

GROWTH

DEVELOPMENT PROJECTS AND NEW OPERATIONS ARE NOT ONLY PART OF SYDNEY PORTS' PLANS FOR FUTURE GROWTH, BUT ALSO A WAY TO IMPROVE PORT EFFICIENCY AND PROMOTE SUSTAINABILITY THROUGH ADVANCED TECHNOLOGY AND PRACTICES. OUR AIM IS TO PLAN AND FACILITATE PORT GROWTH, INCREASE TRADE AND MAINTAIN ESSENTIAL INFRASTRUCTURE.

OUR PERFORMANCE AGAINST OUR 2006/07 COMMITMENTS

→ CONSTRUCT THE NEW PORT BOTANY OPERATIONS CENTRE WITH THE AIM OF ACHIEVING A 4.5 STAR ABGR AND 5 STAR GREEN STAR CERTIFICATION

Sydney Ports is building a state-of-the-art operations centre at our Port Botany precinct. Having received local council approval for the new centre, Sydney Ports has started construction with operations planned to begin in late 2009.

The energy-efficient centre will showcase an environmentally sustainable design informed by Sydney Ports *Green Port Guidelines* and will also carry a NABERS⁵ and Green Star rating. The centre allows Sydney Ports to integrate operations by reducing our present number of work locations from eight to four.

✓ RECONSTRUCT THE WESTERN CHANNEL BEACON IN SYDNEY HARBOUR

Following the sudden collapse of the structure in 2006, Sydney Ports has been working to reinstate this heritage listed asset. Sydney Ports was able to salvage the heritage-significant upper section, including the lamp house for reuse in the new structure.

✓ → PARTICIPATE IN THE BAYS PRECINCT TASKFORCE

Sydney Ports has participated in the NSW Government Bays Precinct Taskforce during 2007/08 regarding the future uses of government land including Glebe Island and White Bay.

5. The National Australian Built Environment Rating System (NABERS) is a performance-based rating system that measures an existing building's overall environmental performance during operation. NABERS has replaced the Australian Building Greenhouse Rating (ABGR).

Key: ✓ Achieved → Continuing X Not achieved

DISCUSSION POINTS

TRADE GROWTH

Sydney's ports achieved another record trade year for 2007/08 totalling 29.2 million mass tonnes – an increase of 5% on the previous financial year. Total container movements were 1,778,442 TEUs – 9.8% higher than last year. Due to the general economic conditions the increase in containerised trade in 2007/08 was slightly lower than the 12.1% growth recorded in the previous financial year.

Total full imports increased by 11% to 887,562 TEUs and total full exports grew 4.2% to 385,092 TEUs moved. This performance made 2007/08 the seventh consecutive year of growth in container trade with compounded annual growth rate over the last five years now at 8.7%.

Bulk liquids and gas trade increased by 18.1% to 796,545 mass tonnes, with major growth in gases – up 23.9%.

Total vehicles imported in 2007/08 were 260,239 units – a drop of 19.5% on the previous year. This was due to the cessation of the motor vehicle trade at East Darling Harbour on 28 September 2007.

The total number of vessels visiting Port Botany during the year was up 9.5% to 1,799. This was due to the visits of 79 additional container vessels and 78 additional bulk liquids/gas vessels.

EXPORT GROWTH

Container exports increased by 8.9% totalling more than 871,860 TEUs. Due to general economic conditions the 2007/08 *increase* in containerised exports is down from 13.6% the previous financial year.

DEVELOPMENT PROJECTS UPDATE

To cater for the expected growth in trade, Sydney Ports is planning for substantial development in coming years, as outlined below. Sydney Ports acknowledges that the global financial crisis will have an impact on trade and will consider our development projects carefully in light of updated forecasts.

BULK LIQUIDS BERTH 2

The NSW Government and Sydney Ports plan to cater for the continued growth in demand for petroleum, chemicals and gases by building a \$70 million bulk liquids berth in Port Botany. Sydney Ports submitted an environmental assessment late last year for this project.

The assessment comprised of extensive environmental studies and was prepared by Vopak Terminals. It was developed in consultation with major stakeholders including: industry; government and the community, including The Botany Bay and Catchment Alliance, La Perouse Precinct Committee, and the Botany and Regional Environment Protection Agencies.

Industry has recognised the need for this significant infrastructure investment and has supported its construction. This development enhances the State's energy security.

The berth has been designed to accommodate the largest vessels forecast to visit Sydney for the next 30 years with a capacity of 90,000 dead weight tonnes and a maximum length of 270 metres.

Following approval from the Department of Planning in March 2008, Sydney Ports has received registrations of interest (ROI) for the main design of the base infrastructure. The contract for the main design is expected to be awarded in 2009.

PORT BOTANY

Port Botany is a crucial hub for \$50 billion in trade each year, contributing \$2.5 billion to the NSW economy and supporting 17,000 jobs. Sydney Ports' \$1 billion expansion of Port Botany will ensure Sydney has the capacity to meet future trade demands.

While Sydney Ports is committed to delivering key infrastructure to the people of NSW we also appreciate the need to minimise impacts on local communities and the environment. World's best practice has been employed to consider environmental impacts, with more than 30 studies completed. The development is subject to more than 100 planning conditions to ensure the bay's environmental health and the amenity of local residents is protected.

