



# NEWS RELEASE

## Premier of New South Wales

### **PORT BOTANY'S \$1 BILLION THIRD TERMINAL OPERATOR ANNOUNCED**

18 December 2009

The State Government today announced Hutchison Port Holdings has been appointed as the operator of the new Third container terminal (T3) at Port Botany.

The announcement was made by the Premier Kristina Keneally on the back of record trade figures for Port Botany.

The NSW Government has appointed Hutchison Port Holdings – one of the world's largest port operators – the operator of the \$1 billion Port Botany Expansion project.

This is one of the most extensive and innovative port infrastructure projects undertaken in Australia in the last 30 years.

Port Botany generates more than \$1.5 billion a year in economic activity for the Australian economy.

The expansion will cement Port Botany's position as one of the most important container ports in the world. It is due to be built and operating for trade by 2012.

**It is expected the new terminal will deliver 9000 new jobs and boost the state's economy by \$16 billion over the next 20 years.**

Premier Kristina Keneally said: "The expansion of the Third Terminal for Port Botany is about preparing for the infrastructure needs of NSW and Australia."

"T3 will underpin future job growth as well as export and import trade for NSW and Australia," Ms Keneally said.

Hutchison operates 300 berths in 49 ports around the world, with interests in 25 countries throughout Asia, the Middle East, Africa, Europe, the Americas and Australia.

#### **Record Growth**

Despite the global economic downturn, Port Botany has posted eight consecutive years of record growth. This year, it set record monthly highs for October and November.

Port Botany sees around \$40 billion worth of trade every year, handling 1.78 million containers last year.

State Accounts data released yesterday by the Australian Bureau of Statistics reveals NSW international exports grew for the fifth year in a row in 2008-09. Growth in exports for the year was \$846 million, or an extra 1.6 per cent, while growth over the five years was \$5.1 billion, or an extra 10.3 per cent

Sydney's container trade through Port Botany hit record highs this financial year, up 0.3 per cent with a 15 per cent growth in exports, and November figures show an increase of 7.9 per cent on the same period last year.

This is the second month of new records, surpassing the October record by 2.1 per cent, with China contributing around one third of the total container trade growth.

“With the NSW Government’s record investment in port infrastructure, we are well placed to reap the rewards when market conditions improve.”

Construction on the 63 hectare third terminal began in July 2008, parallel to the procurement of an operator, and around 400 workers are on site working at Port Botany every day.

More than half the new wharf face has now been built, with 50 of the 640 tonne seven-storey concrete and steel units which make up the face of the wharf now in the water.

The terminal will have an additional 1850 metres of quay line, five new shipping berths, dedicated road and rail access, a secure estuarine environment and a new 4 lane boat launching ramp with pontoons and parking for the community.

Ports and Waterways Minister Paul McLeay said: “T3 will increase competitive tension in the sector through greater competition with the two existing stevedoring operations.”

“To be competitive in global trade we need world class facilities and international operators and that’s what we will have with this massive infrastructure investment.

“Increased competition will benefit business and the residents of NSW by reducing cargo handling charges for goods that come through the port,” Mr McLeay said.

Hutchison Chairman John Meredith said: “Australia is a major market for HPH, and we are pleased to be part of the New South Wales government’s plan to provide world-class port facilities in the state.”

“Port Botany is New South Wales’ premier port and one of Australia’s major international container ports, handling one-third of the country’s container traffic.

“We are optimistic about the future growth of Port Botany as trade increases between Australia and Asia in line with the recovering world economy,” Mr Meredith said.

#### **Port Botany Key Facts:**

- Port Botany is the Australia’s 2<sup>nd</sup> largest container terminal handling a third of all container traffic (1.78 million containers in 2008/09);
- It generates \$1.5 billion a year in economic activity;
- About \$40 billion of trade is handled by Port Botany each year;
- Over 90% of imports and exports are transported by sea;
- Long term growth rates have been consistently around the 7% mark since the 1970’s;
- Import containers make up about 50 per cent of Port Botany’s container trade; and
- Export containers account for 25 per cent and empty containers for approx 25 per cent.

