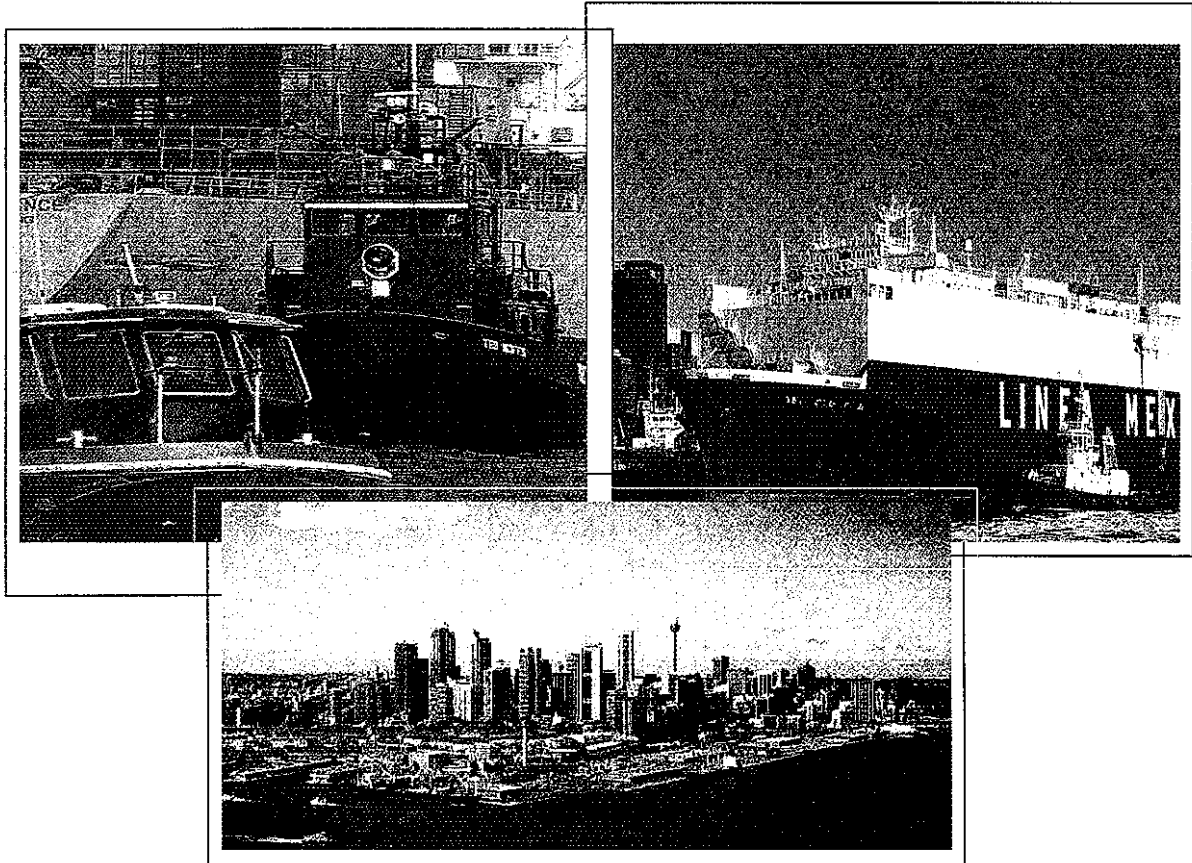


Submission To The
**Inquiry into Port Infrastructure
in NSW**



30 January 2004

Sydney Harbour Maritime Forum

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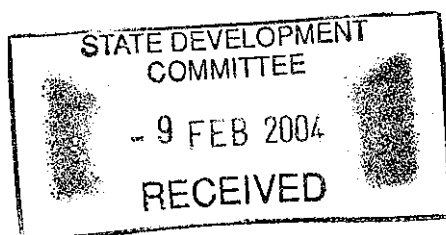
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Sydney Harbour Maritime Forum