The expansion of Port Botany has been planned in stages to minimise interference with the quality of life for the port's neighbours. A \$30 million investment in environment and community facilities is an integral part of this project. The community will benefit from a new boat ramp, pedestrian bridge and a rejuvenated beach, while seagrass, saltmarsh and migratory shorebird habitat will benefit from extensive environmental works. For details, refer to Environment section on page 14.

Developing this vital piece of infrastructure will not only allow Sydney Ports to help Sydney and NSW meet growing trade demands, but it will also enhance the local area economically and environmentally. We are working hard with the community to ensure a balance of community's expectations and needs are met with the requirements of the project.

ENFIELD

Sydney Ports' other major strategic initiative is establishing an Intermodal Logistics Centre (ILC) at the disused rail marshalling yards at Enfield. This \$200 million project, designed to create improvements and efficiency in the transport chain, has been approved by the NSW Department of Planning.

Sydney Ports and the NSW Government's strategy is to minimise the growth in freight trucks on our roads and achieve a target of moving 40% of containers by rail to, and from Port Botany. The ILC will provide an intermodal terminal that includes empty container storage, warehouse capacity and rehabilitation of the natural environment.

The ILC will generate 840 direct and indirect jobs during construction, and 850 direct and indirect jobs when operational. It will also deliver \$165 million to boost the local economy and an annual economic contribution of \$80 million.

The next step in developing the ILC is for requests for proposals for tenants and operators which was issued in November 2008 and closes in early 2009. The design process and initial works such as demolition and remediation commenced in late 2008.

Sydney Ports will continue to work with the NSW Government, commercial interests and the Enfield community to ensure delivery of an efficient logistics centre that generates the best environmental, social and financial results for all stakeholders.

OPERATIONS CENTRE AT PORT BOTANY

By the end of this year more than 80% of all shipping movements through Sydney's ports will be concentrated in Port Botany. To help cater for this growth, Sydney Ports is building a new operations centre at Port Botany. The centre will consolidate Sydney Harbour operations and bring together navigation control, pilotage, communications control and other functions needed for efficient shipping.

The new four-storey centre will showcase an environmentally sustainable design and include more than \$2 million worth of communications technology and a multi-function space overlooking the port for use by stakeholders and visitors to Port Botany.

The centre will house staff currently located in Sydney Harbour and provide offices and amenities, port navigation, communications, and training facilities. Sydney Ports has started construction with operations planned to begin in late 2009.

PILOT AND TUG JETTIES

A Pilot Cutter jetty at Brotherson Dock was completed earlier this year as the home for Sydney Pilot Service vessels. Additionally, a 35-metre jetty was built adjacent to Fishburn Road near Molineux Point. It will accommodate two tugs to meet the needs of shipping through the port. PB Towage has signed a lease for the new jetty with Sydney Ports.

OVERSEAS PASSENGER TERMINAL, CIRCULAR QUAY

Maintenance and improvements to public amenity have commenced at the overseas passenger terminal. New pavement works are complete and a new passenger gangway is due to be installed in the third quarter of 2009.

BARANGAROO (FORMERLY EAST DARLING HARBOUR)

With the end of Patrick's lease at East Darling Harbour Wharves 3-7, cargo ships will no longer visit Darling Harbour. While this brings to a close a 187-year history of wharves servicing cargo vessels, cruise vessels will continue to visit Wharf 8. The site has been transferred to the Sydney Harbour Foreshore Authority for demolition and redevelopment as *Barangaroo*.

The redevelopment will result in a new passenger terminal being developed in Sydney Harbour. The options for the location of the terminal are being evaluated by the NSW Government.



WHITE BAY

The berths at White Bay continue to be used for port operations including vessel lay-up and repair, the import of vegetable oil and handling of other bulk liquid products. The berths also provide temporary berthing for other harbour construction activities such as maintenance of the Harbour Bridge and events.

The Department of Planning continues to assess a proposal by Bailey's Marine Fuels Australia to establish a marine services precinct at White Bay. The proposal includes plans for refuelling and related amenities for barges that service the harbour islands, as well as temporary berthing of smaller vessels for repairs or maintenance.

Bailey's prepared a preferred project report in July 2007 and an independent hearing and assessment panel was convened in February 2008. An outcome of the assessment is awaited.

GLEBE ISLAND

A decision was made by the NSW Government to relocate the car import trade to Port Kembla, with the last car carrier arriving in November 2008. The NSW Government's investment at Port Kembla enabled relocation from Glebe Island and White Bay to start earlier than anticipated. Sydney Ports has worked with the car import industry, Australian Amalgamated Terminals and Port Kembla Port Corporation to ensure a smooth transition of the vehicle import trade from Glebe Island to Port Kembla throughout 2008.

The import of soda ash by Penrice has also ceased with its departure from Glebe Island.

WATSONS BAY

The closure of the Sydney Pilot Service base at Watsons Bay occurred in November 2008 following the reduction in vessel movements in Sydney Harbour.

FUTURE USE OF PORT LAND

Significant changes in the use of port land in Sydney Harbour raises the question of the future uses of port facilities. Sydney Ports is working with the NSW Government Bays Precinct Taskforce regarding the use of state-owned land including Glebe Island and White Bay.



GROWTH (CONTINUED)

COMMITMENTS FOR 2008/09

- » Continue construction of the new Port Botany Operations Centre with the aim of achieving a 4.5 star NABERS and 5 star Green Star certification.
 - » Commence construction of the Intermodal Logistics Centre at Enfield.
 - » Continue the Port Botany Expansion and procure a stevedore for the new terminal at Port Botany.
 - » Start construction of a second bulk liquids berth at Port Botany.
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