

ALBANY PORT AUTHORITY

SUBMISSION TO THE FEDERAL PARLIAMENTARY STANDING COMMITTEE ON
TRANSPORT AND REGIONAL SERVICES

INQUIRY INTO INTEGRATION OF REGIONAL RAIL AND ROAD
NETWORKS AND THEIR INTERFACE WITH PORTS

SHORT TERM FREIGHT FORECASTS FOR ALBANY PORT (2005 – 2014)

Albany Port Authority (APA) has prepared short term forecasts of freight tonnage for Albany Port (the Port) covering the period from 2005 to 2014. See attached Table 1 entitled "Estimated Cargo Tonnages 2005 – 2014" for details.

The total tonnage of freight that would require handling is forecast to increase from 2.97 million tonnes in 2005 to approximately 5 million tonnes in 2014.

These figures exclude iron ore that would add 7 million tonnes to the total annual freight tonnage if the Southdown Iron Ore Project proceeds. In the event that this project does proceed the first iron ore shipment is planned to be exported from the Port in 2009.

EXISTING TRANSPORT INFRASTRUCTURE

The proportions of grain and woodchips (the major freight types) handled by the Port that are transported by road and rail are detailed in Table 1.

In general the proportions of grain expected to be transported on rail and road are respectively one half (1/2) and one half (1/2).

The proportions of woodchips expected to be transported on rail and road are respectively two thirds (2/3) and one third (1/3).

Grain and woodchips are likely to account for approximately 98% of Port freight excluding the possible effects of iron ore.

Rail Infrastructure

In general rail infrastructure serving Albany Port is adequate and the Australian Railroad Group (ARG) advises Albany Port Authority (APA) that with feasible changes to train schedules and the number and type of rail services the capacity of rail to deliver freight to the Port is 4 million tonnes per annum.

The forecast increases in Port freight tonnages would place increased pressure on existing transport infrastructure. The Albany Port Authority has plans to construct a grade-separated crossing of Princess Royal Drive adjacent to the woodchip terminal to enable longer woodchip trains to operate. APA plans to construct this structure in early 2007.

The Port is serviced by a single railway track that connect Albany with the wheatbelt to the north and then to Perth. The railway line into the Port has a termination point within the Port area, therefore both grain trains and woodchip trains are required to enter the Port travelling in an easterly direction and reverse their direction of travel to leave the Port (there is no loop facility to enable trains to access the port area, unload and continue travelling in one direction to exit the port area).

Road Infrastructure

In general the road infrastructure on which freight is transported to and from the Port is operating well within its capacity although the main roads entering Albany from the north pass through a built up area of Albany.

Freight is transported to the Port by heavy vehicle transport from the interior of the Great Southern Region predominantly via Albany Highway, Albany – Lake Grace Road (Chester Pass Road) and South Coast Highway (Hassell Highway). There is currently a bottleneck at the intersection of Albany Highway and South Coast Highway also known as the Albany Main Roundabout.

Main Roads Western Australia has prepared plans for a ring road to divert traffic from a point just north of Albany on South Coast Highway in a westerly direction around Albany town (see details in the next section). Construction of Stage 1 of the Albany Ring Road linking Chester Pass Road with Albany Highway has commenced and the work is due for completion in May 2007.

The Albany Ring Road is a major project that has four stages and once the ring road construction is completed to its ultimate specification road infrastructure for the transport of freight to Albany Port would have sufficient capacity for decades (see next section).

FUTURE REQUIRED TRANSPORT INFRASTRUCTURE

Rail Infrastructure

ARG has advised APA that in order to transport by rail to the Port more than 4 million tonnes per annum of freight, stakeholders would have to construct new rail infrastructure firstly within the Port and afterwards on sections of the railway system north of Albany.

Options for required future rail infrastructure are shown on the map entitled "Albany Port Authority - Existing and Required Future Transport Infrastructure".

The possible future construction of rail loops at both the Port and at the Mirrambeena Industrial Estate (Down Road) would have the potential to improve the efficiency of rail transport of freight to the Port and to complement other rail upgrades such as the duplication of the railway line between Mount Barker and Albany.

Road Infrastructure

The most relevant project from APA's perspective is the Albany Ring Road project.

When all 4 stages of the ring road have been completed there would be a ring road around the north and west of Albany that would enable heavy vehicles to access the Port with minimal hindrance. Stages 2, 3 and 4 of the ring road are not funded.

