

**An overview of the Port Botany
Expansion Project**

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The Port Botany Expansion

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Port Botany Expansion



Introduction

Australia is increasingly reliant upon offshore production and imported products.

Imported consumer products generally transported by container.

Strong economic growth has seen container trade through Port Botany increase from about 1M boxes in 2000 to about 1.5M boxes this year.

Container trade growth is forecast to continue at about 5% to 6% p.a.

From 2010/11 the port will start to suffer increasing congestion unless additional capacity is provided.



Background

The project planning and approvals had a gestation period typical of major Australian infrastructure projects.

- The original 'OOCL' proposal was derailed by the 1997 Asian economic crisis.
- Technical studies and preparation of the EIS for the current project form commenced in 2001.
- The EIS was lodged in November 2003.
- After an approval process that included a Commission of Inquiry and a 2 stage approval, the approval for the last part of the development was received in August 2006.



Delivery Strategy

A number of delivery and funding strategies were considered including Design & Construct; Design, Construct & Maintain; Design, Build, Fund & Mantain; a range of PPPs and full privatization of the port.

The D&C delivery model is best suited to this project for the following reasons:

- Preserves a level playing field for long term competition between stevedores,
- Retains SPC and Government's control over a strategic asset – over \$50Bn in goods traded through Sydney's ports annually,
- Provides significantly better value for money,
- Preserves Govt's flexibility with respect to provision of related infrastructure – road and rail links, community works etc.



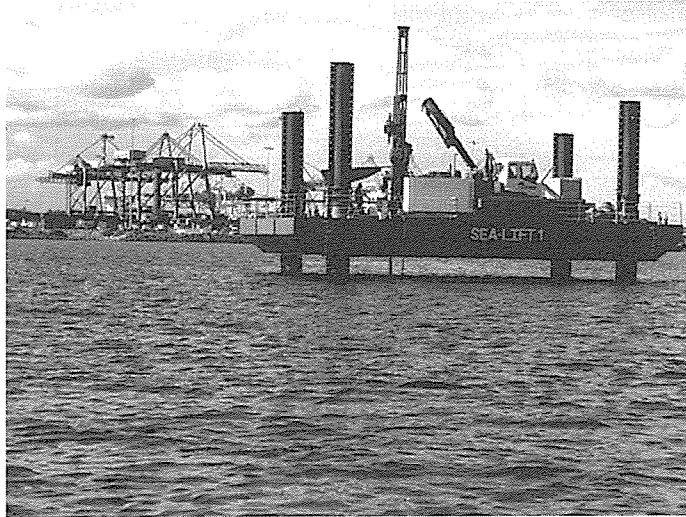
Current Status

The project is now in the 'delivery phase':

- Botany City Council court action concluded – Jul 06.
- Geotech investigation works (Douglas Partners) complete.
- BCC approval for D&C delivery and funding strategy - May 06.
- Technical Advisor (Maunsell) appointed - June 06.
- Stage 2 planning approval – 5th berth approved Aug 06.
- Procurement Managers (Evans & Peck) appointed in Aug 06.
- Project Manager (Bovis Lend Lease) to be appointed - Oct 06.
- ROI for D&C Contractors - closes end-Oct 06.
- Request for D&C Tenders - Q1 07.



Geotech Investigations Using Jack-Up Barge



 SYDNEY PORTS

Key Project Considerations

The success of the project will depend upon management of the following key issues:

1. Ensure that project meets stevedores' requirements - provide operational flexibility and cater for future technology.
2. Clear tender and contract documentation with comprehensive performance criteria – poor documentation could result in disputes and expensive (non competitive) variations.
3. Appropriate treatment of major risks – understand and only contract out what can be managed by the D&C Contractor.
4. Early resolution and certainty regarding planning issues – conditions (e.g. turbidity and noise) must be achievable.
5. Minimise geotechnical unknowns – a black art and design assumptions will have major economic impacts.

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Key Project Considerations

continued

1. Clear definition of interfaces - early engagement and sign off by major external agencies (SACL, Botany Council, RTA, RailCorp, DOP, DEC etc.) to close out future variations.
2. Detailed design of the Foreshore corridor and Penrhyn Estuary – key external focal points and project must meet expectations.
3. Pro-active community and stakeholder consultation programs – project will have impacts and is not popular with local residents.



Penrhyn Estuary



Amendments to Planning Approvals

The existing approval is prescriptive and Section 96 amendments are being considered to:

- Remove ambiguities and inconsistencies.
- Provide greater flexibility and scope for alternative designs – e.g. other forms of wharf structures may provide more economical solutions.
- Current dredging conditions need to be amended as they would either be unachievable or would add significantly to the project cost.



Tender Documentation

Primary aim is to optimise value for money. To achieve this the following principles must apply:

- Provide scope for innovation (must be clear about mandatory requirements).
- Sensible allocation of risk.
- Sensible program.
- Provide competitively tendered rates for un-quantifiable risks / items.
- Must be attractive to the market – strong competition for resources .



Consultation and Stakeholder Liaison

Community and stakeholder engagement particularly important on this project:

- Significant number of stakeholders – e.g. Sydney Airport, boating clubs, local residents, existing port tenants, Govt agencies.
- Not a 'hit and run' project – SPC's core business is the port.
- SPC is a State Owned Corporation – political sensitivity and higher expectations.