

REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON
STATE DEVELOPMENT

INQUIRY INTO PORT INFRASTRUCTURE IN
NEW SOUTH WALES

At Wollongong on Thursday, 19 February 2004

The Committee met at 9 a.m.

PRESENT

The Hon. Tony Burke (Chair)

The Hon. Tony Catanzariti

Mr Ian Cohen

The Hon. Patricia Forsythe

The Hon. Melinda Pavey

The Hon. Christine Robertson

CHAIR: If I could first of all make an announcement to members of the media who are present: The Standing Committee on State Development has previously resolved that the press and public be admitted to proceedings of the Committee and that the media may broadcast sound and video excerpts of its public proceedings. I point out that, in accordance with the Legislative Council's guidelines for the broadcast of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos.

In reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation is placed on anything that is said before the Committee.

ALEX DARLING, Lord Mayor, City of Wollongong, and Chairperson, Southern Councils Group, and

TERENCE CARL WETHERALL, President, Illawarra Business Chamber, sworn and examined, and

ARTHUR RORRIS, Secretary, South Coast Labor Council;

DEBRA KIM MURPHY, Regional Manager, Illawarra, Australian Industry Group;

LESLEY HELEN SCARLETT, Executive Director, Southern Councils Group, and

STEPHEN ALLEN PAYNE, Director, Corporate and Governance, Wollongong City Council, affirmed and examined:

CHAIR: If you should consider at any stage during your evidence that certain evidence or documents that you may wish to present should be heard or seen in private by the Committee, the Committee will consider your request. However, the Committee or the Legislative Council itself may subsequently publish the evidence if they decide that it is in the public interest to do so.

Mr DARLING: Thank you, we are a very transparent group and organisation.

CHAIR: May I invite you to make an opening statement?

Mr DARLING: As Lord Mayor of the City of Wollongong, let me give you a brief overview. Wollongong is a city with a population of something in the order of 200,000 people. We are a multicultural city boasting 116 nationalities living in relative peace and harmony.

We have a very high rate of unemployment, higher than the national average, and we wave a flag which we are not proud of in Wollongong: We have the highest youth unemployment in Australia. What is very important to us is jobs, and particularly blue collar jobs, and we see containers as a golden opportunity to take up the slack that we lost with the down-sizing of the steel industry and the coal industry in our area. It is only a handful of years ago that we had 22,000 people employed in the steel industry, as we know it, and we are down to a workforce of something like 5,000. We have the busiest corridor for seeking employment in Australia where 19,000 commute daily to Sydney and the metropolitan area of Sydney to seek employment. That is an intolerable situation and we intend to rectify this.

At the request of the Premier of New South Wales, I have been working very closely with the Lord Mayor of Newcastle, Councillor John Tate. John Tate and I have been working under the guidance of our Premier, Bob Carr, to come to some arrangement re the containers to relieve pressure on the port of Botany. I must say that the Lord Mayor of Newcastle and myself did not go into this exercise with Sydney harbour in view, we went into this for the relief of the port of Botany. Six Labor councils surrounding Botany believed that Botany's capacity had been reached and we saw a real alternative. Our presentation to the Premier was: We can offer you a solution to the overcrowding of Botany. It is called Newcastle/Port Kembla.

After I visited Newcastle I was determined that Port Kembla had more benefits to offer. I understand that most of you visited the port of Port Kembla yesterday and, catching our local news late last night, I heard some very favourable comments, and we thank you for that. It is an interesting site. I was a guest speaker at a Rotary club last night and I asked about 40 people to be truthful and to answer this question: How many of you were aware that 9,000 cars came through the port of Port Kembla during the Olympic Games? There was not one hand raised. What I am saying is that we have had the exercise of bringing containers and cars into Port Kembla and there is no reason why we cannot continue.

The Lord Mayor of Newcastle and myself, in a private meeting with the Premier and a few of his people, simply said: We understand it is going to be a very hard call for you or your Minister to make and we will abide by the umpire's decision. We believe there is room for the port of Newcastle and indeed the port of Port Kembla; however, in your wisdom, if you chose one of these ports, we would accept that gracefully and walk away from the issue wishing the other party all the very best. The Premier at a Labor conference announced that there would be capacity for Newcastle and Port Kembla, which we are very pleased about, but I am uncertain as to what that means, as to what capacity, whether we are getting bulk or containers or both. We are very grateful that you are here today to listen to evidence to help you in your deliberations of what you believe is fair for Port Kembla.

On State Government figures there is an imaginary line that tells us that the southwest of Sydney is the growth area of Sydney and that is the corridor where the activity would happen. Bringelly will have a population of 300,000. It makes perfect sense to us that that would become a light industrial area and it could be serviced easily by the port of Port Kembla.

I thank you for your time. My colleagues have other things to say and I do not want to touch on the issues to which they will speak, so thank you very much for your attention.

Mr WETHERALL: I am the President of the Illawarra Business Chamber and I am also a member of the Illawarra Alliance. I think it is important that we explain the alliance to the Standing Committee. First of all, the Illawarra Business Chamber is the largest business organisation in the Illawarra. It acts as a regional business organisation and we also say as a community organisation and it is directly affiliated with Australian Business Limited. The alliance consists of us, representation of the South Coast Trades Labor Council, representation of the Australian Industry Group, Wollongong City Council and, lately, it voices the collective views of the Southern Councils Group.

Our intention as an alliance is to jointly seek and promote economic strategies and infrastructure for the Illawarra and to vigorously lobby for successful outcomes. The alliance itself gives notice that the Illawarra is hunting as a pack. It provides a collateral view that we seek beneficial regional development such as an expansionary role of the port of Port Kembla. We believe that collectively we promote these economic strategies in the best interests of our membership and, in doing so, to the benefit of Illawarra.

The membership of the organisations and the representatives of Wollongong and the Southern Group of Councils have endorsed the expansionary proposal put forward by Government. We strongly support the ports growth plan and the adoption of the three point policy. Why do we do so? Because it promotes employment in a region with traditionally high rates, especially in youth unemployment. It provides some environmental benefits to the Sydney basin through the reduction of traffic movement, emissions and congestion, as the container facilities in the Sydney area grow at a rate of 7 percent per annum and the city itself receives an additional 50,000 residents a year. We also see a substantial service in southwest Sydney and, as the Lord Mayor suggested, increasing intensity is on Bringelly precinct, which will have 90,000 dwelling sites. The political, business and trade union groups want this expansion to occur. It has been said by others that a prerequisite to economic development, including port facilities, is that the surrounding communities must want it and we clearly demonstrate that.

Further, the proposal supports our industrial activity and our maritime history. The ghosts of James Cook or Bass and Flinders would be no doubt smiling that their discoveries were leading to such opportunities. In the 208 years since Bass and Flinders landed at the Tom Thumb lagoon in what is now the port of Port Kembla, many opportunities and developments have occurred. Starting in 1881, Kembla Coal and Oil constructed a 900 feet long jetty for export purposes. In 1898 the New South Wales Government constructed the deepwater harbour. In 1927-28 Hoskins formulated Australian Iron and Steel and established it adjacent to the harbour facilities. In 1955 the New South Wales Parliament constructed a Port Kembla Inner Harbour Construction Agreement Ratification Act for the construction of the inner harbour. In 1990 the grain handling facility opened. In 1987-1988 120 metre 30,000 tonne concrete tube units for the Sydney Harbour Tunnel were constructed. In 1996

two gas and oil platforms for Bass Strait exploration were constructed and, in 2000, 9,000 cars were delivered during the Olympic Games.

These opportunities have been provided in the past and every opportunity has been accepted by the businesses and workers of Illawarra to deliver. I do not think there is any doubt about the capabilities of the people of Illawarra to deliver in this particular case.

We also say that - and this will be expanded upon further - we do have adequate road and rail infrastructure for the level of expansion that we are seeking. We believe that this facility will stimulate our economy through direct and indirect jobs. It has been stated by the National Institute of Economic and Industry Research that an estimated \$400 million will be generated by this facility. It expands and optimises land use potential; it provides increased business opportunities; it uses existing infrastructure and, because of our proximity to Sydney, it will provide increased regional economic driving strategy and further opportunities for relocation; it will lower transport costs, particularly to southwest Sydney; we will have less waiting and loading times and we will have less traffic carting and congestion delays.

Overall, we say the role of Government is to achieve the best economic, social and environmental outcome. The role of the Ports Corporation is to promote and facilitate trade. This proposal fulfils both of these roles. Essentially, we say that it makes good sense.

Ms MURPHY: I am here as part of the Illawarra Alliance but also as the Regional Manager for the Australian Industry Group in the Illawarra. I would like to start by giving you a brief overview of what the Australian Industry Group is. We are one of the largest employer and industry associations in Australia. We represent around 10,000 member companies nationally. Our members are predominantly from the manufacturing sector, but we also represent the industry sectors of construction, telecommunications, information technology, heavy engineering and labour hire, so we have a diverse mix of membership. We are a not-for-profit association and we are owned and guided by our members. We exist to serve our members by providing advice and support to assist in the running of their businesses.

I have been with the Australian Industry Group for about two and a half years now and when I first started I had a bit of a culture shock. I had to, unfortunately, help some companies close down, cease trading and get rid of their employees. That was a really difficult, emotional, distressing and disturbing task. Fortunately, I have not had to do much of that lately, but it still has been a thing that has been occurring in the region. Because of that I decided early on in my position that I would, in the interests of my existing members, potential future members and the community as a whole, play an integral role in pursuing growth opportunities for the Illawarra region. I am strongly committed to taking on an active role in the growth and attraction of industry to our region and naturally that includes the development of the port of Port Kembla.

In my presentation I would actually like to cover two key areas, which are the changing Illawarra labour market and the employment opportunities that we believe are available in the proposed expansion of the port.

Over the last two decades the industry landscape in the Illawarra has profoundly changed. Between 1986 and 1996 the Illawarra lost 6,500 jobs in the manufacturing sector. Now this was significant because it represented 31 percent of the overall State's decline. You could look at this another way and that is by saying that in 1991 the manufacturing industry in the Illawarra employed 17.5 percent of the labour market, but by 2001, so ten years on, it represented only 13.7 percent of the Illawarra's labour market. These figures are according to the Illawarra Regional Information Service.

To some extent you could say that the Australian economy has also changed in similar ways with the decrease of employment in the manufacturing sector and increase in the services sector, including property and business services, but what is actually the point of difference in the Illawarra is that we have had a far greater proportion of the traditional or, in other words, to use a colloquial term, "blue collar" jobs that have been lost in this region.

Naturally, there are reasons why this has occurred and principally that has been technological advancements. These have replaced many highly labour intensive operations. There has been significant capital investment that has been made in plant and equipment upgrades and the automation of processes continues to this day at many of our members' operations locally. Industry today employs highly skilled people operating expensive equipment and they produce more. It should be noted that the turnover in the Illawarra's manufacturing sector has increased by 6 per cent between 1991 and 1997, also again according to the Illawarra Regional Information Service. So many businesses are alive and well, even though employment has decreased in some of our traditional sectors.

In considering the changing labour market in the Illawarra it would be remiss of me not to mention our unemployment. The Illawarra is an area of significant disadvantage. We have high levels of commuting - it is estimated that around 19,000 or 20,000 people commute to Sydney for work each day - and continual unemployment rates at a couple of percentage points above State average. Most recently, according to the Australian Bureau of Statistics, the latest labour force figures in December 2003 indicated that Wollongong had the highest level of unemployment in Australia. This was at 9.6 per cent. At the same time Sydney or much of Sydney was at 3.5 per cent unemployment rate. This was reported locally in the Illawarra Mercury on 27 January 2004.

So in this region we need jobs and the growth potential at the port of Port Kembla will undoubtedly provide us with the ability to generate a proportion of these much needed jobs. The conundrum is just how many jobs. Once the growth plans for the port of Port Kembla are fully operational, it is expected that they will provide a significant boost to employment in the region. I will give you just a few estimates, one that has already been touched on before. One is from the National Institute of Economic and Industry Research in a year 2000 report that stated that up to 2000 jobs, both direct and indirect, would be sustained.

The second estimate is from the Port Kembla Port Corporation, which has estimated that there will be 60 direct jobs in the construction phase and, once fully operational, the Port Corporation estimates that the terminal will support up to 300 direct jobs and the indirect effect will take this up to almost 1000 jobs.

The third estimate is from the Premier Bob Carr, who in his address to the New South Wales ALP State Conference on 5 October 2003 stated that there is a potential for creating up to 2,000 jobs for Illawarra families.

So they are three different points of view. Unfortunately, I cannot stand here before you and say that I am an economist. I have taken one subject at the post graduate level on economics so I am not eminently qualified to actually state what I believe our position is. However, despite this shortcoming and an inability to predict the exact number of jobs the port growth plan will generate at Port Kembla, the Illawarra Alliance believes there will be significant employment opportunities both in and importantly also around the port of Port Kembla.

Just digressing and going back to members of the Australian Industry Group, a briefing was held in April 2003 to the Australian Industry Group's Illawarra Industry Council. At this meeting business owners and managers overwhelmingly supported the AI Group taking a lead role in supporting the port's growth.

It is interesting to note some of the comments that were made. Members considered the sharing of the load of port movements across New South Wales as a viable, long term focus which could assist in managing the projected growth in containerised and other trade through all of the New South Wales ports.

AI Group members commented that the proposal is a sound business case with close proximity to market being a key driver of change, especially to areas of industrial growth in Western Sydney.

In the Illawarra we have lost substantial jobs in the manufacturing sector over the last two decades. The beauty about the type of job opportunities at the port is that they will be of a similar type to those that we have lost. Some will call them "blue collar" jobs, others unskilled or traditional

trade areas. Whatever the term, we need jobs. We need jobs to address the high levels of unemployment. We need jobs to address the imbalance we face following the changes to the Illawarra's historical labour market. We need jobs to sustain a future balanced economic growth strategy. We need jobs to support our community and finally, we need jobs to secure the future of our children, and their children.

In summing up, I would actually like to say just three facts. Firstly, we support it. We stand here before you as a strong alliance, keenly supporting the growth of the port of Port Kembla. Secondly, we need it to provide solutions to adjust the imbalance we suffer in the labour market. And thirdly, we need it to adjust the unemployment or to deal with some of the unemployment issues that we face.

The Illawarra community, including members of the AI group, are supportive and see it makes good business sense, and we believe in it. Importantly, we believe that it will create a significant number of jobs for the Illawarra region.

Mr PAYNE: I have a dual title here, I am Director of Corporate Governance and I am also head of economic development. I will be brief. Council's role in all of this is as a facilitator, an organisation that fosters and promotes and leads those programmes and organizations across the city and the region that promote economic development in all its forms. Our issues have always been infrastructure optimisation. You have got a port there – I used to go there when I was a kid with my father, who was a wharfie there. We used to have a lot of ships. As the markets change and the economies change, it is still sitting there, not fully optimised, not fully utilised, as is much of the rail infrastructure in the area.