## **PORT BOTANY EXPANSION OVERVIEW KEY MESSAGES**

- The Port Botany Expansion project is a billion dollar investment in the future of the NSW economy. It is one of the most extensive and innovative port infrastructure projects to be undertaken in Australia in the last 30 years.
- Port Botany is a massive commercial and government undertaking, handling a third of Australia's container traffic (or 1.78 million TEU in 2008/09) and generating \$1.5 billion a year in economic activity.
- The expansion will double the handling capacity at the port to meet the projected long-term trade growth for Sydney.
- The expansion has real impacts for the people of Sydney with 85% of trade through the port going to a home, office or factory within 40 kms of Port Botany.
- Port Botany's Container Terminals service the NSW economy for imported goods and export revenue.
- Sydney Ports Corporation needs to ensure that the Port operates efficiently well into the future and can cater for the growth in trade which is being experienced by Port Botany.
- Despite the current global economic downturn and its expected effect in the short term, Sydney Ports is preparing additional infrastructure now for growth in the long-term.
- The creation of a third terminal and operator at Port Botany will provide additional capacity and introduce further competition into stevedoring.
- It will assist with efficiency in cargo handling, making exports more competitive, avoiding congestion costs and all consumers in Sydney will benefit from reduced cargo handling costs.
- The selected operator will introduce world leading technologies which will assist in greater cargo handling efficiencies at the port.

### **Jobs**

- The 2003 Port Botany Expansion Environmental Impact Assessment reports the project will deliver 9,000 new jobs and boost the state's economy by \$16 billion over the next 20 years.
- During construction, more than 2000 direct and indirect jobs are expected to be created by the expansion project.
- There are up to 400 construction workers on site at Port Botany on a daily basis during the current phase of construction.

## **Port Botany**

Port Botany is the second largest container port by volume, and one of the largest general cargo ports, in Australia.

Port Botany handles approximately one third of Australia's container trade

Botany is the natural transport hub for NSW, with 85% of containers having an origin or destination within 40km of Port Botany.

Sydney's ports handle more than \$50 billion in international and domestic trade each year, approximately \$40 billion through Port Botany

Over 90% of Australian imports/exports are transported by sea

1.784 million Containers handled in 2008/2009 – an eighth consecutive record.

While last year's increase in container trade was only 0.3%, long term growth rates have consistently hovered around the 7% mark since the 1970's.

Export container trade showed strong growth in the 2008/09 – up 14.9 % on the previous year.

Notwithstanding the downturn in global trade, growth is forecast to be around 5% per annum over the next 20 years.

Preliminary container trade figures released today by Sydney Ports Corporation show Port Botany container throughput hit a record high in November 2009 with over 180,000 TEUs being shipped through Port Botany, an increase of approx 7.2% per cent on the same period last year, the second consecutive month of new container records.

The container trade figures\* for the month of November 2009 which show a combination of stronger exports and high demand for imported goods has helped Sydney Ports reach this significant milestone.

November's strong container performance has surpassed Sydney Ports' previous record, October 2009, by 2.1% where trade at Port Botany's two container terminals reached a then all time high with 176,900 TEUs. Our largest trading partner - China contributed to approximately one third of the total container trade growth in November 2009.

The higher throughput of full container imports has been one of the main drivers of the container trade growth in November 2009.

Port Botany has an internationally recognised 'must call' status that must be maintained

- Deep water access
- Good road access
- Good rail access
- Competitive/reliable - good international reputation

Port Botany's container terminal trade is currently dominated by full container imports. Import containers make up approx 50% of Port Botany's container trade. Export containers account for 25% and empty containers for approx 25%.

### **Competition and Procurement Process**

Sydney Ports Corporation needs to ensure that the Port operates efficiently well into the future and can cater for the growth in trade which is being experienced by Port Botany.

Despite the current global economic downturn and its expected effect in the short term, Sydney Ports needs to prepare additional infrastructure now for growth in the long-term.

The creation of a third terminal and operator at Port Botany will also create capacity to introduce further competition into stevedoring.

It will assist with efficiency in cargo handling, making exports more competitive, avoiding congestion costs and all consumers in Sydney will benefit from reduced cargo handling costs.

This will contribute to the expansion of businesses as well as growth in employment.

A competitive twelve month international tender process to select an operator for the new container terminal has been completed.

Sydney Ports expects that the selected operator for the Third Terminal will have completed its design, major equipment purchases and works to enable the first berths to be available for trade from 2012.