Concept design work is currently being undertaken by Main Roads. The ultimate specification of the ring road would be a four lane dual carriageway providing priority for vehicles on the ring road at intersections with all other roads including main roads. Intersections of the ring road and main roads would be grade-separated.

Required future road infrastructure are shown on the map entitled "Albany Port Authority - Existing and Required Future Transport Infrastructure".

LONG TERM FREIGHT FORECASTS FOR ALBANY PORT (BEYOND 2014)

Long term forecasting of bulk freight trade through ports is difficult because of the rapid development of new industries. Examples of this factor are the growth of the plantation timber industry during the previous ten years and the imminent iron ore development north east of Albany.

One worthwhile method of developing long term forecasts is to undertake research of possible new industries and methods of handling freight.

Coal

APA has researched possible new mineral resources projects and has found that there is a possibility of the development of a coal resource within South West Region (the Bunbury Port catchment) that could be exported through Albany Port.

Were the export of coal through Albany Port to eventuate it is likely that the coal would be transported by rail given the long haul distance and the potentially greater efficiencies that could be achieved by rail in transporting bulk minerals freight great distances. Given that coal trains are up to 2 kilometres in length there would be a need for stakeholders to make significant modifications to the railway infrastructure within the Port area. It is also likely that it would be necessary to duplicate long lengths of the railway line between Albany and approximately Katanning to transport large quantities of coal economically.

Containerisation

APA has also undertaken some feasibility planning work for the development of a container terminal facility at Albany Port for the handling of low volume, high value exports.

Freight handled by a future container terminal might be delivered to the Port by road or rail but current forecasts of future container freight show that there would be insufficient traffic to warrant new road or rail infrastructure.

The transport infrastructure needs identified above are detailed on Map 1 entitled "Albany Port – Existing and Future Required Transport Infrastructure Needs". Because of the uncertainty surrounding long term freight forecasts, future transport infrastructure requirements relating to the long term are not shown, whereas for the short term (ie. 2005 – 2014) since freight forecasts are more certain, future infrastructure requirements are shown, described as "future" transport infrastructure (road or rail) needs.

TABLE 1 : ESTIMATED CARGO TONNAGES 2005 - 2014

Cargo Tonnes

	Jun 2005	Jun 2006	Jun 2007	Jun 2008	Jun 2009	Jun 2010	Jun 2011	Jun 2012	Jun 2013	Jun 2014
Fertiliser	136,000	138,000	140,000	142,000	144,000	146,000	148,000	150,000	150,000	150,000
Grain	2,000,000	2,054,000	2,110,000	2,166,500	2,225,000	2,285,000	2,346,700	2,410,000	2,475,000	2,542,000
Other	2,000	2,200	2,400	2,600	2,800	3,000	3,200	3,400	3,600	3,800
Petroleum	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Silica Sands	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Woodchips	1,000,000	1,300,000	1,550,000	1,800,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total	3,283,000	3,639,200	3,947,400	4,256,100	4,516,800	4,579,000	4,642,900	4,708,400	4,773,600	4,840,800

Notes:

Fertiliser:

The forward estimates are based on the average tonnages achieved by the fertilizer industry between 200 and 2004. Since it is likely that as grain production increases, so will the consumption of fertiliser, therefore a small annual increase in fertiliser tonnage has been forecast (a smaller percentage increase compared the grain tonnage increase because of the increased use of liquid fertiliser).

Grain:

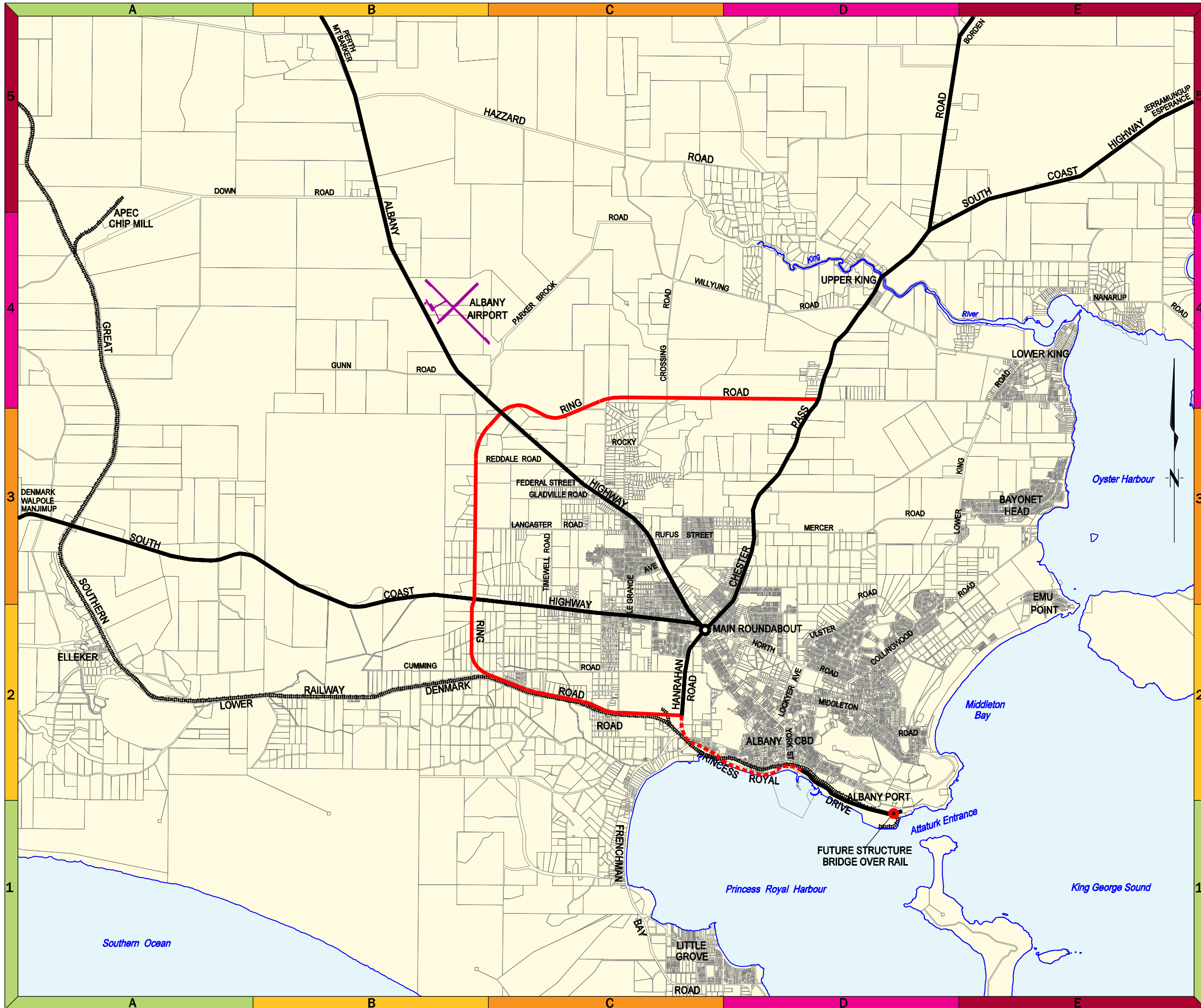
CBH, the grain handler at the Albany Port, has stated that it plans on a 2.7% increase in grain each year. Given the uncertainties caused by weather and yield, the CBH projections have been discounted and it is likely that individual years could produce higher tonnages. For transport infrastructure planning purposes the proportions of grain assumed to be delivered by rail and by road are 1/2 and 1/2 respectively.

Woodchips:

The forward estimates are based on the tonnages advised by the woodchip industry discounted by 15% since the industry has been unable to achieve the expected yields and it has reduced its forecast production over time. For transport infrastructure planning purposes the proportions of woodchips assumed to be delivered by rail and by road are 2/3 and 1/3 respectively.

Silica Sand:

A constant tonnage is assumed based on previous actual tonnages and in the absence of reliable forecasts from the exporter.