Population growth. I have a report here. Wollongong City Council commissioned Buchan Consulting Melbourne Regional Economic Development Strategists. In November they published a report for Council and the other State parties who were part of this, about what the real facts are about the economy of Wollongong, where it has come from, where it is and where it should go in the future. I would like to offer a copy to each of the members, if I may.

In the submission from Wollongong City Council we only provide the executive summary to Committee members. Population growth in the region in the next 22 years will grow by 32 per cent. More than 125,000 people will come to live, work and play in the Illawarra and South Coast region.

The unemployment rate is unacceptable in anyone's language. You have heard a number of speakers say that. Be it all sectors, particularly blue collar, particularly the younger people. It is simply an unacceptable figure to be 2, 3 or 4 percentage points above that of Sydney or elsewhere. It is just not on, particularly given the growth of this region over the growth rate of New South Wales. We are above the growth rate of New South Wales overall.

Our consultants tell us that over the next 12 years we need to create 7,400 jobs, full time jobs, in Wollongong just to maintain our current unacceptable unemployment rate. I have gone public this week, I have made a pronouncement that to get some parity with Sydney, or New South Wales for that matter, the target is actually 15,000 or 20,000 jobs over the next 12 years.

I only said to my wife the other night I do not have half an hour to spare. This is all I can do for my kids, their kids, and their kids, to promote programmes that will create industry that will create jobs.

The region has key attributes which are spelt out in detail in this report that I will make available. Location to major markets is undeniable. Lifestyle benefits, given the sea change effect that is happening in Australia. We are the city of innovation. We are trying to make our name in all sorts of areas, particularly innovation and new forms of energy.

We have some major projects underway. Innovation campus may attract up to \$300 million worth of development. It may create 3,000 jobs over the next 10 to 15 years. We have developers coming here who want to build state of the art, 21st century aged care medical facilities, which could create 2,500 jobs, conservatively. We are seeing a wave of development come over this city at the

moment and it is largely, in my opinion, to do with our proximity to Sydney and western Sydney, and Canberra for that matter.

We have regional support for the position put forward in the Buchan Consulting Study. We have support from the Southern Councils Group, from the Hunter Valley and from western Sydney and we will continue to form these strategic alliances to ensure that the regions around Sydney are properly recognised in State infrastructure funding decisions.

So the economic development road map is available for the world to see. We have distributed hundreds of copies. We have consulted with 55 senior business leaders in this city and region to get a view of what is going on, where we come from, where we should go.

I commend the report to you on behalf of Wollongong City Council and I thank you for your time.

Mr RORRIS: First I would like to thank the Chair and Committee for the opportunity to address you and to speak on behalf on the submission of the city of Wollongong. If I can begin by saying a couple of words about the South Coast Labor Council, you may or may not be aware, it being a regional trade union body, we have some 30 affiliates covering the blue and white collar sectors from Helensburgh in the north, through to the Victorian border in the south and all of the Southern Highlands. That makes for an interesting balancing act at times, particularly with development issues and other things, and I think balance is going to be a recurring thing in what I have to say today, because I think that this has got it, or is getting it right.

Indicative I think of how well and how well supported this proposition is to establish a container terminal and an expanded role for bulk cargo at Port Kembla is the fact that I have been asked to actually cover infrastructure issues as part of this address and my business colleagues are covering the unemployment issues and others later will expand on those.

I think it illustrates a degree of a close working relationship that has been formed within the alliance and what may historically have been different groups with diverging economic interests. It is a good thing and we certainly intend to keep that going for other developments and that is probably already apparent to you. It is a close group.

I will summarise some of the alliance's position at the end, playing sweeper as I am, but first let me touch on some of the infrastructure issues because I know that they have been doing the rounds, particularly in the Sydney media. Can I say that there is a great degree of comfort with it locally because the key players have all an understanding of what the issues are and what they are not and a sense of perspective of this development, and I think that is a key issue.

Let me start by pre-empting some of the questions and moving through them. The issue of road and rail infrastructure for a start. Much has been said about infrastructure being a key issue, I guess in the analysis in Sydney as to the need to decentralize north and south. The proposal here is for 50,000 containers and I do not think we should lose sight of that. 50,000 containers and up to one million tonnes of general cargo.

You may or may not have already heard the figures but if I can just go through them: In terms of what our capacity was with the coal trade in recent years, since 1995 we have gone from 15 million tonnes of coal on our roads and rail to 9 million. Now that leaves an excess capacity far in advance of what the current proposal is. I think these figures are critical because they address the central issue of whether the current infrastructure is capable of this proposed development.

Now at the same time the projected increase in traffic is also negligible. The RTA's own figures show that if all the goods were transported by road, everything was done by road through this proposed development, you would see an increase in the vehicular traffic out of Sydney and Mt Ousley of .3 per cent, .3 per cent of an increase, or, if you want to look at it in other numeric terms, you are looking at 100 truck movements. When you consider 100 extra truck movements or vehicular movements on the roads, and there may be some doubters as to the levels of employment being projected, even if only 100 of the current people who travel and commute in Australia's biggest corridor, which is Illawarra-Sydney, and that has been recently established, were to find jobs locally

as a result of this, just 100 who currently travel to Sydney, that in itself would displace the .3 per cent and the future movements up. I think that that scale of the development tells a story and I think that whilst we appreciate that at a time like this each city and each port corporation is seeking to present its own capacity in its best light, we think that the facts should not be overlooked in the whole thing and we present that as pretty clear evidence as to the capacity of Port Kembla.

Having said all of that, rail will in fact play a significant role, and we are looking at around 50 per cent, particularly after Chris Corrigan's recent comments. He has made it clear that he wishes to use rail as much as possible, he has an obvious interest in that, and we see that that will in fact make an even stronger case for this region, given the existing rail line, which I am sure you have inspected, all the way through to the port.

I was going to touch on land, though I understand that at your visit yesterday you have seen first-hand the scale of level flat land capacity that we have and I do not think I need to go over that matter.

The proof of the pudding is in the eating, as they say, and the Lord Mayor indicated earlier that during the Olympics we had 9,000 cars down here. I guess that is a feature of Port Kembla: We do not brag about it, but we have been doing it, whether it be the Esso oil rigs or the cars. The fact is that we have already been doing a lot of these things; it has been happening. Many or most people in Sydney would not know about it and, as indicated, maybe some people of Wollongong have not been aware of it either, and that is a good thing too because, if people were not aware that 9,000 cars during that period in the Olympics went north, that tell us that the impact on infrastructure was slight. It tells the story of whether it is able to handle the job.

In addition, we have \$14 million to upgrade facilities to enable two ships at a time, to put it simply, and I am sure you have inspected that as well.

Can I just project a couple of things while we are on infrastructure because we also support our affiliates, a submission you will hear I understand after the break. There are lots of issues that people are very passionate about in Wollongong. We always fight pretty hard to get the best we can for our town and make no apologies for it. The thing we fight most for is jobs. I want to make that clear. Of all the things we may be lacking, the biggest is jobs and we see the port not just as a source of jobs but in respect to infrastructure by and in itself and an opportunity to leverage further infrastructure in the future, and we make no apologies for that. It is a good thing in terms of creating jobs and opening doors in the future, not closing them.

The question is whether the job on its current scale can be done here and our job today is to convince you that it can and that our infrastructure is able to support that and our community supports that development, and I think that is the important thing.

You will no doubt hear later in the afternoon that there are other opportunities by way of Maldon Dom Barton rail links. We say it is not necessary for what we do now. We can cope with the existing infrastructure, as I think we have just demonstrated, but it is a positive. It says that if at some point in the future we wish to expand, there is a cost effective way of adding to that infrastructure to expand, so you would be right in saying that one of the criteria should be scope for expansion and we are here today to say the current project we can do with nothing else and if in future there is a need to expand, then let's do it. We have cost effective options to upgrade that infrastructure in a competitive way, I would argue, to any of the other ports on the eastern seaboard. The opportunities are there.

In summary, and I will not touch on the previous points, I would say - and I think Terry summarised it pretty well - the environment, the social and the economic concerns are the three key areas. I think we have demonstrated that we not only need it here, but Sydney needs it, and this Committee knows better than most, I guess, from other submissions you have had, the stresses in Sydney. Our view is that there is another place to take the heat off Sydney and that place is Port Kembla and we are happy to appear united as an alliance to support that proposition.

(Short adjournment)

CHAIR: It is certainly an extraordinary alliance and I imagine it is the first time, and possibly the last, that some of you appear on the same letterhead, but in terms of general community attitude, what level of community opposition is there in the Illawarra?

Mr DARLING: Nil, I would suggest. It has not come across my desk and I think I could speak for members of the alliance that it is broadly accepted. If I could take you back to a task force committee established and chaired by our Minister, David Campbell, we had numerous meetings that were very well publicised in our local media, so the broad community was aware of what was happening, quite aware that the purpose of this task force was to establish a container terminal and bulk terminal at the port of Port Kembla to decrease unemployment in the area, and that was broadly accepted. If you are going to speak in a common tongue in the Wollongong area, and you want to speak about something that everyone agrees about, we talk about the intolerable situation of unemployment, so the broad community is totally supportive of anything reasonably that will create employment and link with the Illawarra or Wollongong area.

Can I touch on the fact that we were IROC, the Illawarra Region of Councils. We felt that we would have more clout if we could entice the southern councils to join with us because we could see the benefits of an upgrade of the highway, we could see benefits of the port of Port Kembla, so on invitation Eurobodalla joined us and recently Bega Valley has joined, so we cover from the tip of Wollongong boundary, including Wingecarribee - the Bowral, Mittagong, Moss Vale area - in our group, and we go to the Victorian border.

The reception right down to Victoria is one of good vibes. They can see that this Southern Councils Group can bring about the upgrade of the road. If I could touch on that very briefly, we had a meeting with the Federal Minister last week, the same group of people met with the Federal Minister on the invitation of Joanna Gash, and we are arranging a meeting very shortly with the Shadow Minister for Transport. The Federal Minister is coming down to inspect the road that we speak about, the upgrade of the highway. It does not really affect Wollongong greatly, once we get past the boundaries of Yallah and the southern part of Wollongong, but it does affect our neighbouring councils and so, as a group, you can see that we are going in with an unselfish attitude trying to assist one another to make the south coast a better place to live, work and play, as has been stated before, and it comes back to the same issue: Employment. Employment is a must. Unemployment we do not need. To get rid of unemployment we need employment and the containers we see as the start of something big, something that will say, well, if it was good enough for the Government to put containers down there in a working port, it is good enough for us to think of relocating our business to the south coast, so in a nutshell that is where we are coming from and, under oath, I think it is fair to say that the broad community accepts what we are doing with a lot of gratitude.

Mr WETHERALL: I think you may be wrong, I do not think it is the last time you will see this banner working together. It has in the past and it will in the future. In the introductory remarks about our organisation we say we are not only a business organisation but a community organisation because we say it is our members who employ people. The announcement of the alliance is not a new phenomenon, it is something we have promoted and we have been very open in our ambitions for the port of Port Kembla and we do that promotion through our individual memberships. Communication particularly in our organisation is very strong. Every Friday a report goes out. We have strong business awards, we have networking events once a month and we encourage our members to communicate with their workforce, and we recognise that workforce in our business awards held in November each year, so the message is out there. The negative feedback that we have received from Illawarra business has been zero and I think everyone appreciates the fact that collectively we have ambitions for this region and we jointly and collectively promote and encourage economic regional activity down here, which is something that I think the port community appreciates.

Ms SCARLETT: Could I just add in context too, those seven councils of the Southern Councils Group to the Victorian border, the port of Port Kembla is their port. Wollongong is the regional centre for those seven large councils and we are talking of a population the size of Tasmania. It is not a small community, it is a very large community which sees Wollongong as its regional centre and the port of Port Kembla as its regional port.

CHAIR: You have referred to the task force headed by David Campbell and I am just interested to what extent the ports growth plan as outlined do you feel picks up the issues that you are wanting to come out of that task force?

Mr RORRIS: I think it was critical, that task force report, not only in the sense that it created or generated a consensual view amongst the various organisations and the players that were involved in it, but it outlined for not only our community but I guess the decision makers in other places the capacity of Port Kembla. It was a critical report and a necessary, essential step I guess, in this process, so we see that as a pretty vital cog and we are all very glad that we were asked to participate in it. It was a very important first step.

CHAIR: Are there areas where you believe the ports growth plan as outlined does not adequately pick up what was in that task force report?

Mr RORRIS: Well, it was a very broad report and it outlines - I am going from my recollection - various scenarios and various capacities. If you are asking the levels of expansion that were projected in that report, well, we have a view about that and obviously we would like more in the future. We do want to stress again, though, that we have been asked specifically about capacity, our infrastructure to cope and community support for that, and that is why we have addressed our comments to that specific scenario. I am sure, however, all of us here would like to see the full benefits of the task force or the capacity of the report to be realised at some point in the future and I am sure I speak for the alliance in saying we would be committed to going further if that was required in the future to realise the full capacity.

The Hon. PATRICIA FORSYTHE: If I could refer to the Southern Councils Group submission, it includes extracts from the 2000 Maunsell McIntyre South Coast Transport Strategy. The strategy identifies a number of road and rail infrastructure problems for freight which "restrict the flexibility and efficiency of transport operators". To what extent, if any, are these problems contributing to any unwillingness to use existing port facilities in the region and to what extent might the problems impact on the proposed expansion of Port Kembla or any other facility in the southeast of New South Wales? Have these problems, to your knowledge, been identified by the Government; are they being addressed and, if so, how?

Ms SCARLETT: That report was a report primarily into transport corridors along the entire south coast of New South Wales, as you appreciate. The capacity of those roads as you have referred to in the report refers primarily to the capacity further south. There are difficulties in getting B-doubles, for example, through the very far south coast of New South Wales and in fact many of our alliance group are on the banner of the focus group, Princes Highway Task Force, which is fighting for further funding from both State and Federal Governments to improve those situations, but in answer to your question, how do they affect the capacity of the port to handle growth: Not at all. The capacity that is affected is the capacity to send goods out or further south along the corridor.

Mr RORRIS: In addition to that, if anything an increased capacity in Port Kembla to share the difference on the journey time to Sydney vis a vis Port Kembla has got to be better than the far South Coast, but obviously there are other concerns unrelated to the development.

Ms SCARLETT: But we were honest, we put the findings of the report in front of you so that you were aware of them.

The Hon. MELINDA PAVEY: Your submission states that the majority of the AIG are in favour of the proposed expansion. What objections or concerns, if any, have been raised by minority members?

Ms MURPHY: Well, in terms of the ports expansion, I have not actually had any direct objections to the port's growth plan at all. I just, I suppose put a caveat to that saying the majority, because I have not heard from all of them.

