



The Maritime Union Of Australia

Central New South Wales Branch

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State Development Committee Enquiry into Port Infrastructure in New South Wales

**Submitted by Robert Coombs on behalf of the
Maritime Union of Australia – Sydney Branch**

When NSW Premier, The Hon. Bob Carr announced to the public at the NSW ALP 2003 Conference that Port Jackson would be closed to Container, Bulk & General and Break Bulk Cargo vessels, it sparked a massive reaction from community organisations and stake holders dependent on this commerce for day to day survival.

The decision by Cabinet meant a significant and almost instantaneous change to the organisation of Port Jackson. Already White Bay has closed and its occupier, P&O Ports now operates alongside its major competitor, Patrick's at Darling Harbour. The announcement represented a radical change to current policy. The 2020 Plan that was endorsed by Government and encouraged Sydney's waterway to remain a port of commercial and trade related activity virtually died with the Premier's announcement. It encouraged expansion of container traffic and other general trade.

The decision impacted on the Maritime Union in a number of ways, the most significant being potential job losses. Some jobs have already been lost through the movement of P&O Ports White Bay operation into Darling Harbour. The most obvious area that will be impacted against will be stevedoring. If the current container and bulk and general cargos are simply moved to Port Kembla, or in the medium term to Newcastle as the Premier's announcement suggested, then this will effectively eliminate the jobs of 150 stevedoring workers who are employed by P&O Ports and 25 permanent stevedoring workers who are employed by Patrick as well as impacting negatively on the earnings of in excess of 100 casuals employed by Patrick. There will be further job losses in the Maritime Services industries also. With something like 500 ship calls per year being directed elsewhere, jobs on tugs, lines gangs, pilotage and Sydney Ports Corporation will almost certainly be eliminated. This is not to mention a whole range of maritime related enterprises that basically rely on shipping in Sydney Harbour to assure their survival. It includes ship repair and maintenance, commercial divers, barges, wharf maintenance and so on. These changes signal a significant cultural change in terms of Sydney Harbour as a "workplace". It will also have a negative impact on many families who survive off the harbour as a source of work.

If the Premier's statement that the lease on Darling Harbour is to expire in February 2006 is correct, then some very precise and expansive thought and analysis is going to have to occur in the meantime to ensure that massive closing of industry and job losses does not occur. It is incredibly foolhardy to suggest that these enterprises and their employees are going to be able to simply pack-up and follow the shipping elsewhere.

The Maritime Union was disappointed that White Bay was targeted for immediate closure and not Darling Harbour. We believe that White Bay is a much superior Container and Bulk & General Terminal. It is connected to a rail head, is much closer to the Western Distributor and other superior roads and not of course situated in the city centre making it less vulnerable to congestion by heavy vehicles. We believe that the move to Darling Harbour was more politically motivated in realisation that if White Bay was to remain open, and Darling Harbour closed, then the two Stevedoring companies might well become too comfortable at the White Bay facility and more reluctant to move on.

Questions of productivity also come to the fore in relation to the operation of Darling Harbour as compared to White Bay. The terminal at White Bay was fitted with two portainer cranes and one large capacity slew and jib crane. The box rates achieved in the latter period at White Bay exceeded 21 boxes per hour on certain vessels. At Darling Harbour container rates due to the different type of equipment have slumped to as low as six per hour. Due to the lack of space at Darling Harbour it is our view that productivity levels with regard to break bulk cargos would be easily higher at White Bay than at Darling Harbour.

It is our view that if Darling Harbour is to close in 2006 then both stevedoring operations at Darling Harbour should be transferred to White Bay. This would serve to increase the productive capacity of the port as well as alleviating traffic congestion within the heart of the city of Sydney. Even if this was to occur, the rate of expansion of container trade and cargo volumes within the Port of Sydney would need to see the expansion of Port Botany, subject to environmental and social considerations.

The Maritime Union was also extremely disappointed at the short notice and lack of dialogue in the way that the decision was announced. We are also deeply concerned at who the beneficiaries are going to be if/and/or when the land is vacated.

We will oppose any new plan to sell off waterfront land to developers and other profiteers and believe that if the land is to be released, as a result of the removal of stevedoring operations, it should be rezoned for public access or use. It may also be feasible that other maritime industry be directed to these areas. However, the MUA would strongly oppose any attempt or proposal for the areas to be reopened for stevedoring activity outside of the current functions carried out at Darling Harbour by the current operators. This is a fundamental point in any support we may give for the proposed new development of a container terminal at Botany Bay.

