

CURRENT

An Update from Sydney Ports Corporation

May 2006

New Stevedores

After a period of intense interest in the future ownership of container terminals in Australia, it is now resolved that DP World and Toll Holdings will control the former P&O Ports and Patrick owned terminal and operations. Sydney Ports Corporation looks forward to establishing an excellent working relationship with the new owners of these important port facilities. Sydney Ports believes it is important to work in cooperation with the Stevedores to continually improve the efficiency of the port and looks forward to pursuing future efficiency gains and improvements in port operations.

Managing and developing port facilities

Port Botany Expansion

Sydney Ports is currently assessing tenders for Design and Technical Advice for the Port Botany Expansion Project, with a successful tenderer to be announced in June 2006.

Geotechnical investigations in the bay have progressed and a new 'Jack-up barge' is now in place to assist with the drilling of geotechnical bores to collect samples. Almost 60 per cent of the drilling is now complete.

The Government is currently awaiting recommendations from the Independent Panel established to assess the preferred location of the 5th berth. This decision is expected within the next few months.

Intermodal Logistics Centre at Enfield

The proposal to develop an Intermodal Logistics Centre at Enfield is being considered by the NSW Department of Planning. In March 2006, the Minister for Planning established an Independent Hearing and Assessment Panel which conducted hearings over three days. The panel constituted an independent chairperson and an expert on both noise and traffic.

Sydney Ports' representatives, community members, local councils and industry bodies such as the NSW Road Transport Association presented to the panel. Weston Cereals, a local exporter also appeared before the panel in support of the project.

The support from these bodies highlighted the need for an intermodal terminal to cater to this market catchment. The benefits were seen as shorter truck turnaround times, competitive costs to forward freight by train, reduction in vehicle kilometres travelled and invigoration of a dilapidated site with existing road and rail links.

During the hearings, a number of issues were raised by the local community – predominantly on impacts of traffic and noise. Sydney Ports has committed to additional mitigation measures to ensure that the impacts of the development in the local area have been minimised.

Sydney Ports is now awaiting a decision by the Minister for Planning, which will take the report by the Independent Panel into consideration.

New Property Council report supports intermodal terminals

A new Property Council report 'Building Wealth through Infrastructure' released in May 2006, has identified the Sydney intermodal freight network as the highest rating infrastructure project for NSW in the next ten years.

Sydney Ports welcomes this recommendation, and believes the need for intermodal terminals will only grow with the increase in freight volumes being experienced in Sydney.

Other projects identified in the report to support the movement of freight include the Southern Sydney Freight line and the M4 to Botany tunnel.

Update on Glebe Island/White Bay

Independent Cement and Lime

The proposal for a cement import and distribution facility at White Bay by Independent Cement and Lime is now being assessed by the Department of Planning. Submissions for this development closed mid-April.

Sydney Ports has supported this proposal as the landowner and has publicly made statements to this effect. In our opinion, the facility will further enhance the use of White Bay as a working port with 100 per cent of the cement being received in bulk via vessel and 90 per cent distributed to the Sydney market. The local community have expressed their opposition to the proposal.

A number of similar businesses already operate at the port including cement, gypsum, sugar and vegetable oil importers

The proposal is also consistent with the State Government's strategy to retain White Bay for maritime uses and to encourage trade through the Glebe Island and White Bay port.

Bailey's Marine - new proposal for White Bay

Sydney Ports called for Expressions of Interest (EOI) for the lease of 1.3 ha of port land at White Bay 6 for working maritime uses in 2005. A submission received from Baileys Marine Fuels Australia (Baileys) was successful and Sydney Ports is now supporting Baileys in their development application to the Department of Planning.

Baileys is an experienced marine fuel distribution company with facilities predominantly on the west and north coast of Australia. They propose to create a permanent base in Sydney with a commitment to a common user approach and will ensure that White Bay 6 remains available for use by other maritime industries.

Their proposal is for a Common User Marine Precinct comprising refuelling facilities, Roll on, Roll off facilities, equipment lay-down areas, grey water/sullage services and general provision services including office building, secure dry storage and cool room/freezer room.

Bailey's have met with local precinct committees and held a community information day at White Bay on 3 May 2006 and are currently preparing their Environmental Assessment documents.

Facilitating trade

Trade through the ports of Sydney continues to grow with ten month figures to the end of April showing an increase in container trade of 3.8% on the same period last year. Total trade increased by 3.2%. Total containers traded through the port in this period to 30 April 2006 were 1.2 million teu's with trade in mass tonnes of 21.95 mt.