I suppose slightly digressing from that to the community comment, I would actually like to note that there are two elements. There is the membership side and then there is the community side and those are inter-related, as Terry sort of mentioned. I think there has been plenty of opportunity for objections to come through and that actually has not come through in any way, shape or form that I have received. In fact it has been the opposite. It has been people stopping me on the street saying: What's happening? When are things going to start happening and we are behind you and we are supportive and how soon can things get going.

The Hon. MELINDA PAVEY: What port capacity can the Illawarra region sustain? Is there any other evidence apart from the PK Container Terminal Task Force report that both the port and related infrastructure can cope with an increase of 50,000 or 100,000 containers per annum?

Ms MURPHY: In terms of what are you actually asking? The port itself?

The Hon. MELINDA PAVEY: Yes.

Ms MURPHY: Well all I can really do is reiterate what we have said in terms of the land availability, the readiness of the port to actually put the infrastructure in place, which I think Arthur touched on the \$14 million of capital investment for the expansion of that wharf. I do not see any road blocks, if you like, in that infrastructure and that readiness to move forward.

The Hon. CHRISTINE ROBERTSON: Will manufacturing and warehousing operations that are increasingly concentrated in Sydney's south-west be willing to make use of Port Kembla do you think?

Ms MURPHY: Once again, hard evidence is quite hard. In our membership we do have quite a good association with, and I have been exploring the interlinks between Western Sydney and the Hunter and on a number of occasions I had groups of members together from those three areas and I actually had a group down from Western Sydney of manufacturers in October last year and they actually commented that they would see it as a good thing for them. Harder evidence than that I am afraid I cannot give you but I can just say from anecdotal evidence of that meeting that there was quite a lot of – it was shortly after the Premier's announcement, so there was quite a lot of interest in the growth of Port Kembla as an opportunity for Western Sydney businesses.

The Hon. CHRISTINE ROBERTSON: Now this question is directed towards the Labour Council. Your submission also made mention of the potential eco-enterprise zone in the Wingecarribee Shire which is in the location I take it of the proposed Port Kembla expansion. I know you have spoken a bit about this, are you able to actually provide any details of the proposal and the benefits to the region?

Ms SCARLETT: No I cannot give you any details to be honest. I am aware of the proposal and I am aware that Wingecarribee Council, as one of my member councils, views the expansion of the port as an opportunity for that industrial park to progress further, but apart from that I do not have any hard details but I am certainly willing to provide them to the Committee later.

The Hon. PATRICIA FORSYTHE: Also in the Group submission there is a reference to Bega Valley Council believing that additional potential to relieve Sydney ports could come from leasing the multi purpose port. Could someone explain a little bit more about that?

Ms SCARLETT: The current Federal and State Governments have put a great deal of funds into the expansion of the port at Port Eden and there is a Port Eden growth plan also which is looking for opportunities out of Port Eden. Bega Valley Council is aware that the port at Port Eden was outside the terms of reference of your Committee and requested that I draw it to your attention and ask that the terms of reference be expanded to consider the fact that that facility is available and they would like more attention focused on it in the future.

The Hon. PATRICIA FORSYTHE: Is that broadly supported by the Illawarra Alliance?

Ms SCARLETT: I think it is supported by all of our councils, but I would be happy to ask the other alliance members. In fact the Southern Councils Group is meeting at Bega Valley next

Friday and a tour of the port and the new facilities, which have only just been opened, the new wharf, has been arranged for the mayors of the seven councils and the general managers and other people who are partaking in that meeting. So it is our first opportunity ourselves to have a look at the new facilities down there and what they are like and how we can direct business from this end of the region to that end, if we see the opportunities up here. We are a very working together group. It is just a shame that we are at the north end at the moment. I would love to show you the rest.

CHAIR: One of the submissions we have received, I am not too sure who this one came from, but it refers to the fact that at Darling Harbour there has actually been a decrease in the number of containers from 2000 to 2003 and a forecast that Darling Harbour is expected to decrease again this year. Is there any concern that that sort of trend might continue in terms of trying to retain the capacity that has been at Darling Harbour at Port Kembla?

Mr RORRIS: We have maintained a consistent position with the alliance that it is not up to us to say which part of the capacity in Sydney should come to Port Kembla. We have always maintained that we want an adequate level for employment generation and leveraged industry basically. We are aware of some of these reports. To the extent we want to maintain at least 50,000 it is fair to say for the alliance, we want to go upwards, not downwards, if anything, particularly in the future, but we are not in a position to be saying to Government where these containers of bulk cargo come from. We will leave that to the Government. Our job is to make sure that we get a fair share of the general and container movements through New South Wales. We made a very conscious decision not to buy into the argument about how Sydney manages its business. We would like to take some of the pressure off and the figure of 50,000 is fair, reasonable and is not going to impact negatively on our infrastructure. Beyond that in terms of how and where it comes from, we will leave that to Government.

Mr WETHERALL: I would just like to support that if I could. What we are saying is we support the three port policy and we never saw it as a contest between us, Sydney or Newcastle and that is the approach we have always taken. We think it makes good sense economically and environmentally. What is the fact here is there is continuous growth in containers, and that is in Government documentation, about 8 per cent per annum and what we are saying here, that we can solve some of their growth. We are not challenging anyone for what they are receiving right now. We are saying we are planning for the future.

CHAIR: There have been a few references to the very efficient job that was done down here with cars during the period of the Olympics. During the Olympics in terms of public infrastructure, traffic, trains, everything worked like clockwork during that time. How much of how well that whole process went actually depended on how well everything was ticking over during the Sydney Olympic period and how well was that integration needed?

Mr RORRIS: Well, in some ways it illustrated the central tenet of what is happening here with decentralization. It says if it went so smoothly during the Olympics, during that period where there was a decentralized approach and everyone played their part around the State to take the heat out, once there was this movement and the special event on in Sydney, I think it opened up a few people's eyes as to well, why don't we do this all the time? Why do we have to wait for the Olympics to do things? Isn't it smart economically, social and environmentally to have a decentralized approach all the time? Do we really need to focus in and outward container movements solely through Sydney or can it be shared?

So I think it was very important and I think the port of Port Kembla takes its credit for that, as do other ports and other infrastructure throughout the State. It proves what we are saying and in more ways than one that the decentralized approach is not only good, for the reasons we have outlined, but it works.

The Hon. TONY CATANZARITI: This goes to the Labor Council: You have recently called for better access for Port Kembla workers to emergency medical services. There was a comment on the ABC last Thursday about that. Can you tell the Committee what additional essential services, medical or otherwise, will be needed in and around Port Kembla during and after the expansion?

Mr RORRIS: It is a current topical issue. Let me put it this way. We are very passionate here about what the town needs and what we would like. We have maintained that our current infrastructure, and I will throw in medicals there and other things, is adequate for the job at hand. Would we like more? Sure. Is there scope for expansion? Sure. Other issues such as medical, and let me just pre-empt a couple of things because I am sure they will be thrown in later, the state of the rail line and other things. I am sure the alliance broadly will fight for all sorts of things that this region needs but the perspective that I am trying to bring to this particular development is to say we are looking at an extra 50,000 containers and 1 million tonnes and hopefully direct and indirectly another 2,000 jobs.

There are tens of thousands of workers in the vicinity of the steel works and associated industry already. What we do to upgrade the medical services for this region will do for everyone now anyway. Will it make a critical difference to that balance, the extra 2000 workers? No. If the port of Kembla was not expanded, will it alter what we are doing in terms of attracting those health services? No. In other words, it does not make any difference to the equation whether the port comes in or not in terms of infrastructure, whether it be medical, indirect and direct forms, transport and other things.

I guess what I am trying to say is there are a lot of things that this town needs and we have been at the forefront of a lot of those struggles, and will continue to be. What this alliance is about to say in fact, if anything, a development like this will allow us to leverage more of those things, not stretch our resources. In fact, it will give use added arguments to bolster our capacity. Will it make any difference to our current resources? No. Do we want other things? Of course we do. Will it make a difference? No.

The Hon. TONY CATANZARITI: You have said that a joint venture between Patricks and P&O Ports will operate the new port facility at Port Kembla. Is there any concern that the joint arrangements between Patricks and P&O might exclude other operators?

Mr PAYNE: That was directed at Wollongong Council?

The Hon. TONY CATANZARITI: Yes.

Mr PAYNE: I am looking around to see if there is a more appropriate person than myself to answer this. I could only answer it in generalities and I am not sure that is productive.

Mr DARLING: Perhaps I could answer that. We spoke about the port of Port Kembla being a working port, which it is, and we saw the room there for containers and other goods and then it came into the stevedoring companies. Now we do not have control over stevedoring companies but when we first got together as a group we were told the hard one would be to get stevedoring companies to come down here. We were - apart from Arthur I guess - all apprentices in the game, we did not quite understand how the ports worked, or I certainly did not understand how ports worked, but we were told when cargo is coming into Australia from outside, coming into Australia, ideally you had two like ports with the same stevedoring company. So if you were bringing cargo in to the port of Port Kembla and it was also going to Melbourne, you would ideally want the same stevedoring company. So we had to then leave the stevedoring alone for them to sort it out for themselves, and I am unaware of who has stevedoring rights at the port of Sydney or the port of Botany. I should imagine that is something that would be sorted out by the stevedoring people themselves.

Mr RORRIS: We do not have a view in the alliance. We are not in this game to pick winners in terms of who gets operating rights and who does not. Our job is to make sure that the containers come. I am sure there will be a process then of a combination of those who are enticed and those who grab a spot of their own free will and probably a combination of the two, but we did not see our role, with conflicts of interest I would imagine particularly with business representatives and others, to take a position on things like that as an alliance. I do not think it is helpful at all to our cause here. We want to see the operation here. Who gets the business, which operators, is something that probably needs to be addressed to those individual operators, I would imagine, as to their intentions. We do not see us adding any value to that question.

Mr WETHERALL: To add to that, during our education it was stressed on a number of occasions that there is an extreme degree of confidentiality in these commercial arrangements and maybe the Committee has more facts on the basis of how that commerce works, but we were told that it is a very tight school, cards are played very closely to the chest and it comes down to what is the best commercial deal at the end of the day. That is how it operates.

The Hon. PATRICIA FORSYTHE: Could I ask a question flowing on from what you said about your focus being on getting the containers. A number of shipping companies, as I understand it, carry not only containers but general cargo, mixed cargo. Have you had discussions with the shipping lines about their views? You have a focus on containers, but if they have mixed cargo they may have other factors to wanting to use a facility focused just on containers?

Mr RORRIS: Well, can I correct that. I used the shorthand, containers and bulk cargo. In fact one of the strengths of the proposition for Port Kembla is the tradition and history in dealing with bulk. If anything, the bulk end is already a speciality at Port Kembla and is something that is proven, there is a track record and facilities to be able to deal with that, and the containers really are the icing on the cake. We would like containers. Speaking with my Labor Council hat on, they are particularly good for spinning jobs. I assumed that the Committee was aware that bulk is very much a part of that, it is probably the area that the port has most of its history steeped in.

Mr COHEN: I am not sure who I should address this to, but anyone who might be able to enlighten the Committee, I am wondering if you could indicate the evidence that you have in relation to the cost and speed of delivery of freight from Port Kembla into the Sydney market as compared to Port Botany?

Mr DARLING: I think we are actually speaking about where the freight would be going and I think what we are concentrating on with the port of Port Kembla is that clearly it would have to be cheaper to take from Port Kembla to the southwest part of New South Wales, and on Government figures that is where the growth is. I do not think this alliance has any control over costing, but I must say that during the term of the steering committee or the committee that Minister Campbell chaired costing was never brought into the equation, so for the Government to proceed so far I should imagine that it must be of like price. That is all I could ascertain: It must be of like price. Commonsense would tell our group that it must be more economical to take it from the port of Port Kembla to the southwest of New South Wales rather than Botany or Sydney or indeed Newcastle, but as far as the costing side is concerned, I personally cannot throw a great deal of light on that, only to say obviously it must be comparable.

Ms MURPHY: I was just going to mention something which relates to some of the earlier questions in relation to evidence: We are planning, and I just saw the first draft yesterday, to survey some of the businesses in the Illawarra, western Sydney, and as far as our membership from the Australian Industry Group and the Illawarra Business Chamber's ABL affiliate can do, to actually survey the prospective importers and exporters and find out some detailed information and get that evidence, but we just do not have that at this point in time. I just wanted to mention that it is on the books, we are planning to do it, we have seen a first draft of it and we are working towards it.

Mr WETHERALL: I guess some of the information that we get is probably at a bias because we have obviously been talking to the Port Kembla Ports Corporation, which talks to its clients and customers. I think fact one is the proof that during the Olympics 9,000 vehicles travelled to Sydney and, from what we are told, and there was not any outrage from the transporters, that was a very efficient service and there were quicker turnaround times than they experienced at White Bay. What we also say is that the southwest of Sydney is now a significant manufacturing sector and we have close proximity to that. We would expect the southwest of Sydney to expand, there is no reason why the trend will not continue, and we all cite Bringelly as an ongoing example of that, but from IBC's perspective, we had to argue our case for support with Australian Business Limited, and obviously Australian Business Limited is made up of a number of people who are involved in stevedoring and in importing and exporting, and that was one of the questions put and the end result through the Australian Business Foundation, which did research this, was that this proposition makes good sense for the reason that there are cost savings.

Mr COHEN: Perhaps you could take this on notice, but it would be of interest to the Committee to know the actual speed of delivery.

Mr RORRIS: Just to back up Terry's point, I believe you have a copy of the task force report, which has been tabled. I would refer you to page 26 in figure 3.11. Obviously dollars and cents comparisons are a little difficult when you are at this stage of development; however, an interesting exercise was conducted whereby one truck left Port Botany and one truck left Port Kembla and went to various locations through New South Wales. There was an interesting line drawn through greater Sydney, I guess, as to which truck got where quicker, so even within the Sydney market, that equidistant time line actually goes from the national park all the way up to St Marys, in fact St Marys and Penrith, and according to this study the truck got there quicker from Port Kembla than it did from Port Botany. That is probably the best illustration of what happens when you over-congest an urban environment like Sydney with its population and what happens when you try to alleviate or put some of that stress down south. Time-wise, you can actually service that part of greater Sydney and the rest of New South Wales quicker from Port Kembla. That is probably the most interesting way of answering that question.

The other point is that, if you were to look at practical studies, we were told reliably during the Olympic period that there was an extra truck movement a day, and I take it that there were other variables, but, as a general guide, not only was it done but it was done with an extra truck movement a day. We see that sort of evidence as pretty compelling.

Mr COHEN: Councillor Darling, you mentioned earlier in evidence that a Federal Minister will inspect roads in this area. Could you indicate to the Committee the role of the Federal Government in providing infrastructure that might be of assistance to this scheme?

Mr DARLING: I just missed the first part of your question.

Mr COHEN: You mentioned earlier in evidence that a Federal Minister was coming to the Illawarra very soon to inspect roads and I was wondering if you could indicate the role of the Federal Government in providing infrastructure for this type of project?