## **FACT SHEET – PORT BOTANY EXPANSION**

### **Project Description**

- The Port Botany Expansion was approved by the Minister for Planning in two stages. The first four berths/51 ha were approved in October 2005 and the complete project (five berths/63 ha) in August 2006.
- The construction and dredging contract was awarded to a consortium of internationally experienced construction company Baulderstone- Hornibrook and Belgian dredging company, Jan du Nul. Construction works commenced in June 2008.
- The Port Botany Expansion project comprises:
  - 1,850 metres of additional wharf face for five extra shipping berths;
  - 63 hectares of reclaimed terminal land;
  - deep water berths with depths of up to 16.5 metres;
  - dedicated road access to the new terminal area;
  - additional rail sidings to provide rail access to the new terminal area;
- Sydney Ports is also investing over \$30M in community facilities and \$8M in environmental works in association with the Port Botany Expansion including:
  - rehabilitation and expansion of Penrhyn Estuary to create a secure estuarine; environment;
  - Foreshore Beach enhancement with a new amenities building,
  - shared pedestrian/bicycle pathway, solar lighting, landscaping, beach sand nourishment and car park;
  - a new 4 lane boat launching ramp with pontoons and car/boat trailer parking;
  - saltmarsh will be expanded to 3.5 hectares;
  - Seagrass habitat will be increased to 6.5 hectares;
  - Bird roosting islands will also be constructed for migratory birds; and
  - A new Gymnasium/School Hall for JJ Cahill Memorial High School.
- Sydney Ports Corporation's contribution to the overall investment will be \$726M.

### **Context**

- Port Botany is the second largest container terminal in Australia, handling a third of Australia's container traffic (or 1.78 million TEU in 2008/09) and generating \$1.5 billion a year in economic activity.
- Associated NSW Government policies include the NSW Ports Growth Plan (2003), Freight Infrastructure Advisory Board's "Railing Port Botany's Containers: Proposals to Ease Pressure on Sydney's Roads" (July 2005), Metropolitan Strategy (December 2005), Port Freight Logistics Plan (June 2008) and IPART's Reforming Port Botany's links with inland transport (March 2008)
- Related projects include the Port Botany Landside Infrastructure Strategy (PBLIS), Upgrade of Botany Rail Yard (ARTC), Upgrade Cooks River Rail Yard (SPC), Southern Sydney Freight Line (ARTC), Enfield Intermodal Logistics Centre (SPC), Moorebank and Ingleburn Intermodal Terminal Development.

## **Status**

- Currently the project is on time for completion in 2011 and on budget
- Total capex as at end November 2009 was \$294M

## **Milestones completed:**

- Dredging works for the new port commenced in September 2008 and will continue until early 2010. At the end of November 2009 a total of 6.5 million cubic metres of material has been dredged of a total estimated 8 million cubic metres of material.
- The first counterfort unit was placed on 24 September 2009. It is anticipated that the counterforts will be placed at an average of two per day. As at 14 December 2009 approximately 50 counterforts have been placed and approximately 132 have been constructed.
- The signalised intersection on Foreshore Road, providing access to the boat ramp is complete.
- Vibro-compaction in the east west counterfort trench is complete.
- Vibro-compaction activities for the container terminal re-commenced in October 2009 and will continue for another 12 months
- To enable works on the main terminal to continue, the Penrhyn Road boat ramp closed in November 2009. The new, four lane boat ramp on Foreshore Road was completed in October and restricted access has been provided to recreational boaters from November 2009. An official community opening will occur in February 2010.
- The project has passed its first compulsory first year environmental audit, exceeding all compliance requirements and winning an unqualified endorsement for a raft of environmental management initiatives. This tick of approval shows significant construction progress has been achieved without any major impact on the local environment.

## **Target Future Milestones**

- Pedestrian Overpass linking Foreshore Rd and Sir Joseph Banks Park are scheduled for completion in December 2009.
- Community facilities will be completed by the end of December 2009 ready for handover to the public in February 2010.
- The construction of the Terminal will continue through until March 2011. This will be followed by the stevedore's fitout with the first berths available for trade from 2012 and the new terminal fully operational by mid 2012.
- Millstream Groyne & Penrhyn Estuary Lookout are close to completion.
- Stages 1 & 2 of Penrhyn Estuary enhancement works have been completed with Stage 3 due to be completed by the end of 2009.

## Major Future Milestones

<b>Milestone</b>	<b>Timeframe</b>
Boat ramp & public amenities – limited access to recreational boaters	(Low Key opening) November 2009 Public opening – February 2009
Millstream Groyne & Penrhyn Estuary Lookout - completion	December 2009
Pedestrian Overpass linking Foreshore Rd and Sir Joseph banks Park – construction completion	December 2009
Award of RFP to successful tenderer	By end 2009
JJ Cahill Memorial School Gymnasium – opening event	Early February 2010
Completion of dredging	Q1 2010
Commence Penrhyn Road grade separation works	Q2 2010
Intertidal Shorebird Feeding Habitat – Stage 3 completed	April 2010
Penrhyn Estuary flushing channel including excavation, edge structure and 6.5 hectares of seagrass habitat	April 2010
Planting 3.4 hectares (200,000 plants) of saltmarsh in Penrhyn Estuary	July 2010
Terminal construction completed	Q1 2011
Handover to new T3 operator	Q2 2011
Penrhyn Road Grade Separation - completed	Q4 2011
Fit out new terminal by Operator - completion	Q4 2012