30 January 2004



SHMF-3798LTR SCSD 040130.lwp

The Honorable Tony Burke MLC
Committee Chair
Standing Committee on State Development
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Mr Burke,

INQUIRY INTO PORT INFRASTRUCTURE IN NSW

The Sydney Harbour Maritime Forum is the peak representative group for maritime industry in Sydney Harbour. Our members include Shipping Australia, NSW State Chamber of Commerce, port service industries such as towage contractors, wharf construction and repair, navigation aid contractors, charter vessel industry, Boating Industry Association, Boat Owners Association and Yachting Associations together with a range of government representatives from the Premiers Department, Department of Infrastructure, Planning and Natural Resources, Waterways Authority, Sydney Harbour Foreshore Authority and Sydney Harbour Federation Trust. Further, we have strong linkages with environmental and heritage organisations.

The Sydney Harbour Maritime Forum is recognised as the peak group in the area of the economy and use of the harbour under the governments Harbour Governance Model. In our role as representing the common interests of working harbour industries, we participate in the planning process and provide industry advice to the government. The Sydney Harbour Maritime Forum is pleased to forward our submission herewith on port infrastructure in NSW for your consideration.

Yours faithfully
Sydney Harbour Maritime Forum



Mal Hiley
Chairman

2. EXECUTIVE SUMMARY

1. Long term planning for the co-ordinated use of the State's major ports is critical to the State economy.
2. Such planning must include for road, rail and intermodal facilities.
3. The Port Growth Plan has been developed without substantive industry consultation and is severely lacking in any detailed analysis of infrastructure costs, overall port-to-door costs or market access and growth.
4. The Port Growth Plan represents a radical change in government policy with respect to Sydney Harbour. In the absence of a compelling commercial and logistical argument to relocate shipping operations and in the absence of suitable alternative facilities, no decision should be made which prejudices the future of commercial berthage in Sydney Harbour.
5. Port Kembla simply cannot provide the capacity equivalent to Darling Harbour 3 - 5 alone for at least 5 years.
6. The impact of road and rail movements returning commodities to the Sydney market will be significant, particularly through the Sutherland corridor.
7. The demand for a container terminal in Newcastle will not materialise for at least 20 years and an alternate use for the ex-BHP wharves should be considered in the short term.
8. Port Botany should remain as the primary container handling port and should be expanded to meet market demands over the next 20 - 30 years subject to a substantial improvement in road and rail infrastructure.
9. Consolidation of port operations in Sydney Harbour should occur at White Bay/Glebe Island and not Darling Harbour.
10. White Bay should immediately be brought back into operation as a casual, common user facility for non-containerised trade and in particular car and ro-ro vessels.
11. The enormous advantage of Sydney Ports is that the infrastructure exists within close proximity to the end market.
12. Shipping lines displaced from Sydney Harbour will consider Brisbane and Melbourne as alternatives to either Port Kembla or Newcastle.
13. The port debate raises issues of competition policy with respect to both stevedoring and comparative disadvantage to lines displaced from Sydney Harbour.
14. In its role as the peak Harbour industry group having linkages with union, environmental and heritage groups the Sydney Harbour Maritime Forum is uniquely placed to facilitate a broad consultative process which will be required in the development of a co-ordinated plan for the Harbour as part of an overall port policy.

3. COMMENTS WITH RESPECT TO THE TERMS OF REFERENCE

3.1 PORT GROWTH PLAN

It is essential that the State's major ports be used in a co-ordinated way to ensure that commodities are delivered to their market with the greatest logistical efficiency.

Such a plan must contemplate the movement of trade over at least the next 50 years and consider road, rail and intermodal impacts and requirements.

To this end, the Forum supports the concept of a Port Growth Plan but consider it severely lacking with respect to both consultation and thorough analysis.

The framework has been established with an almost total lack of consultation with industry other than for the two major stevedores.

