



To: Peter Harris, Productivity Commission

Dear Mr Harris,

I attended the Public Infrastructure Hearing in Sydney last week. You suggested that if any attendees wished to make a comment/further comment that they should drop you an email. I have considered the points that speakers and yourself made at the Hearing, along with those made in some of the submissions and the report itself.

I see the key challenge as public engagement. The Snowy Mountain project, Ord River Scheme, and to a certain extent the Sydney Opera House might be referenced, with affection, as critical to Australia's development yet there is no similar appetite for current projects. There has been a major cultural change since the early post-war period that has not been sufficiently analysed and then addressed. The demographic profile is significantly different. Workplaces and workforce participation has undergone radical changes. Expectations based on satisfying individual needs, rather than the public good, are greater. The Australian Community is less cohesive, more a collective of sub-groups/cultures. Communication technology has redefined how services can be developed and delivered, the nature of work and education, and how perceptions are shaped. Despite the changes the approach to public engagement is still based on positioning Business in one corner, Community in another and Bureaucrats somewhere between the two as regulators, procurers and advisers. A popular perception sees Politicians bending in any direction that delivers power. Unhelpful stereotypes prevail in this adversarial framework.

The approach fails to recognise that politicians and business are also community and community members are workers and owners of business. Increasingly community are stakeholders in business through superannuation funds. Recognising commonality would augur well for promoting common purpose.

The question then is how can engagement be progressed at a level that fosters genuine community interest and investment for the 'greater good'.

I think there are three critical elements: trust; transparency; visionary leadership

I note that the Commission favours greater transparency and benchmarking. This is a good start but it needs to detail how transparency will be achieved and then maintained. It should be easier for Governments to address yet in my experience as a community/environmental activist I think there are major barriers. There is no shortage of statements supporting transparency and public engagement from Local, State and Federal governments (example from NSW 2021)

## RESTORE ACCOUNTABILITY TO GOVERNMENT

Essential to our strong democracy, personal choice and freedom are public institutions and administration that people trust.

Government exists only to serve the individuals, families and communities who delegate – in limited ways to government – the responsibility to conduct certain functions on their behalf.

Government doesn't have all the answers, and will stimulate a more diverse public sector economy to improve choice, transparent benchmarking and quality. Citizens can expect the public service, as the protector of public interest and defender of public value, to put the public interest front and centre in public services and functions.

Citizens, elected representatives and public servants all need the confidence of clear expectations about the limits of government's role, the performance, standards and results that public officials deliver, and appropriate separation between political roles and professional public servants.

Building trust demands honesty, transparency and clear accountability across the civil domain.

We want the NSW public sector to be the best in the nation and a leader in the world. The Public Service Commission will shape the NSW public sector to respond to the contemporary and future needs of NSW citizens and customers with independence, professionalism, and integrity, and be rewarded for success and innovation.

Strengthening the powers of the Independent Commission Against Corruption and the NSW Ombudsman, making more government information easily available, enabling citizens to critique government services, and finding more ways to involve people in government decision making (including in our planning system), will require government to continuously improve its own performance.

Our performance will be measured openly and the government must account honestly on its progress in achieving the targets in NSW 2021. Meeting these targets, which reflect community priorities, will require hard work, innovative thinking, and rigorous fiscal responsibility and management discipline.

### DELIVERING CHANGE

Certainty for communities and investors through a new planning system

Return planning powers to local communities

Increase access to government information

One-stop shops for multiple transactions and a single government hotline

New mobile apps and improved online services

Enhanced government consultation website

Establish Customer Service and Public Service Commissions

An independent professional public service

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yet only the most dedicated, resourceful and resourced in the community can hope to persist through processes which will usually, at some point, require FOI requests and expert support. Major public infrastructure projects typically are developed behind closed doors and rolled out for consultation after there has been substantial investment in concept design - and a commitment to 'no retreat'. Consultation is not about engaging more minds to produce a better outcome which could result in a different project<sup>1</sup> but about managing community expectations, marginalising dissidents, and often playing off communities/community members against each other. If the project impacts a number of communities a key goal of the management process is to ensure that these communities don't 'connect the dots'. It is easier to deal with each separately under the NIMBY label.

I have a number of examples of public infrastructure projects where transparency, trust and visionary leadership has been absent, along with a detailed cost-benefit analysis. The one I briefly outline here exemplifies this as well as barriers to better decision-making: **the Port Botany Expansion (2001 – 2012)**.

