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15 December 2003

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

Dear Mr Burke

**Standing Committee of State Development - Inquiry into Port Infrastructure in New South Wales**

I am pleased to present a submission to the inquiry into port infrastructure in New South Wales on behalf of the members of Shipping Australia Limited (SAL). Shipping Australia Ltd (SAL) is a peak shipowner body representing thirty-six member shipping companies and shipping agents (list attached), as well as a similar number of corporate associate members. In addition Shipping Australia represents a number of shipping lines that are parties to Agreements registered under Part X of the Australian Trade Practices Act.

SAL has expressed its appreciation to the State Government for giving industry some direction for the future development of ports within New South Wales. SAL has been seeking such advice for a number of years. The continued pressure on available land for commercial and residential development underlines the importance of long term planning for port facilities. SAL is of the view that development should be cost-effective and efficient to serve the interests of shipowners and cargo owners as well as the public interest.

SAL is pleased that the 2003/2004 NSW Government budget has given the SPC a \$ 70.6m capital spending increase for 2003/2004, with \$ 30.75m being allocated for the purchase of the Cooks River facility, if it is put up for sale by State Rail. It has also provided \$5m for further studies on the 3<sup>rd</sup> terminal and \$3m for studies on Intermodal terminals. The budget has allocated funds for a study on a 2<sup>nd</sup> Bulk Liquids Berth at Port Botany. Newcastle has been allocated \$5.1m for capital works and Port Kembla \$ 1.0m.

## **NSW Government Ports Growth Plan, including any planned closure of shipping freight facilities in Sydney Harbour**

SAL has restricted our comments to the four major ports in NSW (Port Jackson, Port Botany, Port Kembla and Newcastle).

It must be emphasised that ports have evolved to handle the trade that arises out of community-developed catchment areas and that the further development or diminution of a port relies on the availability of cargo. Ships will call at ports providing there is sufficient cargo inducement, and the port is efficient, reliable and provides safe access to the vessels. The 'traders' (shippers and consignees), therefore, should have a direct input into the decisions made by Government on port development.

Careful consideration must be given to the competition between ports. Commodities handled, existing port infrastructure, new land transport infrastructure that may be required to service the port and costs of development should all be taken into account and the Government must not be misled into the misconception that competition would necessarily result in lower costs and/or greater efficiencies.

### **Sydney Ports (Port Jackson and Port Botany)**

In 2002/2003, Sydney's ports handled over \$45 billion in trade, representing over half of the total value of New South Wales' sea and airfreight trade and contributed to the economy of NSW with the employment of some 17,000 people. Over 2,300 ships called at these two ports, handling 1.16 million TEUs and 23 million tonnes of bulk cargo including bulk liquids, motor vehicles and dry bulk materials.

SAL is of the view that the trading community established bases within a few kilometres of the ports of Sydney because of this close proximity. It is understood that at present the vast majority of import containers are destined to within 40km of the Sydney ports. This is an important factor when considering the future of these two ports. Equally important is the need to find the best logistics solution to facilitate the trading requirements of NSW Shippers (Exporters and Importers). Ports are an important, but only one link in those logistics chains.

### **Port Jackson**

Port Jackson has been a "Commercial port" for over 200 years and the shipping industry was reassured a few years ago by the NSW Government's affirmation of its commitment to retain Port Jackson to handle international trade.

There is a perception that the Government has succumbed to strong pressure to relinquish some of these harbour sites and foreshores for non-international trading activities. The master plans developed for Glebe Island and White Bay, with improved transport infrastructure and the demolition of the grain silos to provide more space for cargo handling, appears to have been shelved.

It is understood that the Government will not extend the leases at White Bay and Darling Harbour, which expire in 2006 and 2007, replacing this capacity with a new facility at Port Kembla. Since the Premier's announcement, P&O Ports has ceased operations at White Bay and moved to Darling Harbour to share facilities with Patrick.

### **Glebe Island**

Wallenius Wilhelmsen Lines is expected to move operations from Darling Harbour to Glebe Island at the end of this year, with Toyofuji also moving to Glebe Island.

It is assumed that the Australian Automotive Terminals (AAT) developed at Glebe Island as a joint venture between P&O Ports and Patrick would continue to operate at least until 2012 (and possibly till 2017, with the 5-year option on lease extension). Care must be taken in operating roll-on/off vessels, at a pure car facility due to the risk of accidents with the movement of heavy machinery/equipment.