Mr DARLING: Thank you for raising that. This group, along with Wollongong City Council and the Southern Group of Councils, has a great working relationship with both State and Federal members. We have a very good working relationship with the member for Cunningham, Michael Organ. Michael has tried to establish three job summits and I think all on this committee have attended those breakfast meetings to assist him in job creation down here. The member you are referring to is Ian Campbell, the Minister for Roads, and on a recent visitation to Parliament last week with the alliance group, and we had very close to an hour's meeting with Minister Campbell, I posed the question to him would he visit the site, and he said he would, and the next question was: When is that likely to happen? He said it would be within six weeks and he then told me privately that more than likely he would try to do it within two to three weeks, but he is coming to the site and we, as the Southern Group of Councils, have highlighted what we call black spots on our highway and he has indicated that he is prepared to travel the distance of the road and have a look for himself. The same invitation has been extended to the Shadow Minister, and that was via our member Jenni George, and we are waiting for a response from the Shadow Minister, Mark Ferguson.

Ms SCARLETT: To add to that, I suppose what this illustrates is our intention in this region to go to any lengths, to any Government, in order to get benefits for our communities, not only the Wollongong community but our combined regional community as well.

To answer the other part of your question, the Federal Government has no specific infrastructure responsibility that it would be looking at in regard to this proposal at this point in time, but we will not leave a stone unturned if it means that we might be able to get some extra funding by working together.

Mr COHEN: There was an article in the Illawarra Mercury of 5 February entitled Harbour Water Quality Threats, just to give you an idea of where my next question is coming from, and your submissions generally suggest that there would be minimal environmental impacts from the proposed expansion at Port Kembla. Other submissions have raised two issues: The impact of water quality on the marine environment in the harbour and the air and noise pollution generated by increased road, I guess in particular, and rail movements. Have you considered these environmental impacts, and particularly concern about the stirring up of heavy metals in the sediments of the existing harbour?

Mr RORRIS: We do not believe there is going to be a stirring up of heavy metals with the existing upgrade within Port Kembla. There is a long history of steel production and heavy industry within that harbour and we are not denying that. Whether we are going to stir things up, we have not seen any evidence of that. In terms of air and noise, I refer to the earlier comments regarding the scale of the operation, which is fairly minuscule compared to the size of general industry in this town, and once again you will get debate in this community about the levels of pollution, both noise and other things. The question that this alliance has had to consider is: Does this add or significantly add to that and do the benefits outweigh the costs? The view of this alliance is that there is a minuscule addition to noise and/or whatever other pollution as a result of this expansion. I mean you are looking at one of the biggest steelworks in the country, 50,000 containers coming in and out and some bulk cargo is not our primary concern in regard to pollution in this town. You will have a lot of people quite likely, including the South Coast Labor Council, taking a very strong position, despite our conflict with jobs, about providing a safe environment and reducing pollution and, to be honest, a lot of that has occurred in some areas. There have been some industries that have been the subject of a lot of concern, I will be very honest about it. But does this add to it?

Mr WETHERALL: I would just like to add, if I could, on that. I think it is important to put this in perspective. One of the things that we are most pleased about that we have a BlueScope in Port Kembla and the Illawarra, that is one of our trump cards and that is one of the reasons that the port has expanded its role over a period of time. Recent expansion has included coal and grain handling and I think that as a consequence of those processes what has come into play, there has been strong air quality controls, environmental safety issues and occupational health and safety protocols and that is an arrangement that has come through to ensure, that not only the working community but the broader community benefits from the economics of these enterprises but their health is not jeopardized.

Now, accidents will happen and the fact is we have a facility, we say we have the infrastructure that we simply want to see expanded. Waterways yesterday were reporting on an oil ship sitting outside Sydney Heads with a leak in it. Now the concern will happen anywhere regardless of where you put a port. If there are problems, they can arise in the port of Botany as they can arise in the port of Port Kembla but what we are saying here is our history in itself has, in the main, produced a safe working environment and I think all the industries in this community have to be applauded for the steps they have taken over a period of time to improve the overall environmental quality which has led to quality of life that we share in the Illawarra and it is a fact the quality of life of Wollongong and the Illawarra is the reason people are migrating here in the numbers that they are. So I think the potential will be there in the future, because, as a community we will ensure it.

Mr COHEN: Who would be responsible for water quality in the harbour?

Mr WETHERALL: The EPA.

Mr COHEN: This might show my ignorance, the 9,000 cars transported, how were they transported by road, driven up or mixed?

Ms SCARLETT: Road. Mr Chairman, members of the Committee, excuse me, I have to leave.

The Hon. MELINDA PAVEY: Just in relation to road and rail infrastructure, in your submission and during this morning you have made it clear that the current road and rail arrangements are adequate to deal with the 50,000 containers that Port Kembla would expand to, so you are lobbying for extra funding for roads and rail, you do not actually need that money to make this proposal go ahead, is that right?

Mr RORRIS: Yes, that is correct.

The Hon. MELINDA PAVEY: And what about the impact on commuter transport, commuter trains, if there is extra freight movement on the Illawarra line?

Mr RORRIS: Once again, we need to view that in perspective of the decrease in the coal industry. What we are looking at is a fraction of what we were carrying years ago in relation to that. That is the first point in terms of previous demonstrated capacity. But to put it in some form of perspective, I am reliably told it is the equivalent to perhaps one train per day. That is my understanding.

Ms MURPHY: Could I just add to that, that is what I was actually going to say when you started talking, that there are some very interesting facts that seem to put that in perspective and that is the decline in the coal trade that has actually been going through the terminal here at Port Kembla. In 1995 we had 15 million tonnes of coal that was going through that facility. I think it was last year that was down to 9 million tonnes. That was predominantly transferred by road and some of the sums that were done showed that the proposed expansion of Port Kembla would add 1.5 million tonnes – that is if you equate that to the 50,000 TEUs – 1.5 million tonnes so that overall gives us a \$6 million lighter road and potentially coming back to the noise and dust issue, what we have lost, it is only a small percentage of that which would be added by the 50,000 TEUs to the port of Port Kembla.

Mr RORRIS: And bearing in mind it is not coal dust. It is not coal dust and it is one extra train, that is our understanding. That is if there is a 50/50 split and I would have to take that on notice in terms of the exact figures.

The Hon. MELINDA PAVEY: Still further on the rail issue, a number of submissions have called for completion of the Maldon Dom Barton rail link, which was commenced in 1983. What is your opinion on this?

Mr RORRIS: Yes, great. If someone is prepared to give it to us, we will take it. Do we need it for this proposal, do we need it, no, we do not need it for the reasons we have just gone through. The existing infrastructure is adequate in its current proposal, but as I indicated earlier, what Maldon Dom Barton does do is it gives us an edge for expansion later and we think that should be a criteria to picking a port for the future, you should be looking at the capacity to grow later and we say not only is there a capacity to grow later, but it can be done in a cost effect way because as you point out, there is already a cutting there and if you good people are prepared to throw it in the shopping cart, we will take it but it is not something we need at this point.

Mr DARLING: Mr Chairman, could I be excused for a moment?

CHAIR: Yes.

Mr WETHERALL: Just on the roles of the Alliance, the Alliance have effectively come together to push the very fast train and we were great supporters of Mag Lev because it was the only consortium interested in the Illawarra. We see that in the past Prime Minister, on Tuesday night, is suggesting that we have a very fast train system on the coastal belt between us and Newcastle and we would support that, as we would support Maldon Dom Barton. The kind of infrastructure you are suggesting we will take every day of the week and that is the reason that the Alliance functions, to push and probe and lobby for that kind of improvement.

The Hon. CHRISTINE ROBERTSON: I am just wondering would there be any impacts of this proposed expansion on tourism or any of the other tertiary industries? Have you had a look at what kinds of impacts they could be?

Mr RORRIS: It is hard to see how development of this scale can have any negative impacts on the tourist industry in terms of either crowding out transport infrastructure. In terms of the quality of air, water and other amenities, I think we have indicated, we cannot see how that is going to come into play.

From a strategic perspective, and I think Mr Payne indicated earlier, the strategic directions of Wollongong at the moment are trying to do things in a balanced way. We have lost a lot at the blue collar end, we want to put it back. The tourism end is actually booming, is a positive side to the economy as it is and the trick here, as we see it, and as the Buchan report indicated and others, is to get a balance.

Not everyone is going to work in a club or a restaurant. Not everyone is going to be an academic at the university. Both industries are doing great things. The one area that we lack is the blue collar end, it is the loser at the moment in terms of jobs. They have gone down. We owe it to our community to balance that up by providing some of those blue collar jobs. We see it as providing some of the balance in. Once again, I cannot see, it is difficult to see any impact on tourism whatsoever.

Ms MURPHY: I actually have an additional version to that. I am a board member of the Australian Industry World, not Australian Industry Group but Australian Industry World, which is predominantly the plant tours that occur at BlueScope Steel and there is actually quite a good educational programme that goes through the steel industry and one of the tours that people can do is in and around the Port. So there are heritage tours, there is an explanation of Port, so potentially you could look at it from it being a positive that would enhance those existing tourism facilities and educations, by giving them more to look at.

The Hon. CHRISTINE ROBERTSON: Talking about jobs, when you did estimates on the 1,000 jobs, 2,000 jobs, did you actually use the Port Scope Plan Proposal or the Port Kembla Container Terminal Task Force report for those estimates?

Ms MURPHY: Well, I suppose, first of all, we did not do the estimates, they were done by an economic group, the ones that we have quoted of the economic group, National Institute of Economic Industry Research. It is a separate report that was mentioned in the task force report. The full name of that was mentioned in the task force report, so it came from those three sources.

The Hon. CHRISTINE ROBERTSON: Have you had any thought on whether they are full-time equivalents or do you expect a proportion to be part time or casual?

Mr RORRIS: I do note that you do have the maritime union giving evidence later and they will probably be in a better position about the specific maritime jobs, but in terms of the break down from National Economics, there are three or four classes of jobs, the direct jobs on the waterfront related to the increased capacity, the indirect jobs relating to the direct transporting of those goods, warehousing and associated industry and the third cluster by way of the multiplying effect. Simply having more money going round in the community will itself create a certain level of jobs.

The National Economics figures, and if you do not have a copy of the actual report we should be able to hand that up at some point, have a very impressive, I think, methodological approach to determining the levels in each of those categories and in fact in refereeing that report the view was that they were conservative and the reasons for that are twofold: One is the nature of the transport industry, which is a big multiplier industry in itself; but, secondly, the fact that you have to start from scratch in establishing some of those warehousing and other related functions that do not currently exist. That is something that perhaps was missed in some parts of the media when the announcement was just made and they said, well, how can you possibly establish 2,000 jobs when they do not current exist in those ports in Sydney? The reason is because you are injecting new money and new industry and new types of industry. You are starting it up and the multiplier effect is getting bigger. Secondly, being a regional community, the leakage is going to be smaller than what it may well be in Sydney.

I do not want to go much further than that because I am relying on memory from the NEIR Report but we can gladly hand it up. To be honest, we thought: How did they come up with that? We have had it checked out and the view coming back is that that is conservative.

The Hon. CHRISTINE ROBERTSON: Have you had any thoughts on the actual impact of that on the projections? Has there been any work done on whether if the majority of the employment turns out to be casual work force?

Mr RORRIS: There will be a mix.

Mr WETHERALL: We cannot quarantine the Illawarra against global employment trends, and it is as simple as that. I mean obviously the Maritime Unions will give their preference this afternoon. It is like everywhere, it is all about efficiencies these days, although politicians have a preference for long term employment. That cannot be guaranteed any longer.

Mr PAYNE: If I may, when I cited the job figures previous I always talk about full time equivalent. I never sully it with half jobs, whatever. So, 7,400 jobs is the minimum target we have got in the next 12 years. That is full time equivalent. If I understand that the jobs are 1,000 minimum Port Kembla and 3,000 or 2,500 for innovation campus are full time equivalent, I have always assumed they were.

The Hon. PATRICIA FORSYTHE: In any expansion of the port there is obviously a cost in the development of infrastructure. You have obviously got a number of existing users of the port. To what extent are they likely to see an impact in cost as a consequence? In other words, will some of your loyal customers be bearing some of the cost of that expansion?

Ms MURPHY: I do not know that we could actually answer that. I think that would have to be a question that the Port Corporation could answer. It is fairly commercially focused and it is a very complex industry to try and analyse those things. I would not feel confident to answer that.

Mr WETHERALL: I think that is the advice we have got in the past. The port has to be competitive and the customer base will depend on them being competitive. If that does not happen, they will not come. I think the Corporation understands those basic economic principles. That is a very intrinsic industry and the role now is to encourage patronage, increase patronage of the port of Port Kembla and that is the role of the Corporation and they understand that role.

Mr RORRIS: There is no evidence if what you are referring to is compared to some displacement, I do not think once again, because of the scale of this, there is no evidence that we have that there is any evidence of displacement of current customers. Once again, the port will be in a better position given all those things are commercial, and conflicts negotiated at various times, but we have got no evidence that the scale of this development, that it need impact on current usage. In fact I would not have thought it would be in the interests of the port to throw it any other way, they are trying to expand capacity, retain what they have and build on it, I would have thought.

Mr WETHERALL: From a business organisation's perspective, no one out there has said, well, this is a concern, this is going to cost us more. No one has come to us. As I stated earlier, our intentions have been well announced and have been promoted for a long period of time and we have had no approaches from anyone to say there is going to be a problem for our organisation if this occurs in terms of costs.

(The witnesses withdrew)

GARRY KEANE, Assistant Branch Secretary, Maritime Union of Australia, Southern New South Wales Branch, affirmed and examined:

CHAIR: If you should consider at any stage during your evidence that certain evidence or documents you may wish to present should be heard or seen in private by the Committee, the Committee will consider your request. However, the Committee or the Legislative Council itself may subsequently publish the evidence if they decide that it is in the public interest to do so. Do you wish to make a brief opening statement prior to answering some questions?

Mr KEANE: Basically my opening statement is a summary of the initial submission.

The Southern New South Wales Branch of the Maritime Union of Australia for some time now has been working through the South Coast Labor Council with the Australian Industry Group, Illawarra Business Chamber and Wollongong City Council in what is for this area a rather unique alliance. The common bond uniting this alliance is working towards a mutually beneficial goal of increasing the throughput of shipping trade importing and exporting from Port Kembla harbour.

The Maritime Union of Australia Southern New South Wales Branch focus was centred on the increasing volume of container trade into Port Botany container terminal, which is increasing at around 8 percent, equating to nearly 100,000 containers annually. With Port Botany expected to reach its capacity by 2010 of 1.6 million and a projection of 3 million containers by 2020 coming into Sydney, and taking into account the hostile opposition to any expansion of Port Botany's existing facility by the local councils and community groups, the alliance logically saw Port Kembla harbour as the answer to many of Port Botany's problems.