When announced in 2001 the project was expected to cost \$256million. In the EIS released in 2004 the cost had doubled. By the time construction was completed it had almost doubled again. Both Newcastle and Kembla Ports (and supporting communities) made bids for expansion. A major intermodal and distribution centre around Cessnock (Hunter Economic Zone) was proposed to support Newcastle and there were plans for similar in the Southern Highlands to support Kembla. However more powerful interests were obviously focussed on southern Sydney.

Ports and freight corridors have shaped cities and nations yet the project was not announced to the public as 'the Great Freight task for NSW – how could we operate in 2030'. Instead the bigger project which involved port and intermodals and freight corridors was compartmentalised. Big picture analysis was actively discouraged. The EIS for Port Botany provided growth projections to 2025 well short of the life of the asset. A cap was set at 3.2million TEU well short of the capacity that could be achieved on 2 terminals let alone 3. An Upper House Inquiry was held as well as a Commission of Inquiry. The Commissioner recommended against the proposed third terminal expansion opting instead for smaller additions on the existing terminals. In summary he noted the proximity to Sydney Airport and environmental constraints and added that it couldn't be expanded like Brisbane. The report was provided to the Minister for Planning(then Craig Knowles) in May 2005. In late July the Premier of NSW resigned. A week later the Deputy Premier and Treasurer exited and a day later the Planning Minister followed. The new team declared 'NSW Open for Business'. The new Planning Minister(Frank Sartor ex-Lord Mayor of Sydney) made his determination on the Port in October in favour of the proponent (Sydney Ports Corporation). On the same day the Brereton report 'Railing Port Botany Containers' was released. Not long afterwards the Commission of Inquiry was shut down after 21 years of operation. The announcement of the \$billion project was recorded on page 9 of the Sydney Morning Herald. When I asked the Urban Affairs editor (who is now the Herald's Editor-in-Chief) why it ranked so low in newsworthiness he replied that freight wasn't 'sexy'.

At the Commission of Inquiry hearings one speaker had produced graphs to show that the existing two terminals could handle in excess of 6million TEU and that the 3.2million TEU figure (on which all the traffic modelling was based) provided by Sydney Ports was inaccurate. This speaker also asserted that intermodals needed to be at least 40km from the port for rail to be cost effective (this was supported in a Sea Freight Council report published in 2003). He did not consider Enfield, 'owned' by Sydney Ports, (since developed as an intermodal) at 18km from Botany as suitable. The previous year it had been reported that Corrigan was interested in part financing the Inland Rail (Melbourne-Parkes-Brisbane/Gladstone)

then quoted as a \$3billion project. Parkes City Council at the time (and continuing forward) have keenly promoted the concept but around this time were met with negative comments from NSW Ministers.

One of the documents submitted to the Commission which I viewed at the Commission offices when conducting a search of Sydney Ports material was a copy of a fax from Hutchison Ports to Sydney Ports confirming that they were only interested in entering the Australian market if terminals at the three Eastern Ports could be secured. Brisbane was to be first in 2008, Sydney followed in late 2009 and Melbourne is likely soon. The fate of Newcastle, Kembla and Botany was determined by a number of factors - the interest from Hutchison and coal export projections through Newcastle were critical.

In October 2010 at a presentation at Ports Australia the CEO of Sydney Ports presented a graph which projected the freight task at Port Botany by 2040 at between 11 and 15 million TEU. At a Community Cabinet in late November I showed a copy of the graph to two members of Cabinet. The Community Cabinet is a forum for members of the public to engage with Government members about issues of concern. These members did not appear to be interested. As a community representative at Ports meetings I continued to ask about the cap of 3.2million<sup>ii</sup> up until legislation was brought in by the current government in late 2012 – that legislation effectively made it illegal to impose a cap at Port Botany. The task is now recognised (as published in the NSW Freight and Ports Strategy) to be around 7 million TEU by 2031. This is a significantly higher load for the Port Botany freight corridors and intermodals to accommodate.

The obvious question is why wasn't the project accurately outlined in 2001, in the 2003/4 EIS and EIS amendments, Commission of Inquiry, Upper House Inquiry and thereafter.