### **Darling Harbour**

SAL is of the firm view that the White Bay should be retained for marine use (e.g. lay-up berths, contingencies, accommodate vessels requiring emergency repairs, sudden surge of cargo imports/exports, [e.g. motor vehicles] which may require additional storage etc).

With the closure of container handling facilities at White Bay, shipping will be consolidated at Darling Harbour. Whilst this would create competition for available berths at Darling Harbour, it would also lead to congestion in relation to Receiving and Delivery of cargo. Some shipping has been moved to Glebe Island to free up some space. The introduction of the three calls per week of Trans Bass ferry service would create more pressure on the available space at Darling Harbour.

Consideration must be given to the greatly increased traffic flow along Hickson Road, with the arrival of the new Tasmanian Ferry Service and the increased number of Cruise Liners scheduled to call at # 8 Darling Harbour. In hindsight perhaps it would have been a better idea if this service was designated to White Bay?

The movement and impact of wide loads (e.g. break bulk/farm machinery) handled in the Darling Harbour precinct has also to be borne in mind.

Declining shipping calls in Port Jackson will have cost implications in marine related services, as the cost of infrastructure would remain static, whilst the income sources would be reduced. If the current rate structure is to be maintained, then the availability of tugs on a 24/7 basis may have to be limited.

The loss of rail access (and the resultant increase in road use) with the closure of White Bay, with no improvement to service levels for importers and exporters, especially when the additional rail capacity for Port Botany in total is not yet available, is of concern to our members. We believe that the demise of container handling facilities at White Bay would result in a loss of around 25-30% rail capacity to the Sydney basin. The current access problems for trains' into/out of Port Botany, resulting in limiting competition amongst Rail Operators, will be exacerbated.

## **Future requirements of the Building Industry**

Protection of the existing facilities for the handling of materials for the building industry e.g Gypsum, cement and timber is of critical importance, bearing in mind that a large percentage of these materials currently handled at Port Jackson are used within the greater Sydney area and the possible additional cost implications if these were moved to Port Kembla or Newcastle, could be substantial.

## **Port Botany**

December 1999 marked the 20<sup>th</sup> anniversary of the commissioning of Brotherson Dock, Port Botany. It has been predicted that the volume of freight through Sydney Ports will triple over the next 20 – 25 years. Port Botany was developed to provide the dedicated container facilities that could not be made available in Port Jackson (this is especially relevant with the recent announcement regarding Port Jackson).

Port Botany is faced with a political impasse between two Labor Councils with opposing views as to the future of port development. The plans for the development of the land behind the current terminals and its usage are fragmented and would require realignment. Whilst the views of Local Councils should be given due consideration, it is our view that the development of port areas should come under 'one banner', possibly under one State Government Department.

Sydney Ports Corporation commenced an Environmental Impact Study (EIS) in 2001 for the proposed expansion of Port Botany. The Government has announced that SPC's Port Botany expansion will be sent to an Independent Commission of Inquiry, as the EIS has now been submitted. Members of SAL are of the firm view that this inquiry should be carried out expeditiously. Providing this proposal meets the environmental guidelines, it is imperative that immediate serious consideration is given to port expansion. The fact that it takes around 4-5 years to develop the necessary infrastructure for extension of container handling facilities must be borne in mind.

The shipping industry is pleased with the Sydney Ports Corporation's commitment to forward planning and supports the Plan for development of Port Botany, which includes reclamation of 60 hectares of land, to build five additional container berths between the existing berths and the airport parallel runway.

Both container Terminals in Port Botany have recently indicated that they could handle a greater volume of containers in the future at its existing Port Botany facilities by realignment and increase in automation.

Closure of White Bay and resultant short-term movement of ships to Port Botany, without any increase in berth capacity or a significant improvement in infrastructure would impact on 'berthing windows' for fixed day services for container vessels.

It is imperative that the Cooks River facility is preserved for container traffic. It is recommended that any leases awarded be of sufficient duration, to encourage the prospective Lessee to invest in building suitable facilities.