The framework has also been established prior to any apparent comprehensive analysis of:

- Current and future market growth
- Impact on road and rail linkages from the ports to the markets

Further comment on the core directions is offered below.

3.1.1 Port Kembla

Relocation of trade to Port Kembla is subject to provision of adequate port facilities together with transport linkages back to the Sydney market. Following the current extension, the Multipurpose Berth in Port Kembla will have a length of 429m compared to 855m at 3 - 5 Darling Harbour and 950m at 3 - 6 White Bay.

As a 1 to 2 ship facility already operating with a 30 - 40% utilisation, the Multipurpose Berth could only service about 30% of the trade currently handled through Darling Harbour.

Facilities do not currently exist in Port Kembla to enable a transfer of trade from Darling Harbour. It is considered that equivalent facilities will take at least 5 years to provide.

The dusty Port Kembla environment with adjacent grain and coal terminals is not ideally suited to car handling and pre-delivery preparation.

The Forum does not accept that stevedores have indicated a preference to move operations to Port Kembla and in any event particular regard should be given to the requirements of the traders and shipping lines rather than the stevedores who are just an intermediary link in the trade movement chain.

3.1.2 Newcastle

Whilst long term planning is to be applauded, it is considered that the demand for a container terminal in Newcastle will not materialise for at least 20 years and therefore, an alternate use should be considered in the short to medium term.

Newcastle Harbour suffers the highest incidence of port closure due to adverse sea conditions of any of NSW major ports and is not ideally suited to tightly scheduled general cargo carriers.

3.1.3 Port Botany

The Sydney Harbour Maritime Forum supports Port Botany as being the primary container handling port. The proposed operating efficiencies and expansion should, however, be matched by an upgrade of the rail and road infrastructure servicing the port. Community concerns should be given consideration.

3.1.4 Sydney Harbour

The existing commercial berths at Darling Harbour, Glebe Island and White Bay are significant commercial, employment and strategic assets. These assets should be kept in public ownership available to meet existing and future port demands.

These existing port assets represent 100's of millions of dollars of capital investment. In an increasingly insecure world why would an island nation reduce wharf capacity in the heart of its biggest market - once lost they are lost FOREVER.

White Bay is preferred to Darling Harbour for any consolidated stevedoring with its rail access and better road access. The rail corridor through Lilyfield must be kept open and not constrained by redevelopment.

White Bay should continue to be used in the short term for:

- Overflow capacity from Darling Harbour for car and Ro Ro vessels
- Lay up berthing
- Berthage for emergency ship repair

White Bay could also provide a land link for the Harbour islands which will be vital to the reinvigoration of Cockatoo Island.

The White Bay/Glebe Island precinct should remain as core port assets in the long term.

Some excess berth capacity must be retained in Sydney Harbour in order to:

- Accommodate casual vessel lay-up
- Emergency vessel repair
- Respond to future demand which may result from technological or other change in the shipping industry such as high speed vessels.

Without existing capacity, Sydney would not have been able to respond to the new trans-Tasman ferry service.

3.1.5 Long Term Planning

The shipping industry requires careful long term planning and the current Port Growth Plan represents a major policy change for Sydney Harbour and has introduced great uncertainty for industry.

The current plan is at odds with:

The Government's often stated position on Sydney as a working Harbour - notably:

- The Hon MR Egan: "... the Premier is a supporter of Sydney Harbour as a working harbour and so am I." [Legislative Council, 14 November 1996], and;
- "In order to maintain the commercial viability of the Port of Sydney, consideration should be given to the retention of key waterfront industrial sites." [Sydney Harbour Foreshore, A Statement by the Premier of New South Wales, August 1997]
- Sydney Ports Corporation's 20 year plan released in 1999
- The Sharing Sydney Harbour strategy released in September 2000
- The Glebe Island and White Bay Masterplan released in November 2000

The Port Growth Plan represents a radical change in government policy with respect to Sydney Harbour. In the absence of a compelling commercial and logistical argument to relocate shipping operations and in the absence of suitable alternative facilities, no decision should be made which prejudices the future of commercial berthage in Sydney Harbour.