The Case for a New Container Terminal at Botany Bay:

As a result of the Premier's announcement the Sydney Port Corporation now has a detailed and costed plan to expand existing container facilities at Port Botany. The plan allows for a third container wharf to be built adjacent to the present Patrick terminal at Brotherston Dock No 1, 1a, 2, 2a and 3.

The new wharf will be able to facilitate three panamax size vessels at any one time, have considerable space for container storage and perform R&D functions through either truck or internal rail facilities. By any measure it is a major public works program. Inevitably, such a program cannot be considered in just transport considerations only. Many other social and environmental issues will have to be taken into account. The MUA welcomes the Port Botany Commission of Enquiry so that public scrutiny and concerns can be heard and dealt with. This should be a comprehensive and expansive exercise and should not be circumvented in any way.

The MUA can only give final endorsement to the Botany expansion after all environmental and other social problems are adequately addressed.

Having recognised the above, a new container facility needs to be built in the Sydney, or Greater Sydney region. This is because the current container facilities in Port Botany will reach capacity by 2010. This is on the basis that container through-put will increase by 5.5% per year. This is a realistic figure and generally agreed across the industry, some are prepared to estimate future growth in container traffic at 6-7% per annum over the next 25 years. The closure of Port Jackson to container traffic will also exacerbate the problem.

It is also fact that 85% of NSW container imports are bound for destinations not more than 40km away from the Sydney CBD. Realistically, there are only two other options for a new container terminal in NSW, these being Newcastle or Port Kembla. However, transport costs would increase significantly if either port were selected as our next major container terminal. As an example, if Newcastle was chosen, a significant increase in transport costs would occur. The majority of containers would still be destined for the Sydney area. Conservatively, this would increase container transport costs by \$200-300 per container. Multiply this by the 100,000 that Newcastle developers reckon are required for a successful Newcastle operation and \$200-300 million extra is added to transport costs overnight.

Port Kembla is a little better placed – but not much. It stands to sound reason, the further you are away from the major part of the market – the higher the cost of transport, and hence the higher the cost of produce and consumer items. It is a fact that most shippers do not want to go anywhere but Sydney to service NSW requirements. This is borne out even more so by shippers saying that they will transport more product in containers if both Port Jackson and Port Botany are totally closed to Bulk & General and Break Bulk cargos. They would sooner do this than go to either regional port. There are other important factors also, container ships are getting bigger and are looking for fewer ports of call. Internationally, hub ports are being developed where container distribution is handled through wharf based mechanisms. Rail is playing a major part in this delivery and a proper rail network and infrastructure program must compliment appropriate ships and wharf facilities. The MUA was disappointed when the Enfield Container Park proposal did not go ahead and we believe that this must be revisited or a comparable proposal investigated. At present the average size of container vessels visiting Sydney is 2000 TEU. In 15 years it is expected to be 8000 TEU. Recently, Sydney had a visit by a vessel of 4100 TEU. Ten years ago this would have been scoffed at.

Geographic constraints exist in the two regional ports. Newcastle is already a very busy port because of coal export. It is also subject to weather restrictions. Port Kembla is a constrained port, but its major problem is of distribution. The Waterfall rail line has severe speed restrictions and a curfew existing for commercial operations in peak passenger times. Trucks coming from Port Kembla north have Mt Ousley to contend with. Truck movements would increase significantly with any increase in container traffic at Port Kembla.

Having recognised the commercial, geographical and logistical advantages of a Port Botany development our major consideration is that of jobs and job protection. If the lease of the Darling Harbour facility is not renewed after February 2006, the MUA will not just idly sit by and see the jobs and employment prospects of members disappear. It seems that industrial conflict may be alleviated though if the growth in the container trade is captured within Sydney Ports and employment is redirected, or refocused in this area that growth will generate.

This is the challenge for planners and those involved in logistic and transport related responsibilities. An overall plan is required to ensure that not only our Maritime transport requirements are adequate for present and future requirements, but also our environment and social responsibilities are not ignored. Fundamental to this is the employment prospects for those who work in the Maritime industry within Sydney Ports and who depend on a job within it for their and their family's survival.

Any future changes that may take place not only in Sydney, but in the State of NSW, should see the Government go through a proper detailed planning process. The said process must be able to facilitate the inevitable increase in container trade in the same manner as the *2020 Working Ports Plan* and the successor to that plan, *Port Botany – First Port Future Port*.

Signed:

per Warren Smith, Asst. Branch Secretary
Robert Coombs, Branch Secretary

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