air freight and airports are omitted from the Strategy. This is despite the significant projected growth of international and domestic air freight tonnage demand in the Sydney region. Air freight demand at Kingsford Smith Airport (KSA) is forecast to grow from 0.5 million tonnes in 2010 to 1.1 million tonnes in 2035, out to 2.3 million tonnes in 2060. Other airports in NSW are also expected to experience significant growth: air freight demand at Newcastle Airport is forecast to grow by 2.9% per between 2010 and 2060, while Bankstown Airport and Canberra Airport are expected to grow by 1.2% and 4.2% per annum respectively over the same period.<sup>1</sup> Air freight comprises a small proportion of Australia's trade by volume, however it generally comprises high-value and time-sensitive imports and exports that make up over 20% of trade (over \$100 billion) by value.<sup>2</sup>

While aviation is a federal issue, the NSW Government should also have a strategy in place which addresses how it intends to work with the Federal Government on this issue. This is not only because a significant number of NSW businesses will be affected by aviation policies – both directly and indirectly – but also because the NSW Government will also need to develop related policies. These related policies mostly include broader land use and transport planning e.g. having sufficient transport corridors both to and from airports, ensuring residential encroachment does not occur (including under flight paths), and enabling sufficient space for warehousing and supporting businesses.

The NSW Business Chamber supports the eventual development of a second airport in Sydney to support KSA, which will remain the main passenger and air freight hub in Australia. While KSA still has remaining capacity, it is imperative that the Federal and NSW

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<sup>1</sup> Federal and NSW Governments (2012) *Joint Study on aviation capacity in the Sydney region*.

<sup>2</sup> Deloitte Access Economics (2012) *The Economic and Social Contribution of Australian Airports*, p. 6.

Governments agree to develop a second airport for Sydney, and decide on a site for this airport now so that adequate planning – both for the site itself and broader land use and transport planning – can occur. This will also signal to businesses and investors that the Sydney region will have adequate transport capacity well into the future.

The best location for a supplementary airport is Badgerys Creek. It is located near western Sydney businesses and transport links, and is also already owned by the Federal Government. The NSW Government and Federal Government need to work together on progressing this site as Sydney's second airport.

Apart from the need for a greenfield airport, the NSW Ports and Freight Strategy should also consider the role of existing airports. There is still significant room for KSA to expand its capacity. Sydney Airport Corporation Limited has outlined that its next Master Plan, to be released in December, will include plans to reconfigure the terminals which will help spread peak demand. However, there still remain regulatory constraints inhibiting capacity at KSA. Raising the cap to 85 or more movements per hour and redressing the number of flights allowed in the shoulder curfew period will help to enhance capacity at KSA, potentially delaying the need for a second airport to come online for several years.

It is pleasing to see that the NSW Government has written to the Federal Government to propose a joint approach to dealing with aviation capacity in Sydney. This is a necessary first step however much more progress on this issue is needed. The NSW Business Chamber strongly supports a bipartisan approach from all levels of government for enhancing the capacity of KSA as well as for building a new airport at Badgerys Creek.

As well as maximising aircraft movement capacity, airport infrastructure such as large freight handling facilities, need to also be considered for their contribution to the efficiency of the freight network. Developing large freight handling facilities within or near airports helps to build capacity through processing greater volumes of freight and also doing so with increased efficiency. This is particularly important for lighter and high-value goods, which is the type of freight most commonly transported via air.<sup>3</sup>

Land use and transport planning around airports fall under the NSW Government's responsibility. There needs to be a clear strategy in place for accessing airports in NSW as well as for zoning land in surrounding areas to attract businesses. This is not only for KSA and Badgerys Creek, but also for other airports in Sydney such as Richmond and Bankstown, given it is likely these locations will take on more aviation as demand for services increases. Bankstown Airport is currently considering the feasibility of expanding overnight freight operations to facilitate a dedicated larger freighter aircraft.<sup>4</sup>

This is also true for airports outside Sydney, such as Canberra and Newcastle Airports. Newcastle is likely to continue to grow to meet the passenger transport and freight needs of the surrounding region, and the NSW Government therefore needs to ensure that transport links are adequate for projected aviation demand. Canberra Airport has capacity to grow significantly. It could provide an overnight freight hub for NSW, therefore it is imperative that its curfew-free status is maintained. Land use decisions made on surrounding land needs to ensure this will not force a curfew to be put in place, which would limit Canberra's freight potential.

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<sup>3</sup> Deloitte Access Economics (2012) p. 18.

<sup>4</sup> Deloitte Access Economics (2012) p. 18.