3.1.6 Interstate Ports

If shipping lines are forced out of Sydney Harbour it is not necessarily the case that they will choose either Port Kembla or Newcastle as viable alternatives. It is a real possibility that they may review their east coast schedule and deliver only to Brisbane or Melbourne.

This prospect highlights the need for consultation with the traders and shipping lines rather than simply the stevedores for whom the port location has little overall impact.

3.1.7 Competition Policy

The port debate raises issues of competition policy with respect to both stevedoring and comparative disadvantage to shipping lines forced out of Sydney.

The two major stevedores are operating in an increasingly comfortable duopoly and in fact joint venture arrangements in some cases. The government should be mindful that it not create circumstances which reduce stevedoring competition.

Traders forced to use Port Kembla may suffer a comparative disadvantage relative to those still able to be serviced in Sydney in the same commodity market.

The issue of competition policy needs to be given further consideration.

3.1.8 Further Consultation

Before making any decision, the Government must consult with all affected stakeholders and peak industry groups including the Sydney Harbour Maritime Forum.

In its role as the peak Harbour industry group having linkages with union, environmental and heritage groups the Sydney Harbour Maritime Forum is uniquely placed to facilitate a broad consultative process which will be required in the development of a strategic plan for the Harbour in the context of a co-ordinated port policy.

3. COMMENTS WITH RESPECT TO THE TERMS OF REFERENCE

3.2 ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACTS

3.2.1 Economic

The economics of the movement of commodities needs to be considered across the entire chain from shipping costs, port infrastructure and capital investment, stevedoring costs, intermodal handling costs and the cost of transport to the customer.

The enormous advantage of Sydney Ports is that the infrastructure exists within close proximity to the end market.

By comparison, substantial capital investment is required in either Port Kembla or Newcastle to provide equivalent facilities to what currently exists in Sydney. In addition to this is the substantial impact on both road and rail systems to return commodities to the major Sydney market.

In a statement to the General Purpose Study Committee No. 5 - Inquiry into Oil Spills in Sydney Harbour on 22 February 2001, the Chief Executive of the Sydney Ports Corporation, Mr Greg Martin stated that:

“As to the economic significance of the harbour, approximately one-third of the \$40 billion worth of international trade through Port Botany and Port Sydney, that is some seven million tonnes of cargo worth around \$13 billion, passes through Sydney Harbour each year. The main cargoes in Sydney Harbour include over 160,000 imported motor vehicles, around 100,000 containers and over 4.5 million tonnes of oil through Gore Bay, in addition to some minor bulk cargoes, compared to some eight million tonnes of oil and 900,000 containers through Botany Bay. In 1999 the Government endorsed the Glebe Island-White Bay area as a port and employment zone under SREP 26, which endorsed the use of the land for port purposes.

Sydney Ports Corporation’s strategy for some years now has been to have twin port operations at Port Botany and Sydney Harbour, as there is clearly not enough capacity at Port Botany for all port operations. **Newcastle and Port Kembla do not provide solutions to Sydney Ports’ capacity issues as, among other things, the market for four million people is around the Sydney region, the infrastructure upgrading cost for road and rail augmentation to those two ports is prohibitive, and the additional freight costs from Newcastle - 160 kilometres - and Port Kembla - 100 kilometres - cannot be justified.**”

“... the economic significance of using the harbour is very important to all of us as residents of Sydney, because if you do not use Sydney Harbour you are going to have to bring that cargo from further afield, be it **Melbourne or Brisbane**, or possibly Newcastle and Port Kembla.