Port Kembla is ideally situated to handle a 100,000 to 200,000 TEU annually container terminal with its existing rail and road infrastructure and an extension to the multipurpose berth already put out to tender through Port Kembla Ports Corporation with \$14 million allocated by the New South Wales Government.

The Maritime Union of Australia Southern New South Wales Branch is confident that the submission forwarded from Wollongong City Council will deal with the various studies commissioned by members of the alliance, Port Kembla Ports Corporation and the Port Kembla Container Terminal Task Force. We wish to commend them on the work that they have done and will not attempt to go over the same statistics, but may present a slightly more cautious evaluation.

From the Maritime Union of Australia's perspective, Premier Carr's announcement on the closure of Port Jackson from February 2006 put the Southern New South Wales Branch in somewhat of a dilemma. While we have been lobbying for more trade through Port Kembla harbour for some time, we had envisaged trade coming from projected increases in containers from Port Botany, which would not have endangered the occupations of our fellow Maritime Union of Australia members in Sydney. While we would gladly accept any increase in the throughput of cargoes at Port Kembla harbour, we are firmly committed to support our Sydney comrades and sincerely hope any recommendations/resolutions coming out of this inquiry go some way towards addressing the concerns we will raise as we proceed through the terms of reference.

Before going through the terms of reference, however, we will take this opportunity to express our extreme disappointment that at no time prior to Premier Carr's announcement was there any discussion or even an indication of the pending announcement to the Maritime Union of Australia as the relevant voice of the maritime labourers directly affected by this New South Wales Government Ports Growth Plan. That the two major stevedoring companies were consulted and obviously had some input into formulating this plan while the relevant union was ignored by the State Labor Government both astounds and appals us.

I then address the terms of reference.

(1) The New South Wales Government Ports Growth Plan, including any planned closure of shipping freight in Sydney harbour:

The ports growth plan basically proposes that Port Kembla be allocated the existing cargoes currently handled through Darling Harbour with the White Bay operations already relocating to this facility as of February 2006 with the car operations due to follow on completion of the existing lease arrangements at Glebe Island in 2012.

The plan further proposes an extension of the existing facilities at Port Botany and the establishment of a container terminal facility at Newcastle to eventually handle 700,000 to 1,000,000 TEUs annually.

Dealing with Port Kembla first, the initial figures quoted from Premier Carr's office were of 1 million tonnes of bulk and general cargo and 50,000 containers with eventually 300,000 cars annually to come through Port Kembla harbour. Leaving aside the cars with their 2012 timeframe, the figures quoted could easily be handled in Port Kembla on the completion of the extension to the multipurpose berth. Some importers have already shown an interest in moving their freight through Port Kembla earlier than anticipated with five shipments of timber packs usually done in Darling Harbour discharged in Port Kembla since the announcement. However, the figure of 50,000 containers concerns us. Work done by the Port Kembla Container Terminal Task Force identified the ability of Port Kembla to handle a container terminal facility of 100,000 to 200,000 TEUs annually. If the 50,000 containers quoted was taken as a starting point with room for increase in numbers it would be very encouraging, but based on figures supplied from Sydney Ports Corporation the indications are that container numbers may actually decrease.

The container numbers given to us from the Sydney Ports Corporation coming through Port Jackson are, for 2000 to 2001, 114,195, which decreased in 2001 to 2002 to 91,797 and further decreased in 2002 to 2003 to 66,599.

The figures supplied are from 2000 to 2003 and indicate a 47,596-container decrease through Port Jackson during this period, and coming into 2004 we have quoted 50,000 containers, which represents a further decrease. If this trend was to continue, Port Kembla would be left with a diminishing number of containers and the additional one million tonnes of bulk and general cargo, which we feel under-utilises our potential.

Looking at the ports growth plan in relation to extensions at Port Botany from a union point of view, this may well go towards being part of the answer to the impact that the closure of Port Jackson will have on stevedoring employees whose jobs are under threat, provided the local transport and environmental issues can be addressed during the Port Botany Commission of Inquiry. The size of this proposed extension with a potential to service three panamax size vessels must, however, cast some doubt on the projected TEUs for Newcastle's proposed facility.

(2) The economic, social and environmental impact on the State, including on the proposed Port Botany upgrade:

The Southern New South Wales Branch of the Maritime Union has some obvious concerns relating to the economic and social impact that the closure of Port Jackson to container, break bulk and general cargo vessels will have on the stevedoring and various port-related workers (tugs, linesmen, pilotage, et cetera) displaced or endangered of losing their jobs. We do not see in direct employment terms in the maritime sector the jobs potentially lost in Sydney being effectively replaced across the board in Port Kembla and we will address that in the next terms of reference.

Environmentally, we see no downside to increasing trade through Port Kembla. Locally the wharf areas are located in an entirely industrial area with no residential or commercial properties anywhere that can be impacted upon.

The key road and rail infrastructure required already exists and there are 40 hectares of level and ideally suited land currently utilised for receipt and delivery operations with ample area for shed

construction, all adjacent to wharf areas with deep harbour access. The related lessening of truck traffic from the Darling Harbour/city environment and possibly Botany with any increases in container numbers coming to Port Kembla from that area in the future must be of environmental benefit to Sydney/Botany.

Economically, the Illawarra region has suffered significant manual labouring job losses across all sections of industry over the past 15 to 20 years with a direct result of this area having the highest youth unemployment figures in the country. Any significant increase in employment resulting from the increase in trade directly or indirectly through ancillary companies setting up in the region will proportionately raise not only the economic profile in the area but also go towards elevating the social structure and self-respect of the area in general, but particularly the youth in the region.

(3) The employment implications for Sydney, the Hunter and Illawarra regions:

We cannot see the amount of jobs jeopardised in Sydney directly related to stevedoring, tugs, linesmen, ports corporations, commercial divers, et cetera, being matched by newly employed positions in Port Kembla due to the fact that many of these positions are replicated in both ports. In stevedoring, as an example, where in total there is some 275 permanent and casual stevedoring labour currently employed in Port Jackson, the equivalent number employed in Port Kembla is around 250 permanent and casual. This would indicate some room for direct stevedoring employment, but the major benefit to the existing employees should be a flow-on effect of an increase in permanent employment and a more consistent level of work for all employees resulting in increased earnings and a levelling out of the traditional peak and trough situation that has always existed in shipping in this port, hopefully leading to more permanent positions.

Again we reiterate our hope that some expansion of Port Botany can pick up the majority of those whose jobs are endangered and that anyone wishing to transfer into Port Kembla from positions in Sydney be accommodated.

Having said that, we acknowledge the studies undertaken, which indicated a large number of indirect jobs, up to 2,000 in one Port Kembla Ports Corporation estimate. This would include all the related service industries, transport and construction workers. We do, however, take note that the majority of these studies were based on a fully functioning container terminal. If 50,000 TEUs annually can sustain such a terminal, all for the good, but we caution that this would be an absolute minimum number required and would need to be sustained or hopefully increased to successfully attract the ancillary service industries required to generate the high employment figures quoted.

Any employment opportunities that result from the increase in trade would be extremely beneficial to this region.

(4) Current and future infrastructure needs and social impacts including with respect to the adequacy of existing road and rail infrastructure:

Upon completion of the extension to the multipurpose berth, Port Kembla will have the ability to easily handle the projected tonnage with ample potential for further increases in freight amounts. With existing deepwater access, ample level land available, road and rail systems that do not face anywhere near the congestion of the Sydney/Botany systems and stevedoring companies with cranes and cargo handling equipment available, there are no impediments to Port Kembla handling any increased tonnage. Any social impacts of an increase in trade through Port Kembla could only be beneficial to the region.

It must be noted, however, that Port Kembla Ports Corporation has plans drawn up to upgrade the old ANL terminal berth. This area is currently unusable and looking to the future we strongly encourage the State Government to fund the required upgrade of this facility to handle panamax size vessels. It is worth stating that the completed multipurpose berth would only equal the size of the proposed extension to the Port Botany facility. To us it is a logical situation to have another working area to cover unforeseen circumstances as there are limitations to the use of No. 6 Jetty as an alternative.

(5) The future of public land at Millers Point, Glebe Island and White Bay on which shipping freight operations are currently located:

Sydney Harbour is a national treasure and it is encouraging to see that submissions on the future of some of the most outstanding land on the harbour foreshore are not being left to those in the immediate vicinity.

The Maritime Union of Australia strongly opposes any new plan to sell off waterfront land to developers or other profiteers and believes 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.

One thing that is not canvassed in these terms of reference is any industrial impact.

Maritime Union of Australia Southern New South Wales Branch has some serious concerns regarding any encroachment on areas traditionally covered by us in the vicinity of the multipurpose berth, particularly with regard to receipt and delivery in the levelled area behind the berth.

It was encouraging to us to note the smooth transition of operations from White Bay to Darling Harbour recently. All of the Maritime Union of Australia areas of coverage were respected by all parties concerned and cooperation and consultation between the Central New South Wales Branch of the Maritime Union of Australia and the stevedoring companies involved resulted in a transfer of operations free of any delays or industrial problems.

The Maritime Union of Australia Southern New South Wales Branch sincerely wishes for an equally mutually beneficial transition with regards to any future transfer of operations from Darling Harbour to Port Kembla's multipurpose berth. To this end we will be seeking some guarantees on our areas of coverage from all concerned parties through discussions with our national office.

Mr COHEN: If I understood you correctly, you mentioned the ANL terminal, the potential upgrade, would be the equivalent in terms of capacity of the Port Botany extension?

Mr KEANE: No, the current multipurpose berth with the extensions planned would only equal the size of the current proposed extension at Port Botany.

Mr COHEN: But you could see, from your perspective, that Port Kembla could facilitate a replacement to the Port Botany extensions?

Mr KEANE: Yes.

Mr COHEN: You mentioned some concern about the situation of, at one point, an extension and now a replacement vis a vis Sydney harbour operations. Could you perhaps describe to the Committee what you would see in terms of the volume of job loss in what is potentially going to develop here with the loss of Sydney harbour operations?

Mr KEANE: As opposed to what is coming out of Sydney?

Mr COHEN: Yes.

Mr KEANE: Well, we have a couple of obvious areas where we cannot see there being an equivalent uptake - the tugs areas, the linesmen areas - where, as I said, we have existing facilities in this port that are capable of handling increases pretty much across the board in both areas and it is just a matter of rostering more than increasing actual numbers. A decrease of some 500 ship movements a year out of Sydney would, we imagine, have some sort of impact that could not be picked up by an extension at Port Botany, whereas on the stevedoring side, with any extension of Port Botany, there is scope there that we see that anybody displaced in Port Jackson could possibly go out there and fill a void that would be required by extending the jetties. I do not see the same happening with the tugs, the linesmen or the related ports corporations. The ports corporation down here has a full roster. It is

just areas that are basically mirrored in either spot. There will be some increases down here, but we do not see that the related increases will equal what is going out of Sydney. I could not give you the numbers from Sydney harbour. I am sure when Central New South Wales Branch addresses this Committee it will raise those with you, but in actual employment opportunities here, as we speak there is a meeting with the tugs operators and tugs employees here today that is looking at a new roster that will basically look at two crews off the operation due to a change in their roster that they do not see increasing with further ship increases.

Mr COHEN: So are there specific conditions in Sydney harbour that facilitate more of your highly skilled workers by the nature of the harbour and traffic and so on?

Mr KEANE: Pilotage, yes, not so much more highly skilled but more area-specific, areas of expertise I suppose. They are skilled pretty much across the board at a level in whatever area they go to, but obviously their area skills would be increased in Port Jackson with the movement of the tugs in some areas being a somewhat different proposal to what happens in Port Kembla, but the linesmen would be purely on numbers required. There are also related areas of commercial divers that do a lot of the work on the upkeep of the jetties. They are not going to be required here; there are local companies that handle a lot of that sort of stuff. Obviously it would be put out to tender and whoever won the tender won the tender, but it would definitely have an impact on those people.

Mr COHEN: You expressed disappointment that there had not been greater consultation between the Government and some stakeholders prior to the announcement of the ports growth plan. What further consultation process would you and your union consider appropriate in continuing development of the plan?

Mr KEANE: Any consultation. We basically had no information. Robert Coombs, who will address this when Central New South Wales Branch gives its submission, was sitting at the State conference when this announcement was made and nearly fell off his chair. As you can imagine, it has a direct impact on people that he is there to represent and the first thing he knew about it was when Premier Carr dropped it on him at the conference, which as I say went down very big. Robert came outside and the phone rang extremely hot for the next hour and a half and he was in a stuttering mess basically, he just could not believe that this had been dropped without any prior consultation. We were given no indication that this was coming, none whatsoever, so basically from our point of view anything that impacts on our members, particularly from a State Labor Government which has obviously been having talks inside the industry - a lot of this relates to the two major stevedores and has already gone a long way down the track. Within a week after this was announced, White Bay was closing and everything was being shifted to Darling Harbour. That does not happen overnight. There are other areas of the industry that were consulted, but the greatest potential impact was on us, more than anybody, and we had no indication whatsoever. We were extremely disappointed.

CHAIR: Just to follow on from that, in terms of the consulting from here on, because of the number of industries that end up being affected as the follow on by this sort of change, what other unions are there? Obviously you are to be the prime one, but what other unions ought to be part of that consultation process?

Mr KEANE: Possibly the transport workers. We have the majority of coverage around areas. The AIMPI, being the engineers off the tugs. The AMOU with the tugs skippers also have some coverage on the Ports Corporation area and we have been working closely with both those other unions for some time now to try and get around the bickering and positions we had some years ago when we were walking into demarks and continually there was a lot of butting heads that common sense said we had to get around and we did by consultations between ourselves and the other unions. I know for a fact they were very disappointed as well, that there was no consultation. We suggest that those industries be brought into things and consulted with and it is just a common sense approach that if things are to go smoothly, which we would all like, that we have some prior knowledge of exactly where we are going with things and can have our input into what we see are the major concerns.

The Hon. TONY CATANZARITI: Mr Keane, you have said in your submission that the employment boost in the Illawarra depends on an increase in containers of at least 50,000 per year. Can you outline your views or concerns regarding reaching that target?

Mr KEANE: Well, as I said in the submission, the figures supplied to us through Sydney Ports Corporation surprised me actually. The actual throughput of containers into Port Jackson, where, when all said and done this is what we are talking about, is Port Jackson's actual capacity moving into Kembla, it jumped out at me obviously in that three year period that I was quoting from 2000 to 2003 there was a decrease of 47,596 containers, which brought it down to 66,599 containers at the end of 2003. Now we are being quoted 50,000 containers. I have just got a direct concern that that may be an ongoing situation.

The Hon. TONY CATANZARITI: You do not see different areas where other products might come from, other cargo might come from?