LEGEND

- EXISTING ROADS
- EXISTING RAILWAY
- FUTURE ROADS
- FUTURE ROAD UPGRADE
- FUTURE ROAD BRIDGE

	A Original drawing	23-03-06
rev	details	date

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survey	COMPILED	cad file	12856-05A Port Map.dgn
drawn	JBdS 23-03-06	checked	
horiz datum	MGA 94	level datum	N.A.

scale at A3 all distances are in kilometres
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client
PORT OF ALBANY

description
**ALBANY PORT AUTHORITY
 EXISTING AND REQUIRED FUTURE
 TRANSPORT INFRASTRUCTURE**

drawing no
12856-05A

PYRMONT HOUSE
ALBANY

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UNEXPLODED ORDNANCE (UXO) IN PRINCESS ROYAL HARBOUR

EXECUTIVE SUMMARY

Albany Port Authority (APA) attempted to mediate a settlement with the Commonwealth in relation to submerged explosive ordnance in Princess Royal Harbour, but the process was unsuccessful. Therefore APA has commenced litigation with the Commonwealth over Ordnance in Princess Royal Harbour. APA has sought Commonwealth assistance in the location and removal of submerged explosive ordnance in King George Sound in the vicinity of the proposed new channel for the Grange iron ore project, but the Commonwealth has so far not provided any commitments of assistance to APA.

BACKGROUND

In November 2000 the APA was undertaking dredging operations to construct a new wood chip berth. In the process of dredging, a large amount of explosive ordnance (EXO) was uncovered by the dredging machine. This ordnance included small arms ammunition, large calibre ammunition, mortar shells, artillery shells and a 250lb aerial bomb. Worksafe closed all dredging operations until a safe dredging method was developed. The modified dredging method severely limited the rate of dredging and incurred substantial additional costs for the APA, to ensure that bombs were not sucked into the dredging machine. Ensuring that bombs were not sucked up by the dredge meant that the bombs remained on the sea bed, so the problem remained, incurring the Port a future liability cost in removing these bombs should additional dredging occur at some time in the future.

The APA undertook extensive historical research and discovered that the origin of the munitions was a sea-dumping campaign in 1947 and 1948, when the bombs were meant to be dumped off the continental shelf, well out of Port waters. In the process of loading the munitions on to a barge, a large quantity was spilt – either negligently or deliberately by the armed services. The APA has sought compensation for the extra dredging costs incurred and compensation for the additional cost of dredging in the future, but the Commonwealth has steadfastly refused to provide any compensation. The APA has been through an extensive process of mediation ordered by the Supreme Court and in late 2005 this process failed leading to a full court hearing.

The Commonwealth has shown no enthusiasm to solve this issue and the Port feels that the Commonwealth is deliberately delaying a resolution to weaken the resolve of the Port to pursue the matter.

CURRENT SITUATION

The APA has a Statement of Claim lodged with the Supreme Court for damages of approximately \$3 million for the extra costs involved in dredging, and also a claim for additional costs which will be incurred in future dredging projects due to the presence of the munitions. The value of the additional dredging has been estimated by an expert at approximately \$3million, but recent advice indicates that the costs could be double this amount.

The APA has undergone a process of mediation through the Supreme Court in an attempt to settle the claim without a full court hearing. The process has been extremely protracted – to date there have been 9 expert reports exchanged, 3 mediation conferences held (over 2 years) and 2 expert meetings conducted.

The final mediation meeting took place on 18 October 2005, and since there was no satisfactory outcome APA decided to proceed directly to court. This intention to proceed to court has been communicated to the Commonwealth, and the matter is being dual tracked, so that a court hearing can be scheduled as soon as possible after the 18 October 2005 meeting.

Just recently it has become apparent that in addition to the bombs dumped in Princess Royal Harbour just after the war, another problem exists due to bombs fired from the Princess Royal Fortress ("the Forts") on Mt Adelaide, overlooking the Port. During the life of the Forts, from 1890 to shortly after the second world war, the battery of artillery guns at the Forts were often fired at targets towed across King George Sound. It is reasonable to assume that some of these shells did not explode upon impacting the water, as is common with munitions, and they are now resting in a dangerous state on the sea bed in King George Sound. It is also possible that munitions were dumped in King George Sound. This presents a significant problem if and when dredging of King George Sound for the proposed Grange iron ore project proceeds. This project will involve an extensive dredging campaign of over 9 kilometres through King George Sound, to a depth of 15 – 17 metres. The Port is likely to incur substantial additional cost to deal with these munitions and the Commonwealth has not shown any willingness to assist with their removal.

It has been extremely difficult for one of the smaller ports in the state to seek redress from such a well-resourced litigant as the Commonwealth Government. Not only that, but the Commonwealth criticises the State over "bottlenecks" in ports, but at the same time does nothing to remove bombs negligently placed in Albany port waters by the Commonwealth.