In all those cases you are transporting it by road or by rail very long distances on already congested highways. So clearly, apart from the congestion of infrastructure, there is the extra freight cost, and that gets passed on to all of use as users. So there is a very clear reason why you should use the best available port, and the closest port to the main market. **With four million people living around this harbour, be it Botany or Sydney, and I talk about those synonymously, this is the place to service the market, from as close as possible. So, when we talk about the economic significance, yes, you are talking about all those commodities that I mentioned before, the cars and the containers, but even the oil. That can be done more cheaply through Sydney and Botany than it can from any other further-afield port.**"

The berthage at both Darling Harbour and White Bay provide deep water heavy duty hard stand having an asset value in the order of \$300 million.

Further, the rail and road systems will need substantial capital investment of \$100's million dollars to return commodities to the largest market in Australia.

3.2.2 Social

Should trade bound for the Sydney market be relocated to Newcastle or Port Kembla, the primary social impacts will be on the costs of delivered commodities and traffic congestion of the main northern and southern arterial roads. This will be offset by a reduction in inner city truck movements although the Glebe Island and White Bay berths have reasonably direct access to the M4 including dedicated port access roads.

3.2.3 Environmental

Any port development should be subject to a searching environmental impact assessment. The local impacts of further development either in Botany Bay, Port Kembla or Newcastle are considered to be substantially equivalent.

The shorter transport lines from the Sydney Ports to the major Sydney market provide an environmental advantage.

3. COMMENTS WITH RESPECT TO THE TERMS OF REFERENCE

3.3 EMPLOYMENT IMPLICATIONS

It is considered that employment implications of the Port Growth Plan are substantially neutral and should not be overstated as a determining factor.

It is considered that the regional employment impact of increased port activity in Newcastle or Port Kembla will not be particularly significant.

3. COMMENTS WITH RESPECT TO THE TERMS OF REFERENCE

3.4 INFRASTRUCTURE NEEDS

3.4.1 Sydney Harbour

Sydney Harbour is well served by about 2.3km of heavy duty, deep water berths at:

· Darling Harbour	3 - 5	855m
· Glebe Island	1 - 2	468m
· White Bay	3 - 6	950m

A further 690m of suspended deck wharf is available at 1 - 2 White Bay (336m) and 7 - 8 Glebe Island (349m).

Darling Harbour

Since the recent consolidation of shipping operations from White Bay to Darling Harbour it has been demonstrated that the 855m quay line is reaching or exceeding capacity about once per week.

These berths can service 3 or 4 ships simultaneously depending on the combination of ship lengths.

When one of the larger 240 - 280m Ro Ro vessels operated by Wallenius Wilhelmsen is in port, then only two of the smaller 130 - 150m vessels can be accommodated at the same time.

It is estimated that about 1,600 truck movements per week are generated by shipping at 3 - 5 Darling Harbour together with an equivalent number of passenger vehicle movements associated with the Tasmanian ferry and cruise ship activities.

It is considered that this high level of traffic movement will create intolerable congestion in Hickson Road/Sussex Street and impact on general access to the CBD.

Glebe Island

The main infrastructure requirement for Glebe Island is the maintenance of the existing port access road (James Craig Road) and ideally the provision of a northern loop off the City West Link Road, via a tunnel under Victoria Road.

The port access loop road to Glebe Island must be planned and co-ordinated in consultation with the redevelopment of the Rozelle Bay Maritime Precinct.

White Bay

Berths 1 - 2 White Bay consist of concrete slab on timber pile construction and are in poor condition. Extensive repair would be required to enable any future use.

The remaining 950m of berths at 3 - 6 White Bay provides heavy duty wharfage and is in excellent condition. This facility should be retained as a core commercial port asset for the long term.

The rail line should be retained. The recent generally low level of usage is primarily a consequence of there being no intermodal facility to enable efficient transfer of goods to truck for final delivery.

The value and use of this rail link will increase dramatically with the establishment of an intermodal facility and serve to meet the government objective of increasing rail transport.