## Network Efficiency

### Action 1A: Identify freight movements and network demand.

Addressing the knowledge gaps in the freight industry is supported. Decisions around infrastructure investment should be governed by good cost-benefit analysis. Often there are sufficient gaps in determining costs and benefits, which can often result in projects being disregarded, under-prioritised or required to build in extra contingencies thus rendering the project unfeasible. Addressing data gaps will help to ensure that the much-needed projects are funded.

### Action 1B: Shift more freight movements to off-peak periods.

Shifting more freight to off-peak periods, where viable for businesses along the supply chain, is supported as it will enable greater flexibility for businesses and transport companies while also helping to address congestion.

As outlined in the Draft Strategy, the timing of freight movements is based on a number of factors such as local regulations, time of product demand, and labour costs. NSW Business Chamber members have identified that local regulations which restrict their operating times in certain areas are causing a significant impact on their business, whether they are freight operators or businesses along the supply chain.

Recognising that these restrictions are often applied by local governments, any actions undertaken by the NSW Government to help address unnecessarily restrictive regulations is supported. However, the draft Strategy would benefit from a clearer 'strategy' about how the NSW Government intends to work with local governments and businesses on this issue. The Off-Peak Freight Action Plan should include identification and prioritisation of areas which would benefit from more off-peak movements, along with a target and list of measures to shift more freight to off-peak.

It is important that this objective have support from local councils. Without their support and buy-in to this process, it will not provide the possible outcomes. The Local Government Review Panel is currently looking into how issues can be dealt with at a regional level instead of purely at a local government level, and this should be worth considering for this issue, given freight often travels between a number of different local government areas. This would help to also address any last mile issues which are still occurring.

### Action 1C: Develop a seamless interstate freight network.

The NSW Government should continue to support the harmonisation of state-based regulations to improve the operating environment of transport and freight companies which operate in multiple jurisdictions. This will improve the economic performance of these companies by minimising their compliance costs.

The NSW Government's commitment to work with the Victorian Government on achieving High Productivity Vehicle (HPV) use on the Hume Highway - the nation's busiest freight route - is supported and will hopefully ensure that the most efficient regulatory environment is in place for HPV access.

### **Action 1D: Improve the productivity of the road freight network.**

The system of road user charging and funding is a barrier to investing in infrastructure and permitting access to restricted access vehicles. A commitment to streamline and reform road funding is supported in principle, however there needs to be additional information provided on how the NSW Government intends to do this. Depending on the model chosen, reforms will have varying impacts on the freight industry and these must be considered. The NSW Business Chamber has been involved with the current process underway by COAG to reform heavy vehicle charging and investment.

Mechanisms to improve access for HPVs and Restricted Access Vehicles (RAVs) are supported and need to be included in the final Strategy. The road network will not improve its efficiency without improving the access of these vehicles across NSW.

### **Action 1E: Maximise network capacity by reforming rail access.**

The NSW Business Chamber supports the NSW Government conducting the NSW Rail Access Review. The Strategy should be updated to incorporate any actions arising out of the completion of this Review.

### **Action 1F: Improve efficiency of landside cargo transport.**

The Port Botany Landside Improvement Strategy (PBLIS) has been and continues to be successful in addressing landside capacity and access issues experienced in and around Port Botany.

The establishment of a NSW Cargo Movement Coordinator may help to address broader issues outside the PBLIS, such as coordinating shared use of the South Sydney Freight Line between Port Botany and Port Kembla. However, the Government must work closely with industry in developing the roles and powers of this Coordinator to ensure that it does not add an ineffective layer, nor take away from the successful operation of the PBLIS and other functioning and effective mechanisms in place. There is a risk that if this does not occur, the Coordinator may add an unnecessary layer to everyday operations, leading to confusion, red tape and inefficiency.

## Network Capacity

### Action 2A: Identify and protect strategic freight corridors.

It is crucial that current and future strategic freight corridors are protected to ensure that there is sufficient network capacity – on both road and rail – going forward to meet NSW’s growing freight task. Land use development should be carefully monitored and managed in and around these corridors to ensure the viability of these corridors over the longer term.

### Action 2B: Develop and maintain capacity for freight on the road network.

The WestConnex motorway will improve road access between Western Sydney businesses and the port. Other future motorways including, but not limited to, the F3-M2, F6 and Bells Line of Road are also vital projects which should be built when viable. Significant planning of future motorways should occur in the short-term so that these motorways are ready to proceed once funding becomes available.