## **Newcastle**

In 1999, Newcastle Port Corporation which is the economic and trade centre for the Hunter Valley and the North and Northwest of NSW celebrated 200 years of commercial shipping activity as Australia's first commercial port. The Port is Australia's second largest tonnage port, with over 3000 shipping movements handling cargo in excess of 76 million tonnes per annum. Newcastle is the world's largest coal export port (90% of total throughput tonnage is coal). A suggestion has been made to build a \$ 300m third coal terminal to ease the congestion in the port. It has been reported that there are currently problems with delays of coal delivery to the wharf, caused by delays to coal trains going to Kooragang Terminal on the dedicated coal train track, which have to cross passenger train tracks. This problem could be overcome if an overpass or an underpass is built so that there is no crossover point between the two tracks, thus giving unimpeded access.

We note the statement made by the Government that the BHP land in Newcastle would be reserved for development as the 2<sup>nd</sup> container Port in NSW after Port Botany reaches its capacity.

Concern has been expressed whether the current rail infrastructure could handle the projected volume of up to 1m TEU in Newcastle, as freight trains would have to share the passenger train track. SAL believes that the current road/ rail infrastructure between Newcastle and Sydney is inadequate. A high volume of container traffic would require dedicated rail access. Consideration must be given to topographical constraints in developing such networks, the additional cost to transport and the desires of cargo interests to have their cargo handled at Newcastle instead of Port Botany.

## **Port Kembla**

The Port Kembla Port Corporation, which celebrated 100 years of operation on 23 December 1998, is regarded as the fastest grain loading port in Australia. The total trade through the Port is around 23 million tonnes. The double track rail spur line provides a direct link between the Port's Multi Purpose Berth and major markets throughout Australia.

SAL was represented on the taskforce established by the NSW Minister for Transport and Roads to look at the feasibility of establishing a container terminal at Port Kembla. This Task Force has found that smaller shipping companies could be attracted to using Port Kembla as a complementary port to Sydney. Port Kembla has spare capacity, deep water and a good rail and road connection to Sydney, with closer access to the developing logistics and distribution centres in the South Western regions.

SAL notes the State Government's announcement, to replace lost capacity at White Bay (2006) and Darling Harbour (2007), which could result in some cargoes moving to Port Kembla from Sydney to complement the Sydney and the NSW freight task.

Port Kembla has announced it will extend the multi-purpose facility from 300m to 700m. The original berth was built in 1982 and currently handles around 600,000 tonnes of cargo per annum with over 100 ship visits a year.

It is doubtful whether the State Government would be able to fund the building of infrastructure in the port/hinterland if the port was to handle containers (eg NSW Rail Freight network and interlinking roads).

### **Current and future infrastructure needs and social impacts including with respect to the adequacy of existing road and rail infrastructure**

Transport infrastructure leading to ports has not kept pace with the increase in port throughput. Road and rail transport to the ports must be coordinated and integrated to cater for the predicted growth in trade. Planning for the development of transport infrastructure must also take into account of the strategy and concepts formulated by AusLink.

Weighted consideration should be given to the promotion of a nationally consistent regulatory regime, for both road and rail, through a single Federal Agency (currently Rail operators have to work with numerous State Agencies).

### **Development of Inland Container Depots**

SAL supports the concept of opening inter-modal depots in the Sydney Basin, with shuttle trains linking the depots to the port to ease the congestion on the roads in the vicinity of the ports. It must be stated that some Local Councils are opposed to this point of view. The State Government must dictate and decide on State priorities.

The Milton Morris inquiry rejected the proposed Intermodal rail terminal at Enfield, showing preference to the development of a network of smaller Intermodal terminals to service Sydney's outlying industrial areas at the beginning of this year.

The report found that the Enfield proposal could not be assessed in isolation but has to be considered as a part of a coordinated strategy for the movement of containers across the Sydney metropolitan area, recommending a strategy, which includes a network of smaller interconnected terminals.

SAL is of the view that there would be benefit in revisiting the Enfield development proposal in light of the new proposals for Port Jackson.

This will also assist in overcoming the difficulties encountered in Australia caused by Receiving and Delivery at shippers/consignee's premises of containers being limited to a few hours during the day, whilst the shipping industry/ ports work around the clock. Transport operators should provide an integrated total transport and logistics service.