Port Botany

It is considered that Port Botany should be expanded to continue to serve as the primary container port for NSW. It is, however, essential that rail links to the port be dramatically improved to service one or more intermodal facilities.

Intermodal Facilities

The concept of an intermodal facility at Enfield is supported and is considered to be essential to improve the efficiency of goods handling and delivery. The facility should be serviced primarily by rail link from the ports of Sydney and Botany, thereby reducing truck activity in the inner city.

Port Kembla

Port Kembla requires major capital investment to provide even equivalent facilities to those currently available at either Darling Harbour or White Bay.

When the Multipurpose Berth is extended to 429m, it will still be shorter than 1 - 2 Glebe Island and only have the capacity to service one of the larger Ro Ro vessels or two typical car carriers or general cargo vessels.

It is considered that at least another 600 - 650m of heavy duty quay line and storage area needs to be provided above and beyond the Multipurpose Berth before the trade volumes currently serviced at Darling Harbour or White Bay could be accommodated.

The cost of this additional wharfage is estimated to be about \$100 million.

Further, the transport linkages back to the Sydney market are inadequate both for road and rail. Efficient access to western Sydney, it is dependant on the completion of the Maldon - Dunbarton rail line.

Newcastle

Newcastle has the opportunity to develop the vacated BHP site as a general cargo or container facility. However, this will be subject to market demand locally and the efficiency of transport back to the dominant Sydney market. The capacity of the existing road and rail systems to service Sydney will need close examination and probable upgrade.

3. COMMENTS WITH RESPECT TO THE TERMS OF REFERENCE

3.5 FUTURE OF CURRENT COMMERCIAL WHARF LAND

As stated earlier in this submission, it is considered that the consolidation of existing commercial shipping operations at Darling Harbour and White Bay should have taken place at White Bay. On this basis, White Bay would remain in active commercial port use until a compelling commercial and logistical reason existed to relocate.

White Bay should be retained for commercial port activity in the long term, consistent with the Glebe Island and White Bay Masterplan.

Darling Harbour berths 3 - 5 are considered to have a less substantial argument for retention compared to Glebe Island and White Bay.

In the event of commercial port operations ceasing at Darling Harbour berths 3 - 5, then it is considered that priority be given to alternate maritime use in the context of a whole-of-Harbour strategic plan, consistent with the recommendation of the Auditor General's Report 'Disposal of Sydney Harbour Foreshore Land' released in December 2003. Such a plan should contemplate all current and potential requirements for foreshore use and in particular:

- Establish and communicate a long term land use management policy and a strategic land use plan to Harbour users and neighbouring communities.
- Establish land use designations throughout the Harbour to provide certainty of use in the future.
- Establish comprehensive processes for project review and environmental appraisal, which include appropriate consultation with all stakeholders.

In the event that some sectors of commercial port activity can be relocated on the basis of sound logistic and commercial reasons, then the areas vacated should be retained for alternate trade, alternate maritime industry use or for future port demands.

Vacated land should be retained as strategic State assets with any use based on short to medium term controlled leasehold, not sale. Public access should be provided to the extent consistent with ongoing commercial activity.

In particular, any future use should not include residential development.

In this respect, it is noted that a report prepared for the Waterways Authority in 1999 titled 'Maritime Industries Demand for Foreshore Land and Water Space, Sydney Harbour and Parramatta River', made the following comments:

"Suitable land is required to support the future of the traditional industries and the new industries to provide a future for Sydney Harbour, both as a working port and a recreational venue. There is evidence that the process is moving out of equilibrium in that the current land needs of a number of maritime based industries is being stifled by the encroachment of residential development."

"The current practice of rezoning foreshore land for residential use, if left to continue unabated and without due consideration of the marine industries on its foreshores, will result in the effective disappearance of these industries from the Harbour resulting in a lack of services to support both commercial shipping and pleasure craft. This can only result in raising the cost of these services in the long run and progressive sterilisation of the Harbour."



IS THIS ICONIC?