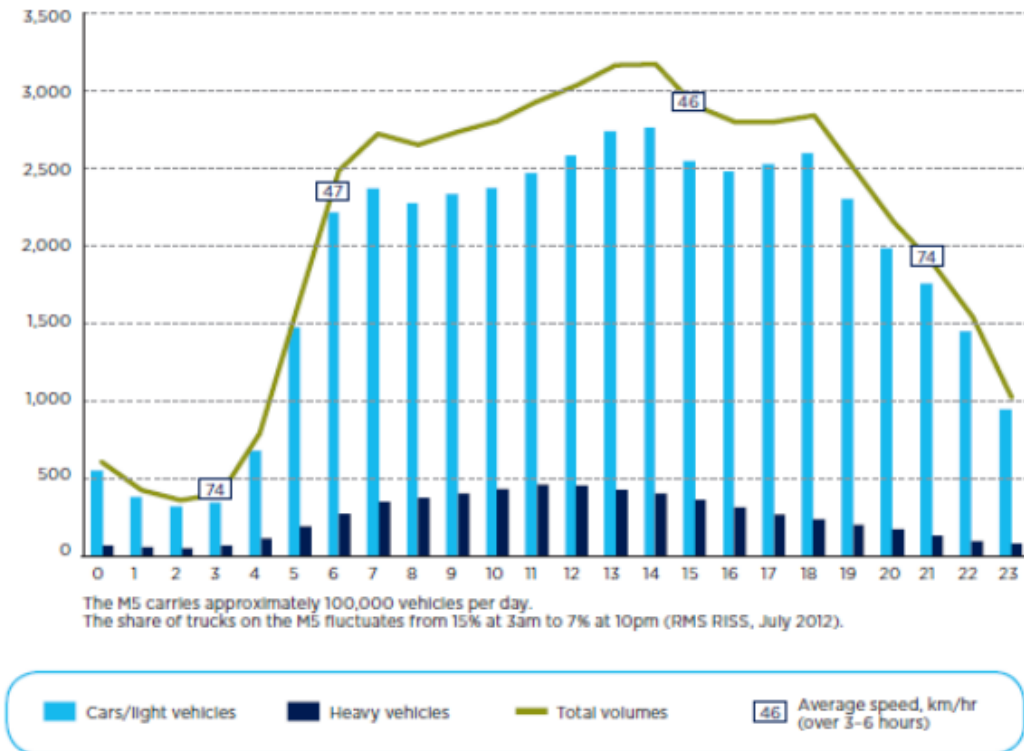
The sale (99 year lease) of the Port, along with Enfield, Cooks River Terminal and as a seemingly 'last minute' addition Port Kembla, is provided as an example of 'capital recycling' in your report. There has been no analysis however of the impact the sale has on future development in the Illawarra. At the final day of debate for the Ports Bill there were 6 community witnesses in the Upper House chamber – a Councillor from Wollongong (so emotional that she had to leave), Arthur Rorris the Secretary of the South Coast Labor Council with a colleague, the Chair of the Botany Bay and Catchment Alliance, myself and one of my sons. The media coverage was limited. Submissions to the Commission of Inquiry on the Port Expansion came in around 95% against and 5% in support. I recall on one occasion in 2003 collecting signatures

objecting to the expansion and supporting Newcastle. People would willingly sign but recurring comments were 'it's government and they'll do what they like' and 'there's no fighting government'. The overwhelming majority had no confidence/trust in the process. Last year when the NSW Draft Freight and Ports Strategy was on exhibition I asked why submissions were not made public. From the conversation I later had with a frontline staff member I gathered the decision against transparency was made in Ministerial offices.

A large proportion of the proceeds of the Port Botany sale will be invested in making the Port workable such as expanding the M5East and construction of the M4East. From the day it opened in December 2001 the M5 East was operating at a capacity well above projections. A common comment has been "why the hell (and other terms) didn't they build 3 lanes to start with". I asked my local member (electorate includes Port Botany) that question when he was Roads Minister in 2008/9 and he replied 'Treasury'. I suggested John Pierce and he said 'yes Pierce'. I doubt it would be as simple as that but regardless of who is responsible the process should be documented as an example of poor practice which has had wide ranging negative impacts.