Highlights for the month of April include continued record strong growth of containerised exports, up 8% over the same 10 month period of last year. This growth has been complemented by the continuing recovery in agricultural exports of cotton (up 90.2%) and cereals (up 20.2%), supported by increases in manufacturing (up 18.72%) and machinery (up 8.72%). Exports of pulp and paper also continue to grow and are currently 53.8% higher than the same period last year.

Sydney Ports considers development of a second bulk liquids berth

The Bulk Liquids Berth (BLB) – at the southern end of Brotherson Dock was the first facility to be commissioned in the construction of the new port at Botany. Commissioned in 1979 the BLB was designed to handle a variety of bulk liquids products, and to operate as a common-user facility.

In 1984 the Bulk Liquids Berth was upgraded to prepare for the first shipments of Liquid Propane Gas (LPG).

Today the product mix moving across the Bulk Liquids Berth can be broken down into three key product groupings:

Hydrocarbons, such as LPG and olefines,

Chemical products, such as organic chemicals, caustic soda, and
Petroleum products, such as petroleum, diesel, naphtha and jet fuel

Demand for these products continues to grow and in order to cater for this Vopak is currently constructing additional tank storage capacity and seeking approvals to effectively triple the existing storage capacity for refined products.

With additional tankage operations, this will drive additional trade volume through the Bulk Liquids Berth. To this end Sydney Ports Corporation is currently conducting feasibility studies into the development of a possible second Bulk Liquids Berth at Port Botany in the coming years.

Update on security

Sydney Ports approved by DOTARS as issuing body for the Maritime Security Identification Card

Sydney Ports has successfully applied for and received accreditation from DOTARS to be an issuing body for the MSIC card. In preparation of the roll-out, a new shop-front has been established on Level 6 of the Maritime Trade Towers, 207 Kent Street, Sydney.

In May Sydney Ports issued the first card to an external agency, following a successful pilot with employees. The first card was issued on 17 May to Eddie Beveridge, of the Learning and Development Division of Shell's Gore Cove operations. Of the total cards to be issued in NSW, Sydney Ports is on track to issue more than 5,000 with an additional 2,500 being issued to organisations based in other states.

Sydney Ports is one of the first organisations Australia wide, to receive their accreditation and is in a position to handle the MSIC requirements of port-related businesses within or outside the state. Further information is available by calling (02) 9296 4500 or emailing msic@sydneyports.com.au

Sydney Ports helping the environment

Green Port Guidelines

Sydney Ports is to shortly issue 'Green Port Guidelines' developed by its environmental team. The Guidelines will be distributed to developers and operators at the port to encourage them to improve environmental performance of existing activities at the port and to guide future sustainable development at the port.

The Guidelines contain numerous suggested measures to improve environmental outcomes for key issues affecting the port influenced by port operations, ranging from air quality to water consumption, energy usage and waste management. The Guidelines contain simple strategies and information showing how port operations can be both environmentally friendly and commercially viable.

Tenants and port operators proposing to undertake new development on Sydney Ports' land will also be encouraged to incorporate suggestions from the Green Port Guidelines during the planning and application stages of a new project, operation or activity at the port.

Emergency Oil Spill Exercise

Sydney Ports and Shell jointly held an emergency 'oil spill equipment deployment' exercise in Gore Bay, Sydney Harbour on Friday, 19 May 2006. This exercise is held

annually to test the preparedness of staff and equipment – both at Shell and Sydney Ports Corporation.

This year's exercise involved a scenario of a one-tonne (later escalating to nearly 10 tonnes) oil spill at the Gore Bay wharf. A number of other smaller incidents were also incorporated into the exercise including a medical emergency and a test of the ICS (Incident Control System) to manage the response.

Sydney Ports' marine operations staff along with Shell duty staff responded within minutes and deployed containment booms around the spill area.

An independent umpire from Port Kembla Ports Corporation declared the exercise a success with the oil spill contained within 2 hours.

Whilst the exercises are held annually at Gore Bay and Kurnell, Sydney Port's emergency team responds to more than 200 reports of marine pollution every year, with less than two per cent of these pollution reports sourced from commercial shipping operations.

Ship owners and operators who are responsible for oil and chemical spills can face fines of up to \$10 million under the NSW Marine Pollution Act.