Mr KEANE: There is a lot of bulk and general will come out of Port Jackson to come down here. We are quoted figures of 1 million tonne, not a problem, we can handle that very easily and as a matter of fact some years ago in this port we had a lot more bulk and general operation come through than what we have had over the last five to six years. There has been a general down turn in the amount of bulk in particular coming through this port. It used to be a major bulk port. The last few years have been down quite a lot on what we used to see. There is a facility outside at no. 6 jetty that is quite good for bulk but it has limitations for anything else and it is in such a position that the swell affects it occasionally that you cannot do containers or other related cargos there and that comes back to what I was saying about the ANL terminal, that it supplies an alternative if one area is filled up, because at best you are only going to get three vessels in a multipurpose berth. You have the potential there to then move something across to the ANL or bring it directly into the ANL terminal for use.

We have got the experience, the expertise involved in general down here that will match anybody.

Mr COHEN: Just on that point, do you have any limitations in terms of port facilities in terms of general swell and sea conditions and things like that, is there any actual time when unloading and loading and departure can be affected?

Mr KEANE: The only jetty directly affected really is no. 6 jetty in the outer harbour. All the inner harbour areas, which is where the multi purpose berths, the 5 BHP berths and the ANL terminal are, do not really have any impact from the swell coming from any direction. No. 6 does get quite a bit of a problem. That is why swell is not that big a concern on a bulk job, whereas on a container or break bulk cargo where you actually have to be handling the equipment, or whatever it is, the lift, as it is coming down onto a jetty or a truck, any swell makes the entire ship move with the result of that moving around. That is the only jetty that generally has a problem is no. 6. Outside of that, everywhere else is fine.

The Hon. TONY CATANZARITI: I was just thing more of different products, so fruit and wines in containers coming to Port Kembla. You do not see that as an opportunity?

Mr KEANE: We see anything as an opportunity. We had, some years ago, before the grain berth was set up. We were part of, once again an alliance of business partners that went out to the farming areas and pushed our barrow as a local area for any produce. We pushed for the grain and got that eventually, which was good, and along with many other areas of the community, but at the same time we were pushing our own barrow for fresh produce. We see this area ideally situated for cold store area, where they can stack the containers with produce. Be unloaded very quickly and efficiently and out of the place. I do not see any limitations at all to what we can do. We have handled live cattle movements in this area. There is really nothing that does not go through another area that we have not handled.

The Hon. CHRISTINE ROBERTSON: I am only just wondering if you have got any ideas, apart from the drought, why the bulk handling has gone down?

Mr KEANE: There is quite a lot – I was not actually including the grain in the downturn in the bulk handling. We have had Boral close down across in the Southern Highlands. We would have had maybe a dozen shipments a year of products going directly up there. There was, and I forget the name of it off hand, there was another brick making facility that used to import quite a lot of stuff. Basically it is a general turndown in the area that has resulted in not as much bulk cargo coming into the place. Hopefully that is now going to be reversed.

The Hon. MELINDA PAVEY: Your comments earlier in relation to Port Jackson and public access. Are you saying that the Maritime Union of Australia would not support any other use other than public access for the port areas that are currently being utilized at Port Jackson?

Mr KEANE: That is pretty much a federal position of ours, yes. We see that area as being extremely important. Not just to the people of Sydney, Sydney Harbour belongs to everybody in the country let alone the State from our opinion and the more public areas around that harbour without seeing great monstrous high rises built on the facility at Darling Harbour now - which is ideal, I worked there for many years - some of the nicest stretches on the harbour where you think it would be a shame to see that built up with high rises and very little public area.

The Hon. MELINDA PAVEY: Did that impact on our support for the growth in Port Kembla that if some of that land was ever designated for sale?

Mr KEANE: Maybe not specifically in Port Kembla would it be an impact on us but we would have concerns as a federal union that obviously federally we would look at that as it came along. So if it was going to be an impact, it would not be just in Kembla.

The Hon. PATRICIA FORSYTHE: In relation to your answer a moment ago about the decline in the use of the port for general cargo, does that include the by-passing of the port by logs from the South Coast to take them up to the North Coast as a result of the forest agreements, has that had an affect?

Mr KEANE: At times. We have done logs out of here I think on three occasions over, say, a twelve year period. Anything to do with logs obviously it takes a while to get them to the point where they are going to be loaded from, then it is a matter of dealing with them from there. Logs have been something of a problem in the industry because they have had traditionally, basically fly-by-nighters open up, do the logs because they were cheap, trying to get them over to Korea fast. It has led to a couple of companies opening and closing in short order. We are now talking to a crowd that is going to get logs out of Eden and we have got a shipment of logs either waiting, or I am not sure if it has just been done, coming out of Kembla at the moment. We have been told from some people in the industry that that is going to be a one off out of Kembla again. We get told from some other people there is a possibility of more coming through. Personally, I would not hold my breath on it.

The Hon. PATRICIA FORSYTHE: In your submission you refer to some limitations on the use of No. 6 Jetty. You said a moment ago about No. 6 in relation to some weather conditions. Is that what you have referred to as some limitations?

Mr KEANE: Yes.

CHAIR: What sort of impact do you think the joint arrangement between Patricks and P&O that is in existence for the new facility will have on employment, but also on industrial arrangements?

Mr KEANE: Sorry, could you repeat the question?

CHAIR: The already funded expansion to Port Kembla, I understand there is a joint arrangement between Patricks and P&O as joint operators of that facility, and the fact that that exists, I am wondering what sort of impact that would have on employment at the new facilities and on what industrial relationships the workforce would face?

Mr KEANE: We are having talks with both P&O and Patricks nationally on this AAT situation. Once again, our consultation item, what they are doing coming into Kembla and what they

are proposing is using an AAT situation, obviously raises some concerns with us. We will require, before there is a smooth transition down here, we will require some definite guarantees, from whether it be AAT or anybody else that comes into the situation, on our various coverage, which is our direct concern. AAT at the moment operates in Brisbane and there seems to be a misconception that it is operating in Darling Harbour, it is not. At the moment in Sydney it is only operating out of Glebe Island to deal with the cars. Now neither company has shown their hand on what they intend – like shown their hand to us obviously. They have had a lot of discussions with Ports Corporation and the State Government on what they intend doing. We have some real concerns that they are going to try and use areas that we have coverage of and use quite a lot.

The other stevedores down here, I actually got a phone call today from probably the next major stevedore in the port, that asked me to express concerns that they have as far as their access to these areas. There has been no consultation with the other stevedoring operators down here and I note in the end of the submission from council that AAT will be the lessee and that other stevedores will also be able to service ships provided they comply with certain licence arrangements. Now, these other stevedores have not been told squat about any licensing arrangements or what their intentions will be or what they are going to be required to do.

Once again, if they were to extend the ANL terminal, it may provide a user free area and at the moment that entire multi purpose berth area is user free, so that any stevedore can use that facility but if coming out of this they are going to come along and say that whole area is under lease to this company. If you want to use that facility you talk to that company. The stevedores have some concerns about it. We would have some concerns about it as to covering the employees in some of the companies that are going to be directly affected and if their intention is to – I will put it bluntly – if their intention is to utilize the back areas of the multi purpose berth and load them out with other unions or lesser terms and conditions than what we currently utilize, then I guarantee it will not be a smooth transfer.

The Hon. CHRISTINE ROBERTSON: I am just wondering what you think, what is in your knowledge, direct jobs that may be created as a result of the port expansion. What proportion do you perceive will be full-time, part-time or casual and what impact would the nature of employment actually have on your economic projections?

Mr KEANE: Directly the economic projections on stevedoring itself, as I said, we do not see a great increase in the numbers employed. Hopefully the offshoot jobs, if you would, or into the related service areas and everything else, I have read a lot of the projections. I think some of them are ambitious, to say the least, but anything that comes into this area is a benefit. Since this announcement was made we take an ongoing number of phone calls in the union rooms daily from young people seeking jobs. We have got to explain to them, we are not an employer, wait till things come along, go to the stevedoring operations, put your names down. It really is an emotional thing to see so many kids trying to jump into somewhere to have work. This place is depressed, it really is depressed for youth employment. I sincerely hope that the projections are right and there are some 1,000 to 2,000 jobs come out of this. We do not see that as being related to stevedoring employment.

We have – to get back to what you were saying about numbers of permanents and so forth – three operations currently in the port. One of them is P&O, who are looking at this AAT situation, another one is Toll, that has just taken over from BHP, and that mainly does the BHP jetty areas. So even though they look to expand, I do not think Toll's operations will change a great deal, so you are going to be looking at the outside operators, mainly for your increase in employment opportunities. P&O has four permanents, 14 part-time permanents - what we call GWE's - and some 50-odd supplementaries. Illawarra Stevedores, the other outside operator, similar numbers: They have four permanents, five part-time permanents and some 50 to 60 casuals as well.

The Hon. CHRISTINE ROBERTSON: So this is a pretty normal distribution?

Mr KEANE: It is high in this area because we have a very high peak and trough situation. If you look at the adjacent situation in Sydney, of the 275 people employed in Darling Harbour presently with both P&O and Patricks, there are basically 100 with Patricks that are purely casual and I do not think there are any at the moment at P&O who are purely casual - if there are, it is a very small number - so we would see the main benefit to us coming from an increase in the permanent

jobs. Across the board, if we can level out with what is coming in, even just the break bulk, without going to the containers, we will assist in any way with that. If we can level those peaks and troughs out, it gives us the ability to go back to the companies and say, well, we want more permanents here and both of those companies are currently up for EBA discussions as well.

(The witness withdrew)

(Luncheon adjournment)

ROSS PETER MURRAY, President, Iron and Slab, BlueScope Steel Limited, Port Kembla, sworn and examined, and

SIMON ANDREW LINGE, Manager, Marine Logistics, BlueScope Steel Limited, affirmed and examined:

CHAIR: If you should consider at any stage during your evidence that certain evidence or documents that you may wish to present should be heard or seen in private by the Committee, the Committee will consider that request. However, the Committee or the Legislative Council may subsequently publish the evidence if they decide it is in the public interest to do so. Can I invite each of you to make an opening statement?

Mr MURRAY: As Australia's largest steel producer and a major Australian exporter via the ports of New South Wales, BlueScope welcomes the opportunity to make comment and to be here today to talk to the group about the New South Wales Government Ports Growth Plan.

The majority of BlueScope Steel's inbound and outbound freight by sea in New South Wales is moved via the port of Port Kembla. About 85 percent of the company's steel exports from Australia and all of the seaborne raw materials, largely iron ore, are shipped via Port Kembla. BlueScope Steel also ships a smaller amount of containerised freight, generally that of value-added and other steel products, via Port Botany. BlueScope's Australian exports shipped mainly from New South Wales exceed \$1 billion per year.

The written submissions and comments that we will make here are limited to matters relating specifically to Port Kembla and Port Botany. Simon Linge, who is our Manager, Marine Logistics, as you have heard, will talk to quite a bit of the detail of our submissions.

Mr LINGE: As Mr Murray said, thank you for the opportunity to appear before you. Our submission is really part of the assistance we have been providing in respect of the proposed port developments. In addition to today's appearance, we have provided information and presented to the Port-related Industries Committee, which has obviously a wide range of community stakeholders, in terms of providing information about our current supply chains and some practical evidence as to how our supply chains work.

As the Manager, Marine Logistics, I have overall responsibility or stewardship for BlueScope Steel's seaborne and port-related activities and it is in that capacity that I am here today.

As Mr Murray said, BlueScope Steel is a leading steel producer in Australia and New Zealand. We provide the majority of flat steel products sold in these markets and our customers tend to be in the building and construction industry, automotive, packaging and general manufacturing industries.

BlueScope Steel is a major user of land-based and seaborne freight in Australia and BlueScope Steel also has significant wharf assets in Port Kembla, and in our written submission you will see a picture showing where our berths are. We currently have access to five berths that we have responsibility for at numbers 1 and 2 bulk discharge berths, numbers 1 and 2 products berth and also what is known as the Ro/Ro berth. The majority of our inbound and outbound products go across these berths. Approximately 85 percent of our products are shipped via Port Kembla, our export products are shipped out of Port Kembla, and this equates to about 1.6 million tonnes of steel exports, which includes approximately 40,000 tonnes of containerised product again shipped through Port Kembla. That results in about 350 vessels calling into Port Kembla to service BlueScope Steel.

BlueScope Steel exports a further 400,000 tonnes outside of Port Kembla. This includes exports from our Western Port plant and through the ports of Melbourne, Sydney and Brisbane. Of this 400,000 tonnes, approximately 110,000 tonnes is shipped in containers through Port Botany. This equates to approximately 5,300 TEUs. I note that in our original submission we said 3,500. We

transposed the figures and that number is actually 5,300 and I have written to the Committee to rectify that error.

Our containerised shipments out of Port Botany go to all geographic regions around the world, including the UK, Europe, Africa, the Middle East, India, Asia and North America, and they cover over 100 discharge ports, so the breadth of the exports is quite wide and they cover a wide range of products and a wide range of customers.

In our submission to the inquiry our focus has been on meeting the needs of our customers through our logistics or supply chains. BlueScope Steel, like other exporters, moves its products through supply chains, which include ports, in the most efficient means possible to meet our customers' requirements. Our use of Port Botany is driven because this is the port that shipping lines transit and this enables BlueScope Steel to efficiently deliver to our customers. Obviously, development of infrastructure in Port Kembla, including port-related industries such as container packing and maintenance facilities, may attract shipping lines that do not currently come to Port Kembla in to Port Kembla. This would allow and facilitate BlueScope Steel being able to export from Port Kembla for those customers that we currently ship through Port Botany.

For us, this would certainly lead to a more efficient supply chain for our customers in terms of the ability to service with speed and cost effectively and we also believe that it would contribute to the economic development of the Illawarra region, ensure the viability of current port services and assist in reducing port charges through scale and benefit.

BlueScope Steel believes that development of the facility should be based on a user pays principle and certainly we would be a user of those facilities, the multipurpose berth, but our view is that we should not underwrite the development in its own right.

BlueScope Steel also believes that the enhancement of the infrastructure such as rail and road access will assist in the attractiveness of shipping lines to call at Port Kembla, and this relates again to the efficiency of supply chains because the speed, frequency and cost of transportation from and to customers is going to be critical to the success of Port Kembla and also Port Botany. Currently BlueScope Steel feels that there is need for improvement in the areas of rail and road into and out of Port Kembla and also through the western suburbs of Sydney and to the port of Port Botany, in particular, to allow trans-shipment between the two ports.

In summary, BlueScope Steel sees the proposed development of Port Kembla as positive for the Illawarra. We see that to assist in the development being a success there is a need to ensure that supply chains are efficient to provide customers and shipping lines with sufficient confidence to make Port Kembla a port of call and the efficient supply chains would likely require the development of port-related infrastructure such as container packing and container maintenance facilities and the enhancement of some rail services and infrastructure as well as the ongoing development of road infrastructure to and from the Sydney metropolitan areas.

CHAIR: What you transport in containers at the moment largely goes to Port Botany. That is in trucks, is it, at the moment?