The 'conversation' with the public on the Port Botany Expansion was conducted in the EIS and associated consultation, media and through advertising and it focussed on the Port itself and simple messages such as 85% of goods are packed or unpacked within 40km of the Port. There were no explanations regarding the complexity of distribution and the lack of data. The desired effect was achieved as the average person was led to confuse 'unpacking' with 'consumption'. Another deception has been and continues to be the 'conversation' about heavy vehicles. A false target (seemingly plucked from the air) of 40% of containers by rail by 2015 was provided in the Brereton report and other documents. In 2012 the real figure was closer to 10% and was always likely to be the case as rail became increasingly uncompetitive. The new target in the Freight and Ports Strategy is under 30%. Even if achieved that leaves a significant load by truck so to address the public concern the truck impact has been presented as minor compared to private vehicles. In the original EIS the PCU factor was not applied so the smallest sedan equated to trucks the size of B Doubles. In the recent Freight and Ports Strategy an analysis of vehicle use in the M5 was provided but again the PCU was not applied. The graph on page 24 shows that at 10am on a weekday there are about 400 trucks and 2400 sedans heading west<sup>iii</sup>. Because of the gradient, the PCU factor for westbound in the M5 is 6 (this is the NSW Roads and Maritime figure I obtained from another document available on the Infrastructure Australia website<sup>iv</sup>) and when this is applied the proportion of the heavy vehicle traffic is almost equivalent to sedans.

Figure 8 M5 hourly traffic volumes, average day 2011. West bound lanes of traffic at Kingsgrove weigh in motion counter



Drivers unfortunate enough to be required to make regular trips through the M5East know that the impact of heavy vehicles is not minimal, yet this is not acknowledged. Again the honest conversations are actively avoided and as a result trust is eroded.

It is little wonder that citizens have no desire ‘to pull together’ for the ‘public good’ and instead respond with cynicism and resistance to major infrastructure announcements.

In 2006 at a Federal Parliamentary Inquiry into Australia’s Freight Task the CEO of the ARTC remarked that Sydney was the blood clot on the Eastern Seaboard. He had made a similar comment over the previous years (at least back to 2001) and continued until his retirement in 2010. When I asked him about Port expansion at another site, eg. Newcastle, he suggested that an alternative solution would not be developed until Sydney ground to a halt. In 2004 it was the then Premier of NSW, Bob Carr, who announced (citing the ‘back of an envelope’ Ports Growth Plan) that container shipping would go to Newcastle when capacity at Port Botany had been achieved. Now it will be determined by NSW Ports owners and its shareholders are unlikely to be interested let alone have any influence.

Future projections are focussed on a pattern of growth mirroring the previous decade. There are no radical scenarios presented in the Freight and Ports Strategy. As an example of the sort of influence/opinion underpinning the strategy I quote from the

Infrastructure Partnerships Australia submission by Glenn Byres to the National Ports Strategy<sup>v</sup>:

*IPA is also mindful of the fact that given the Government's announcement of Port Botany's expansion, it will continue to remain the main port servicing NSW and previous proposals to transfer container operations to other ports like Newcastle or Port Kembla should not be considered in responding to the FIAB Report. We support the view that Port Botany should remain NSW's main container port and any alternative arrangements would be incapable of servicing Sydney's economic requirements.*

But taking a Business as Usual approach to future trade doesn't make sound economic sense as we face an energy constrained future with major climate change challenges. The following quote is from an article which appeared in the Sydney Morning Herald 16/3/2013:

*Port authorities said they would work through the findings. "What was interesting to us was the focus on what they call the 'hinterland' - the road and rail links that support the port - because if the port's built to survive sea level rise but you can't get anything in or out, then the port's effectively closed," said Mark Ireland<sup>vi</sup>, the sustainability manager at the Sydney Ports Corporation.*

*A single road and a single rail link carry almost all traffic in and out of Port Botany, and they will be at risk of going underwater during storms. The docks themselves, including the new port extension alongside Sydney Airport's third runway, have been built to withstand sea level rise of up to 0.9 metres by the end of this century - in line with projections from the UN's Intergovernmental Panel on Climate Change.*

*"We are aware that the road and rail links do sometimes get inundated, so another 10 or 20 centimetres on top of that and the port's effectively closed," Mr Ireland said. "We have days now where we have to close because the port's too windy."*

The Port Botany lease runs until 2112. Conservative projections put sea level rises at a metre by the end of this century. Treasury NSW in 2010 issued guidelines: Economic Appraisal Guidelines – Guidance on climate change for asset and infrastructure assessments. In its 2011 report to COAG, Infrastructure Australia referred to Infrastructure at risk and to a report from the Australian Department of Climate Change and Energy Efficiency(p.7) Climate Change Risks to Coastal Buildings and Infrastructure which IA suggests:

*has improved our national understanding of the risks to our infrastructure posed by climate change. The report argues that, under a high sea level rise scenario, by 2100 between 27,000 and 35,000 kilometres of our road and rail networks are at risk. These assets have an estimated replacement value, as at 2008, of between \$51 and \$67 billion. (page 26).*

In 2006 the Principal Scientist for URS , Matt Coetzee, who oversaw the Sydney Ports Corporation EIS for the expansion had this to say at a conference titled: *Critical Transportation Infrastructure in a Global Warming Future: Protecting NSW Seaports and their Hinterland*, Working Paper 2, Report on Workshop Held 25th May, 2006, The University of Sydney:

*Matt spoke specifically on the EIS process for the expansion of Port Botany seaport. He noted that for the purposes of the EIS, spatial and temporal boundaries were tightly defined around the physical infrastructure and less on deeper connections with other structures. The alternatives considered are most often at the scale of the development (ie alternative structural solutions), and if other scales were examined other alternatives might come into play. This was certainly the case with assessing the alternative to develop Newcastle Port instead of augmenting Port Botany. This was rejected because of unsatisfactory transportation links between Newcastle and Sydney, given that the majority of container trade was sourced from or destined to the Sydney Basin. However from a climate change perspective, the Newcastle option might have more weight. Impacts that are well defined, quantified and certain are most easy to define mitigation measures for and are therefore the ones that are prioritised for attention. Consequently impacts of Climate Change are not usually considered in the EIS process. The EIS process focused on assessing the impact of a development on the environment, not that of the peculiarities of the environment on the development.*





## Recommendations

- Transparency is paramount.
- Honesty is essential. Probity is mentioned in your report but in a negative tone. That needs to be addressed.
- Education has not been addressed. Infrastructure Australia is a recognised brand. It needs to engage with the general public – Facebook, Twitter, a redesigned dynamic website are tools that should be wielded with confidence<sup>vii</sup>.
- Visionary leadership using recognised figures in addition to politicians, eg. Chief Scientist, and visioning/scenario building are critical. We need to imagine the futures that can be achieved. I undertook key word searches of the 2 volumes of this report and found there was no mention of Telework – yet

**If just 10% of Australians worked from home  
50% of the time, each year this would save:**

**41 million hours in commuting**

**1.3 billion car kilometres**

**120 million litres of fuel**

**320,000 tonnes of CO<sub>2</sub>**

**180,000 desks**

(figures from Australian Government published during Telework Week 2012)

When considering major transport infrastructure it should be mandatory to factor projected changes in the delivery of education (a major traffic generator) and structure of work<sup>viii</sup>.

- Greater investment of superfund holdings in public infrastructure provides a major opportunity to engage with the broader community with the potential benefits of both elevating the debate around asset recycling and driving greater transparency. Whether Funds wish to see this is another matter. For example the new owners of Port Botany, NSW Ports<sup>ix</sup> initially displayed information about ownership and directors on their website but this has since disappeared.

<sup>i</sup> For example, more technology and less concrete as suggested by NICTA

<sup>ii</sup> And always received the same response that there was no change.

<sup>iii</sup> I would like to see greater analysis of these figures because to me they don't add but despite highlighting this graph in my submission there was no change in the final report.

<sup>iv</sup> The normal PCU figure is 3 but this underestimates the impact that monster trucks have on communities. The photograph below was taken during School Zone hours in Matraville Centre, Bunnerong Road. Note the cabin is out of the picture but the 4WD vehicle is dwarfed.



<sup>v</sup> Fortunately available because Infrastructure Australia was committed to transparency.

<sup>vi</sup> While most Sydney Ports staff transferred across to NSW Ports the position of Sustainability Officer was made redundant.

<sup>vii</sup> More of this for example: AFR June 28, 2013 quoting Michael Deegan where he said groups within the public services are putting “self-interest before reform” and are “stolid, hesitant and reluctant” about implementing changes.

<sup>viii</sup> Your Hearings could for instance be held as webinars.

<sup>ix</sup> They are not New South Wales Ports but NSW Ports – confusing for most and obviously not thought through by NSW Treasury in terms of public communication during the lease negotiations