### Action 2C: Enable separation of passenger and freight flows on the rail network.

To help rail meet a greater share of the future freight task, investments to separate passenger and freight in congested areas should remain a priority. Sydney’s rail network is already significantly congested, and given freight growth forecasts, this will only become more apparent. Using rail for freight can be a highly efficient mode for particular freight; therefore it is imperative that this barrier is removed so that rail can take on a higher proportion of freight transport.

### Action 2D: Develop effective port growth plans to meet freight volume growth.

The development of Port Growth Plans is supported as these will provide a long term framework to guide investment decisions for the ports. It will also help to provide business with greater certainty about the future role of the ports in helping to meet capacity.

However, it should be noted that it is likely that a large portion of this work is likely to have been undertaken by each Port already, therefore Transport for NSW should work closely with industry and each port to ensure there is no unnecessary duplication.

The future of Glebe Island and White Bay, as determined through the Bays Precinct Taskforce, should be incorporated into the final Freight and Ports Strategy. The Glebe Island and White Bay area is currently home to eight working berths and is used for shipping of dry bulk materials to China and from Malaysia, Indonesia and the US. The NSW Business Chamber supports the need for Glebe Island and White Bay to continue to operate so that Sydney Harbour remains a working harbour.

## Action 2E: Foster intermodal terminal network development

Intermodal terminals are an important part of the freight network. Having intermodal terminals in Sydney will help to alleviate congestion around the Port Botany and will provide an access point closer to business in western Sydney. It will also remove trucks of the road which will help to improve amenity and reduce congestion impacts on motorways.

It is important that the NSW Government works with terminal proponents to identify and address surrounding infrastructure needs. This is important for intermodal terminals already in existence or under development, such as the proposed Moorebank intermodal terminal, as well as intermodal terminals marked for the future such as Eastern Creek.

Intermodal terminals also play an important role in regional areas. The NSW Government should play a role in working with local councils and businesses to progress terminals in regional areas. This could also be an issue which may be better dealt with at a regional level i.e. across local government areas.

## Action 2F: Coordinate regional infrastructure and service provision.

Coordinating regional infrastructure and service provision through adopting a best practice model may help to progress regional freight infrastructure projects and enhance the efficiency of current infrastructure. The Cowra Rail Line, which is still in its early development, is a good case study for how to progress a regional infrastructure project and also demonstrates that foreign investors may find such a project to provide a good return. However, it is important that this project and other projects are not delayed until such a model is developed as this may deter investment from taking place.

## Action 2G: Develop a project program to support network capacity.

The development of a project program to support network capacity is supported as it will provide greater certainty to investors and businesses along the supply chain about what infrastructure improvements will be occurring in the future and when.

Such a program will also make projects easier to fund as it will demonstrate that there is a clear pipeline of projects and this prioritisation will be consistent with Infrastructure Australia's approach.



## Network Sustainability

### Action 3A: Embed freight requirements in planning schemes.

It is imperative that freight requirements are embedded in strategic and local planning documents. Urban encroachment is a significant barrier to the efficient operation of freight across NSW, particularly in Sydney, therefore there should be appropriate safeguards in the planning system to prevent this from happening in the future. The NSW Government needs to ensure that freight considerations are a key component of the review into the planning system which is currently underway.

Planning authorities should also have adequate awareness, skills and knowledge to be cognisant of the needs of freight in their area, ensuring that zoning and access decisions deliver an optimal outcome. The freight industry and planning authorities need to be able to have an ongoing dialogue to be able to address ongoing and one-off issues in an efficient manner.

### Action 3B: Manage congestion, noise and emission impacts of freight transport.

Quantifying the cost of congestion will help to inform decision-making through providing a greater information base to determine costs and benefits of infrastructure decisions. It should also help to prioritise projects which target the most costly routes.

### Action 3C: Prioritise safety of freight transport.

Ensuring safety in the ports and freight industry is vital for the future of the industry. The initiatives underway at the COAG level to ensure nationally consistent legislation on safety issues is long overdue. Having consistent regulations will improve compliance while reducing compliance costs of businesses which operate in different jurisdictions.

### Action 3D: Build and retain the transport and logistics workforce.

A skilled workforce will ensure that NSW's ports and freight industry remain competitive and operate efficiently and safely. A commitment to working with industry to review and address areas of skills shortages is supported.



## Contact

The NSW Business Chamber appreciates the opportunity to provide this submission.

For further information please contact:

Larissa Cassidy  
Policy Adviser – Infrastructure

p: 9458 7359

e: [Larissa.Cassidy@nswbc.com.au](mailto:Larissa.Cassidy@nswbc.com.au)