Mr LINGE: At the moment our supply chains would work on the basis of, in terms of Port Botany, material being transported to inland port facilities in a loose form or break bulk form on the back of trucks. They are then containerised in those inland port facilities and put on to rail facilities into Port Botany.

CHAIR: So that results in a number of truck movements currently taking place from the Illawarra north which would go.

Mr LINGE: Correct.

CHAIR: What sort of reduction in traffic movement in trucks applies?

Mr LINGE: That is a question I may not be able to answer absolutely specifically, but it would be in the order of 4,000 truck movements, in round numbers.

The Hon. MELINDA PAVEY: Can I just follow on from my colleague, the 3,500 trucks that may not have to travel to Port Botany, you do say in your submission that it is the bigger freight companies that you are dealing with and they would not necessarily come to Port Kembla under a revamped port, so you are not saying that it would definitely mean losing those truck movements to Port Botany, it would have to be clear what would happen with what freight?

Mr LINGE: Correct, it would depend on shipping lines that have called in to Port Kembla and obviously we are focused on getting our product to customers so if a shipping line calls in to Port Kembla that is not going to a destination where the product needs to go to, then obviously yes, we would still use Port Botany as a facility.

That number is the total number of movements, that is not necessarily to say what the reduction would be. It is hard to be specific on the reduction until we are clear about what lines may call in to Port Kembla.

The Hon. CHRISTINE ROBERTSON: The rail system of BlueScope Steel, does that connect directly into the rail system into the port?

Mr LINGE: No, there is not a direct shunt into the port. They need to go, as I understand it, through Coniston, and then back out.

The Hon. CHRISTINE ROBERTSON: So you are shunting from Coniston?

Mr LINGE: Through onto the public access, yes.

The Hon. PATRICIA FORSYTHE: You talked today about user pays and you have argued that, rather than taking the option of imposing higher costs on existing port users, go to the user pays system. Has there been any indication as to how the development is to be funded in addition to State Government funding?

Mr LINGE: No, we are certainly not clear on how the funding of the development will occur at this point in time. Obviously there has been some funding for the current expansion of the multi purpose berth as we understand it but part of our concern obviously is that we are not clear as to what the principles are for the development and how that will be funded.

The Hon. PATRICIA FORSYTHE: What impact would higher port charges have on BlueScope Steel's preparedness to move shipment of products to Port Kembla?

Mr LINGE: Again, it is a very difficult question to answer, to be specific, but it is an economic decision and we will make our decisions based on how we can get our product to our customers in the most efficient means possible, so obviously the higher the charges, that has an impact on those decisions.

The Hon. PATRICIA FORSYTHE: If the costs of the development are limited to new users, will that not make the port less attractive to potential users?

Mr LINGE: BlueScope Steel is not suggesting that it should be limited to new users but users of the facility and obviously as we would be a user of those facilities, if lines were to call in to destinations where we would be shipping product to customers, so we would expect to pay as well at that point. But again, it is an economic question for users of the port and until it is clear what those charges are, then people will not be able to make decisions.

The Hon. TONY CATANZARITI: In your submission you mentioned the need for critical rail and road upgrades to ensure the success of the planned port expansion at both Port Botany and Port Kembla. A number of submissions from the Illawarra region have indicated that current road and rail infrastructure will be adequate to service if expanded, including the movement of freight to South

and Western Sydney from Port Kembla. What improvements to the current road and rail system would you recommend? Are there any particular road and/or rail issues that are of concern to you?

Mr LINGE: BlueScope Steel's focus, as I have said a few times, relates to being able to move our product to our customers as efficiently as possible. That was the main task of anybody who is an exporter, or for that matter an importer and that means, in our case, moving product from our facilities potentially to inland ports and for others from manufacturing sites into inland port facilities, whether they are at Port Kembla or Western Sydney and then from there into ports. The chain requires, and people's decision making, whether they are shipping companies or manufacturers, decisions will be driven by how effective those supply chains work, with what speed can they move the product through, the frequency of service and also obviously the cost.

The current infrastructure in Port Kembla in terms of rail, in BlueScope Steel's view, has some elements which could be improved for efficiency and aid in those supply chains being successful and therefore aid in Port Kembla being a successful port to attract shipping lines.

Currently there are no services direct from Port Kembla to inland facilities on a daily basis and we certainly need to establish that sort of service level to inland ports so that people can pack the containers and then move them in to Port Kembla. So those service elements would need to be improved. The facilities in Sydney at the moment to Port Botany, there is a sort of twice daily service. That is the sort of frequency which people want to deliver into ports.

In terms of capacity on rail, we currently move over 600,000 tonnes on the Illawarra line. Obviously there are other freight users. That is 600,000 tonnes going out and there are rail wagons having to come back in empty to take those tonnes out. It is not clear to BlueScope Steel whether the infrastructure has the ability to carry additional capacity well over and above that that may come down to Port Kembla.

In terms of other specific infrastructure requirements for our rail, we would note there are some height restrictions on rail wagons on the Illawarra line limiting movement of 9 foot 6 containers and that actually requires a low profile rail wagon on which to be able to move that product, and again, whether the capacity is there for that level of infrastructure. It is just not clear. It certainly can be put in place but again, that comes with some costs.

Again, I have mentioned the shunting facilities through Coniston. That is probably not the most efficient way to be able to move trains in and out of Port Kembla port.

Mr COHEN: Can your company foresee the diverting of shipping for your purposes? What is your capacity like in terms of your relationship with shipping, with a ship that comes into Port Botany, what sort of a percentage of a load would be materials that you are exporting?

Mr LINGE: I am not quite clear on the question.

Mr COHEN: You have a container ship and you are exporting a certain tonnage in that ship. How much of that is your material, how much of a percentage-wise of the ship are you taking up? Do you have the ability to attract ships down to Port Kembla because of the demand that you are creating?

Mr LINGE: Of ourselves, no. On a ship we may only be sending a handful of containers, maybe 50 containers on a ship but if a ship has 4000 to use on it, we are only a very small portion, but again, that is the requirement for the efficiency of the supply chain's deal the product may well have gone across Port Botany in to Port Kembla and allow that shipping line to be attracted into the port, because they can do that efficiently.

Mr COHEN: Would there be any equivalently large or attractive product in Port Kembla that would help divert shipping down here other than your material?

Mr LINGE: Not that I know of.

Mr COHEN: I am just wondering about the capacity of industry down here to actually attract ships down here away from Port Botany or are we going to see an equivalent, if it were to be developed under a government initiative, that we would see equivalent problems actually transporting from other areas, such as Sydney, down to Port Kembla to export?

Mr MURRAY: The containerised shipping that Simon talked about is actually quite different to the export business that we already do out of Port Kembla. The slab and hot rolled coil exports that go out of Port Kembla, they utilize 100 per cent of the ship so those ships are specially chartered for that business and they only carry those products. So it is quite different the business that is currently down here and the scale of it and the utilization of the ship capacity compared to the containerised business and I am not sure that we would know really what it would take to get enough business down here to perhaps fully load. If that is where your question is?

Mr COHEN: Yes.

Mr MURRAY: What it would take to fully load ships with just our containers.

Mr COHEN: In terms of import, can you give the Committee a rough indication of the sort of capacity, what capacity or amount of material are you actually importing for your activities and is that coming through Port Kembla at the present time?

Mr LINGE: We obviously are not a heavy importer. We do import raw materials which are carried in a similar fashion to what Mr Murray talked about, which is in dedicated bulk vessels. In terms of containerised material that we import, that is really limited to consumables and that is relatively small. As an imported we do not import a large amount of containers under our own right. I do not have a number to give you today.

Mr COHEN: Are you importing raw materials from other areas like South Australia, for example?

Mr LINGE: Yes, in a bulk form.

Mr COHEN: And that is coming in to Port Kembla?

Mr LINGE: Yes, so about 9 million tonnes of raw material in to Port Kembla for BlueScope Steel.

The Hon. MELINDA PAVEY: With the longer term sustainability of port services and reduced costs for individual users through the economies of scale through expansion of Port Kembla, what would be expected with the expanded port, would that be worth modest increases in the charges for all port uses, through potential economists?

Mr LINGE: Again, that would be an economic decision that you would need to look at in terms of what were the charges at the time and what did that mean for the economies of scale that might be achieved elsewhere. So it is again, very hard to be specific with an answer.

The Hon. MELINDA PAVEY: Worth looking at down the track?

Mr LINGE: Potentially yes, we would certainly be interested to see what it looks like.

The Hon. CHRISTINE ROBERTSON: You have done you economic analysis and you have decided Port Kembla is worthwhile. Would you still be using Port Botany in an extensive way, because of the different service?

Mr LINGE: I think as I indicated before, we are about trying to move our product to our customers as efficiently as we can and we shift to all destinations around the world to over 100 discharge ports around the world, so it really depends on where those shipping lines are going to. If there is a regular service that is frequent enough for us to meet the demands of our customer that was going to hit all of those 100 plus ports, then obviously we would be interested in using it. I suspect that is unlikely so I still see there would be some use of Port Botany.

The Hon. CHRISTINE ROBERTSON: It would appear from what we are hearing that some shipping lines are quite interested but others have been hearing some quite strange information that is giving distorted views, there is still some confused information there. Would you think that that is a possibility, with the shipping lines?

Mr LINGE: Again I think the shipping lines would be attracted if customers, the exporters or importers feel that the supply chain is capable of handling the Port Kembla port.

The Hon. CHRISTINE ROBERTSON: It is reliant on both?

Mr LINGE: Yes.

The Hon. MELINDA PAVEY: What are the shipping lines that you use mostly?

Mr LINGE: We use a wide range of shipping lines. We currently have some shipping lines that call in to Port Kembla that are I guess drawn to Port Kembla because of the BlueScope Steel tonnage and they are a service from Swires and also a service called AAL/PAS and then through the other major ports it is organizations like Mearsk and MSC, a wide range, P & O-Nedlloyd, those sorts of organizations.

The Hon. PATRICIA FORSYTHE: Assuming that there is a new container facility built at Port Kembla and leaving aside the issue about what shipping companies might want to ship from Port Botany or Port Kembla, would you be able to make complete use of Port Kembla or would you have a need for another port facility if ships were available to take your products? In other words, would that facility meet the needs of your company?

Mr LINGE: Again, not being clear about the full extent of the development, it is very hard to be specific, but in general terms, as I understand your question, if everything was in place, could 110,000 tonnes be trans-shipped through Port Kembla as opposed to Port Botany, then yes, it would appear at face value that that could be the case, again with some improvements and enhancements for service. We would need to study that in a little bit more detail.

CHAIR: On pages 4 and 5 of your submission you suggest that consideration for access to reserve port capacity in Sydney is also an important consideration for port development to assist in minimising any disruption to trade that might take place as a result of unforeseen operational difficulties at Botany Bay. What kind of reserve capacity do you have in mind?

Mr LINGE: It would be a capacity to potentially handle larger container vessels as well as obviously smaller container vessels. If Port Botany was closed for a protracted period of time then obviously people would make decisions that we would ship through potentially Melbourne or Brisbane as alternatives, but within New South Wales it would be helpful if there was reserve capacity and obviously larger container vessels would be something that would need to be handled.

CHAIR: What size capacity would you be looking at and what sort of locations?

Mr LINGE: Sydney Ports Corporation would be able to tell you the size of the container vessels that currently pull into Port Botany. I am not able to say definitively, but there are certainly 4,000 TEU vessels plus that currently call in, as I understand it, but Sydney Ports Corporation would be able to comment on that directly.

CHAIR: What are the odds of being able to provide that sort of reserve capacity at Port Kembla rather than in Sydney itself?

Mr LINGE: It is a question for the Port Kembla Ports Corporation I think.

The Hon. PATRICIA FORSYTHE: Have you broached the subject of the expansion with shipping companies that you use?

Mr LINGE: Not as yet because the developments are not clear and I certainly have not had any detailed discussions with them.

The Hon. CHRISTINE ROBERTSON: What other industries do you think would be interested in reserve capacity?

Mr LINGE: I think anyone who is a shipper, either an importer or an exporter. If Port Botany is closed for a protracted period of time due to some event, whatever that may be, then manufacturers will want to export their products and they will need to find a way of getting that product to their customer.

The Hon. CHRISTINE ROBERTSON: I understand what you are saying, so if something is not functioning--

Mr LINGE: Yes. Obviously there are often daily events that might impact upon the efficiency of Port Botany, but some significant event that closes it for a period.

The Hon. CHRISTINE ROBERTSON: I thought you were suggesting keeping a spare bit in case you suddenly got a huge order from overseas.

Mr LINGE: No. For most businesses it is hard to have redundant capacity.

Mr MURRAY: And somebody has to pay for it while it is sitting there.

(The witnesses withdrew)

PHILIP GLENCOE LAIRD, Chairman, Government Relations Committee, Railway Technical Society of Australasia, sworn and examined:

CHAIR: If you should consider at any stage during your evidence that certain evidence or documents that you may wish to present should be heard or seen in private by the Committee, the Committee will consider your request. However, the Committee or the Legislative Council itself may publish the evidence if they decide that it is in the public interest to do so. Could I ask, first of all, if you wish to make an opening statement?

Dr LAIRD: Yes, thank you. Firstly, what is the Railway Technical Society of Australasia? It is about 800 railway engineers and other professionals in Australia and New Zealand and the Asia Pacific region. We are a technical society of the Institution of Engineers of Australia. Amongst our activities are biannual conferences, including one held in Wollongong fifteen months ago, and our next is in Darwin in June of this year to look at the new railway and the port. We have published brochures which have been previously circulated to yourself and other members of the Committee.

By way of introduction, very simply, Sydney is growing. It grows rapidly each year, but its rail system is not growing at pace with the population growth, so that means we have much catch-up to do, not only with rail but also with road links to our major ports: Newcastle, Port Botany and Port Kembla.

The submission looks at some of the efforts over the years to improve these rail links, including the Government's Action for Transport 2010 statement which was launched in 1998 which recognised the need to upgrade the Sydney-Newcastle railway, and that was in two ways: Faster passenger trains, but also to move those passenger trains along more quickly to make room for more freight. Basically it is a 19th century line, double track line, upgraded perhaps early 20th century, a new bridge over the Hawkesbury during the second world war, and it has had very little done to it since apart from routine maintenance.

The highway between Sydney and Newcastle is basically four lanes. Some of it has been augmented on the southern part to six lanes, but it provides a real constraint between the two major urban areas of New South Wales.

Coming down to Wollongong, our railway was initially built in the 1880s as a single track line and upgraded around 1920 to a double track line. It presents significant geotechnical challenges to the engineers who maintain it and is long overdue for a new Waterfall-Thirroul route, which was raised in 1990 by the coalition Government of the day, promised in 1998 for 2010, but now is most unlikely to be built by then.

Similarly, the line to Newcastle was supposed to be upgraded to stage 1 by 2007. That was only three years ago and, considering that the environmental impact statement is yet to be released, it is not going to happen this decade unless there is a considerable reorganisation of priorities with more funding.