## **Road and Rail Infrastructure**

Shipping Australia supports any move to improve the transport infrastructure (road and rail) to accommodate the projected trade growth. The present inefficiencies and impediments to the movement of freight are caused by serious deficiencies in:

### **Rail**

- Rail infrastructure (Metropolitan and State wide) being inadequate
- Rail track access – should be nationally consistent
- Dedicated freight lines not being available
- Lack of capital investment in rail
- Environmental issues being inadequately addressed
- Local Council/ State Government jurisdictional issues

### **Road**

- Curfews on freight movements and environmental issues
- Fragmented road network around metropolitan Sydney (i.e. no “core corridors”), but this is being corrected.
- Stevedores are able to carry out a 24-hour/365-day operation for the berth as well as Receiving and Delivery of containers. Cargo interests making use of this option would create more efficient utilisation of resources and not restrict their hours of operation.
- In this modern era, road transport has become more efficient, with the introduction of B-Doubles, can carry higher volumes using in general the same amount of fuel. SAL is of the firm belief that unrestricted use of fuel efficient, environmentally friendly, B-Doubles should be allowed on more ‘trunk’ roads.

SAL welcomed the NSW Budget allocation of \$14.6m, to improve the rail freight access to Port Botany, with \$ 22.6m for upgrading rail bridges this year.

SAL is pleased that agreement has been reached on leasing the NSW long-haul track to the ARTC for 60 years. This includes the Hunter Valley coal corridor and the rail tracks to Port Botany. The Federal Government can now release \$870m in funding to overhaul the north-south tracks and to provide a dedicated freight line from the southwest to Port Botany. Upgrading will reduce interstate transit times and reduce bottlenecks. However, even with this commitment from the Federal Government, SAL is of the opinion that private sector investment would still be needed

The inefficiencies caused by passenger and freight train services sharing the same track and the paths for freight trains crossing passenger train paths must be addressed. It is important that the Government immediately commences a detailed study into transport infrastructure to manage the change in freight movements well before the new port strategy comes to fruition.

Rail access to Intermodal terminals is of paramount importance, to assist in getting containers to move on rail to the outer suburbs, thereby relieving the congestion caused by heavy vehicular traffic on the Sydney roads.

Land-based infrastructure must be upgraded and improved to meet the demands of the increased trade through the ports. In Sydney the number of TEU's moved by rail last year showed an increase of 13.2% over the previous year (255,000 TEU up from 225,000 TEU).

**Future of public land at Millers Point, Glebe Island and White Bay on which shipping freight operations are currently located**

Members of SAL are of the opinion that land under the control of the Sydney Ports Control, should be taken over by the State Government as soon as shipping facilities are withdrawn, thereby eliminating the cost burden to the industry through SPC charges.

SAL believes that the NSW Government must give due consideration to our nations most valuable assets – the ports. It is vital that the Government keeps control of the land earmarked for port development, without yielding to pressure from commercial and residential developers. The State Government must provide a framework, which ensures that ports are operated in a safe and environmentally responsible manner, but it does not introduce unnecessary barriers in the way that shipping and related businesses are conducted.

SAL would appreciate the opportunity of elaborating upon this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Llew Russell', written in a cursive style.

Llew Russell  
**Chief Executive Officer**  
**Shipping Australia Limited**





## **SHIPPING AUSTRALIA LIMITED MEMBERS – October, 2003**

### **FULL MEMBERS**

Adsteam Marine Limited  
ANL Container Line Pty Ltd  
APL Lines (Australia)  
Barwil Agencies Oceania  
Beaufort Shipping Agency Co  
Columbus Line Australia Pty Ltd  
CP Ships (UK) Limited  
FESCO Lines Australia Pty Ltd  
Five Star Shipping & Agency Co Pty Ltd  
Hapag-Lloyd (Australia) Pty Ltd  
Hetherington Kingsbury Shipping Agency  
Inchcape Shipping Services  
John Swire & Sons Pty Ltd  
"K" Line (Australia) Pty Limited  
McArthur Shipping & Agency Company  
Maersk Australia Pty Ltd  
MISC Agencies (Australia) Pty Ltd  
Mediterranean Shipping Company (Aust) Pty Limited  
Mitsui OSK Lines (Australia) Pty Ltd  
NYK Line (Australia) Pty Ltd  
OOCL (Australia) Pty Ltd  
P&O Nedlloyd Limited  
Patrick Shipping  
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