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**Transport**

CD11/08894

Ms Rebecca Newman
Senior Environmental Planning Officer – Rail
Infrastructure Projects
NSW Department of Planning and Infrastructure
GPO Box 39
SYDNEY NSW 2001

Attention: Ms Karen Rae

Dear Ms Newman

Modification Request for Port Kembla Grain Handling Terminal (DA 084/672 MOD1)

I refer to the Department of Planning and Infrastructure's letter dated 11 July 2011 inviting submissions on the project modification proposed by GrainCorp, including the Environmental Assessment (EA). The Department of Transport (DoT) appreciates the opportunity to provide comment.

The DoT has reviewed the information provided in relation to this proposal, and while the Department supports capacity enhancements at Port Kembla, the Department remains concerned that the cumulative impacts of additional freight by road into the port are currently not being comprehensively assessed and co-ordinated.

The Department of Transport recognises the importance and benefits of the grain freight task to the NSW economy. However, while freight activities produce significant economic benefits, they can also have adverse effects on infrastructure, road safety, local communities and the environment. Developing appropriate long term plans to manage the cumulative impacts from a variety of projects is therefore vital.

Port Kembla is a key gateway for NSW, as well as being a national gateway supporting international freight movements into and out of NSW. Landside infrastructure capacity plays an important role in facilitating international trade and has a direct bearing on the amount of freight that can be moved through this key gateway.

Generally, road and rail constraints caused by growth in passenger and freight traffic between Sydney and Port Kembla are impacting on market segments including coal,

iron/steel, industrial materials, construction materials, motor vehicles and interstate freight.

Overall, Port Kembla's freight volumes are forecast to increase from 25.5 million tonnes in 2006 to around 45 million tonnes by 2016, and 57 million tonnes by 2036. Much of this will be transported by road. The Government needs to protect the primary road freight network that serves interstate movements, significant industrial areas, freight terminals and other hubs.

Daily truck trips at Port Kembla are forecast to increase from 3,300 in 2006 to 4,000 in 2016 and 5,000 in 2036. The highest road demand locally is from Picton – Wilton to Wollongong, including high numbers of car carriers travelling on Picton Road. Sutherland to Wollongong also has very high demand; while forecasts show a major increase in volume along the Hume Highway, especially from Goulburn to Picton. This includes a new traffic generator ie. aggregate moving from the Marulan quarries to Sydney from 2013 to replace aggregate currently coming from Picton Lakes.

Road access to Port Kembla is therefore constrained. In relation to the Port Kembla Outer Harbour development, the fact that road access to the port is constrained is reflected in the requirements for road mode share limits for this project. The Department of Transport has supported these road mode share limits.

GrainCorp states that there are three conditions of the development consent issued in 1985 that prevent PKGT from operating efficiently, viz:

Condition 8 – limits the amount of grain that can be received by road to a maximum of 200,000 tonnes per annum, unless by reason of emergency.

Condition 9 – restricts the receipt of grain by road to a single shift only during daylight hours, Monday to Friday inclusive

Condition 10 – allows conditions 8 and 9 to be waived only where the Minister or the Minister's nominee is satisfied that an emergency exists.

In view of the above information, the Department's position is as follows:

- Condition 8 – removal of the 200,000 tonnes per annum cap on road receipt to allow unfettered road transport of grain is not considered reasonable. The Department is, however, happy to enter into further discussion on raising the limit, given the need to deal with bumper crop years.

Current grain export estimates assume only moderate growth (1-2 per cent per annum) in total NSW grain production (and therefore exports) over the next 20 years. It is believed that there is sufficient operating capacity for grain moving by rail into Port Kembla, except for bumper years.

- Condition 9 – could be removed, given RTA advice that there is unlikely to be significant impact on the State road network.
- Condition 10 – transport of grain by rail should be maintained and encouraged, to support current and proposed Government investment in country rail lines. The Department of Transport approach is that, beyond a reasonable increase in the current road receipt cap, any additional access to Port Kembla by road for grain

should only occur on a case-by-case basis during bumper years, or in the unlikely case of emergency.

While GrainCorp's position is that Condition 10 is impractical because of the unpredictable nature of grain production combined with unreliable rail and shipping timetables, these are supply chain issues that can be overcome in the short to medium term. It might be argued, for example, that GrainCorp could commit to greater take-or-pay contracts with Asciano, that would assure greater rolling stock capacity for the mainline haul to port.

Condition 10 could be amended to include that road may be used to deliver additional amounts of grain to the terminal, above the revised cap, if consent is obtained from the Minister or his nominee, and with advice from the Department of Transport to the Minister or his nominee that:

- There is insufficient operating capacity for grain moving by rail into Port Kembla because it is a bumper crop year, and the shipping timetable is such that short-term delivery timeframes are required, and/or
- There is some type of emergency that precludes the use of rail to transport grain to the terminal, and the shipping timetable is such that very short-term delivery timeframes are required.

The Department of Transport looks forward to entering into discussion on Condition 8. Should you wish to discuss this matter further, please contact Catherine Barlow on 8202 2247 or via email at catherine.barlow@transport.nsw.gov.au.

Yours sincerely

 20/7/11

James Li
**A/ Principal Manager, Statutory Planning
Centre for Transport Planning**