So what can we do? Is it like the second Sydney airport? We have problems with Sydney's Kingsford-Smith Airport, so let's build a new airport. Stick it out west somewhere and, who knows, there might be someone out there really pleased to get it, although as decades go on you have to go further out of Sydney to find people who would like Sydney's second airport. I think Goulburn is the closest at the moment.

Is it the same with the port? We have real problems at Port Botany. Already we have passed one million 20 foot equivalent units a year. The port authority wants to see it grow three-fold over the next decade or two. The road links are constrained; the rail links are constrained, so let's look at Newcastle or Port Kembla. The burden of our submission is, no matter where you have your port, you must have good road links to the port and you must have good rail links as well. Our basic submission is that if you want to expand ports at Newcastle or Port Kembla you will need to improve the rail links because if you throw it all on road you are going to incur, under current road pricing

regimes, considerable external costs which we try to detail in the submission. Now they are fairly technical items that come from, for example, an Australian Rail Track Corporation track audit released in 2001 which tried to cost six externalities: Air pollution, noise, greenhouse gases, safety, road maintenance and one other. We have reworked the calculations over more recently produced data which suggests that some of the track audit estimates of external costs of road freight were understated, so we have given what we feel are more robust estimates which we still think are conservative, which show that if you do want to put containers on road from Port Kembla to Sydney you are going to incur external costs; and the same from Newcastle to Sydney.

So what do we do? Some of these rail investments are long term, just like upgrading a road. For example, the EIS for the Goulburn bypass was completed in 1985 and the road opened in 1992-1993. The EIS for the Ballina bypass was published in 1998 and only recently received environmental clearance and final approval last year and it is now waiting for the funding. We cannot start too soon planning for new links. If we are not going to get a Waterfall-Thirroul tunnel because it is too dear or it presents geotechnical challenges which are too severe then the Railway Technical Society says we really ought to have a look again at completing the Maldon-Port Kembla railway, which is half completed. Why is it half completed? Well, it included Dombarton to Unanderra duplication. That was done in the 1980s. We built 25 kilometres of formation during the 1980s. It is all sitting near No. 6 fire road in the water catchment area. We built half a bridge over Nepean River - when I say "we", that is railway engineers - in the 1980s and the two portals of the four-kilometre Avon tunnel. That railway is half built. The land is there. We understand the environmental impact assessment was done 20 years ago. It is ready to roll. That project would tie very neatly with one examined by State Rail in the late 1970s for the direct route from Campbelltown to Mittagong, proposed again by the late Honourable Bill Wentworth in 1991 and, if it was built, it would knock off about 20 kilometres of the existing railway. Rather than build Maldon-Port Kembla, you would start from Port Kembla, Unanderra, Dombarton to Wilton, just this side of the Hume Highway, that is east of the Hume Highway, and then it is another 12 kilometres of new route down to Menangle. The beauty of that is that you would build a new Menangle rail bridge which would replace the 140 year-old structure that has worked so well up to but not including last year.

So there is an overview of the submission. I would be happy to try to answer any questions.

CHAIR: We have had evidence earlier today in terms of the submission where you are advocating greater rail infrastructure. We have had evidence this morning that the extra capacity that would come from Port Kembla still will fall below the threshold of what rail was carrying from here some years ago because of the decrease in the coal trade and that was put as an argument to us that the existing infrastructure was actually sufficient.

Dr LAIRD: Yes, I think there are two aspects here, Mr Chairman. One is the capacity of the line, which as you suggest may well have carried more gross tonnage in the past, but the second is the efficiency of the line. We have a demand for more and more rail passenger services from Wollongong, Cronulla, you know, feeding through Sutherland and then onto Hurstville and to town. So you have the problem of increasing conflict between passenger trains and freight trains. In other words, just as roads have become more congested over the last twenty years, so have our rail tracks and indeed, part of the New South Wales Federal Government agreement for the Australian Rail Track Corporation lease includes \$180 million between near Campbelltown and Chullora to improve separation of freight and passenger trains. So as time goes on, we get more and more of that.

The second point is that the South Coast line is a textbook example of difficult working for freight trains as well as the rail congestion in Sydney, you have severe ruling 1 and 40 grades, which means just to bring a 42 wagon coal into Port Kembla you need 5 diesel electric locos. Not even 5 electric ones with the old 1500 volts DC is good enough.

The third problem is the geotechnical challenges that arise from maintenance of the present line particularly between Waterfall and Thirroul.

The Hon. MELINDA PAVEY: Just flowing on from that, we heard from BlueScope Steel just before you and they mentioned the difficulties in bigger containers and the tunnel size. Do you have an opinion or some experience on that you can share with us?

Dr LAIRD: Would you believe that the book *Along Parallel Lines* by John Gunn, celebrating 140 years of New South Wales railways - 150th happens next year by the way – observed that Commissioner Windsor in the mid 1950's wanted a new railway tunnel to replace the present narrow bore Scarborough tunnel. So yes, that is certainly a constraint, its low overhead vertical clearances and its narrow horizontal clearances as well. There is no way you could have double stacked containers on that line, which you can have between Adelaide and Perth and Parkes and Darwin.

The Hon. MELINDA PAVEY: And the replacement of the Menangle Bridge will have to be a priority?

Dr LAIRD: I think that bridge will not last forever. It has done well to have lasted 140 years but again, looking at Menangle to Mittagong, the capacity is there on the existing double track, it is simply an inefficient line that makes trains go much longer than they need to go in distance. It makes them go that way, it makes them go around many circles turning both left and right to get from Menangle to Mittagong, and it was basically steam age alignment, opened just around 1920 to replace a shorter steeper graded section and it needs replacement for more efficient rail freight operations.

When it is finally done, not only will it be a shorter route for freight trains but it will allow the option of putting high speed or medium speed, say up to 200 plus km an hour tilt passenger trains on the tracks upgraded for faster and heavier freight trains. This has proved very successful in Queensland where they started using passenger tilt trains in 1998.

The Hon. PATRICIA FORSYTHE: Let me say congratulations on your submissions, it was most interesting. You have given a long list of rail infrastructure programmes, projects outlined in the Action for Transport 2010 document. How much do you think in the port's growth plan that consideration was given to these infrastructure projects as an essential element of what you see as port's growth?

Dr LAIRD: Sorry, I am not familiar with the document you refer to.

The Hon. PATRICIA FORSYTHE: Nor were a lot of people.

Dr LAIRD: I do feel that Action for Transport 2010 had the sort of infrastructure upgrades, you know, for Newcastle, Sydney and Waterfall-Thirroul, that would support expanded freight throughputs and hence port expansion at Newcastle and Port Kembla, but we do not have that any longer and so there is a real question of the ability of, I mean rail can handle the increased tonnages, the capacity is there but the ability to do it efficiently under the present infrastructure constraints is severe. If we have the improved infrastructure we have got a much better chance of -

The Hon. PATRICIA FORSYTHE: If you were setting some priorities in terms of rail infrastructure, what would be high on your list of priorities?

Dr LAIRD: From the society's point of view I would have to say Hornsby-Warnervale, that is stage 1 of the Sydney-Newcastle high-speed rail. From an Illawarra resident's point of view, I would have to say Waterfall-Thirroul and if not that, then please, let's have a look at Maldon-Port Kembla.

The other priorities are that identified in the \$872 million package agreed between the Australian Government and the New South Wales Government for the 60 year lease on mainland interstate track to the Australian Rail Track Corporation.

As the matter is drawn at the moment, in the details released by the State and Federal Governments, the current defined interstate defined rail network, it stops at Unanderra. So there are very good questions. Do the present negotiations between the New South Wales and Commonwealth Governments provide take-up for the Australian Rail Track Corporation to do projects like Maldon-Port Kembla?

In that page is another \$872 million of other priorities, but it does not mention Newcastle-Sydney or Sydney-Wollongong or Maldon-Port Kembla, so we have a lot of catch up to do is the bottom line.

CHAIR: If the infrastructure improvements that you recommend were to not occur, can you tell the Committee what economic, social and environmental impacts you foresee?

Dr LAIRD: Yes, I foresee, presuming that the Port Botany projections for container throughputs to and from New South Wales ports, if they are going to blow out three fold to 3 million TEUs a year over the next 20 years, I see massive pressure on the areas near the ports, not only Sydney but also Port Kembla and Newcastle.

This town of Wollongong has seen very severe impacts in past decades from coal trucks where we had up to 6 million tonnes of coal a year road-hauled to the port, sometimes more, sometimes less by rail, and the impact of that massive coal haulage by road, starting in the 1960s, proceeding into the 1970s and the 1980s was very, very severe. It retarded the growth of Wollongong central business district for years until the Masters Road bypass was built. In nine years no fewer than 27 lives were lost in road crashes involving coal trucks and it was not really until the roads were improved with a \$250 million road upgrade funded by the State and Federal Governments – when you drive up to Picton you think what a nice road, but 25 years ago it was a basic two-lane road and now we have three lanes going up Mr Ousley with noise walls. It is much better than it used to be.

Even with good roads, with the rail system constraints you would have a lot on road. Supposing you download a shipload of containers at Port Kembla and the powers that be decide that they are going to go to Sydney not by rail to Enfield or Chullora for sending out by road then, but they are going to go by road from up Mt Ousley, what happens, they hit Sutherland and you have got kilometres upon kilometres of urban areas, Sutherland Shire, dealing with these, or they might turn off left at Heathcote and then go over a basic two lane road and then go off through Bankstown. We try and quantify the costs in late 1990 values of the costs, for example, the best taker that we can get shows the accident risk cost of moving freight for road is half a cent per net tonne kilometre, so if you move one tonne of freight one kilometre, that is half a cent of road crash risk. Whereas the equivalent figure for rail is 0.03 cents. In other words, a ratio of about 17:1. showing rail is safer.

The noise, the air pollution, there are estimates here which try and put on a monetary value but at the end of the day if you are moving tens of thousands of containers from either Newcastle or Port Botany into Sydney for road line haul there is going to be significant external costs with increased road crash risk, more noise, more air pollution, more greenhouse gases and more road wear and tear, plus more road congestion.

The Hon. TONY CATANZARITI: Many submissions argue the expansion of ports at Newcastle and Port Kembla. Would this significantly ease the burden on Sydney rails, particular for the Port of Botany and south-western Sydney. Do you agree with this?

Dr LAIRD: It depends how it is moved and I think it also depends when it moves. One of the factors that mitigated this very severe impact of coal trucking on the city of Wollongong was that the Government of the day, the Wran Government, was prepared to set a curfew and there are no coal trucks supposed to be operating between about 6 pm and 6 am and that considerably mitigated the impact. If you have a 24 hour port at Port Botany, it is for 24 hours spilling out containers by roads. Then that impact increases at night but then the people who like to move coal and containers often say: Oh yes, but if you put in these curfews, then we are going to have to have more trucks during the day and that pushes up costs and pushes up impacts.

Another thing that can be done is for people who consign large volumes of freight to specify that trucks will require above legal requirements. For example, they will have retarders rather than noisy engine brakes specified; they will have quieter motors. You could even go so far as what could be seen around the port of Yokohama in Japan 15 years ago where the container truck for the standard 20 foot container was a nice small rigid truck painted green with rubber around the tray. These are some of the things that can be used to mitigate impact. When you consider, particularly before the M5 East was built, what people in Bexley had to put up with for decades, and they were not nice new purpose-designed trucks but generally old articulated trucks retired from interstate line haul service

rumbling through shopping centres. We are supposed to be the premier city of the Asia Pacific region. Can't we do better in mitigating environmental impact and with more appropriate choice of mode for clearing containers from a major port to decentralised depots or bringing in bulk commodities like coal?

Mr COHEN: Your submission asks the Government to consider completion of the Maldon-Port Kembla railway as well as the Wentworth link. What advantages would flow from this and can you give some idea of the profitability or cost and time factors, just those factors in terms of advantage from that link or otherwise?

Dr LAIRD: I can but attempt to do that. The Wentworth route, an earlier version from near Macarthur to near Mittagong, was cited in the ARTC 2001 track audit as \$218 million. Completion of the Maldon-Port Kembla railway depends on whether it is electrified or not and then at what voltage. The civil works there, very broadly, were estimated in the mid-1990s or early 1990s, from an inquiry held in these chambers, I might add, for the expansion of Port Kembla Coal Terminal in 1993, at about \$100 million. I think these are questions on which the Rail Infrastructure Corporation hopefully could give advice, if the Committee saw fit to ask for as to more up to date costings.

Mr COHEN: Do you think that the geological stability of the escarpment in areas will affect the success of the Port Kembla expansion? You mentioned earlier that there were some quite detailed issues for the relevant rail engineers to be dealing with on that particular stretch of rail. Could you perhaps detail some of that?

Dr LAIRD: That line, ever since it was built in the 1880s, has presented geotechnical challenges and I think it is a real credit to the company that maintained it, Fluor, in the five or six years, that it kept going, plus the work that was done in the 1980s with rail electrification. The line was improved then to handle increased coal throughput as well. We have a Stanwell Park viaduct built around 1920. That will not last forever either, like the Menangle bridge, now 140 years old, although they are two different structures, but at the end of the day it is a winding line that goes around many circles before it gets to its destination and, although the capacity is there, it would be a much more efficient operation replaced by a more direct Waterfall-Thirroul route. That then raises questions like: There has been mining under the escarpment in years gone by. Would this affect a tunnel? Well, only experts can answer that. We would hope that the Government would see fit to release the consultant's report on Waterfall-Thirroul. Maldon-Port Kembla is another good way out of Wollongong and that was assessed very carefully in the 1980s. Again we come back to the idea that, if Waterfall-Thirroul does prove too much of a geotechnical challenge or is too costly, and we were surprised to see the costs blow out from \$200 or \$300 million to well over \$1 billion, then completion of the Maldon-Port Kembla railway, particularly with the Wentworth route, would give you a very good Illawarra-Macarthur rail and, once built, it is there for 50-100 years. They are long-term investments which I think we need to make if we are going to expand ports.

The Hon. MELINDA PAVEY: You said that you would like IPART or the Government to review road pricing. How would changes to road pricing affect freight transport in New South Wales and what economic implications would this have on New South Wales consumers?

Dr LAIRD: I think we all end up by paying for expensive modes for transport one way or another. At the moment a lot of costs are externalised, both rail and road, and the road ones seem to be a bit higher. For freight, the National Transport Commission is undertaking a third determination of its charges, which are uniform across Australia. The submission argues that there is at least one cent per net tonne kilometre under recovery. If we recovered that then undoubtedly some consumer goods would go up and the cost to exporters would go up, but then hidden subsidies would go down. That is in regard to freight transport.

Can I just add that such questions are likely to be placed more heavily on the agenda following the privatisation of rail operations. For example, Canadian Pacific in its annual reports openly speaks and complains about what they call "highway subsidisation". I think we will start to hear more of that in Australia as time goes on.

My reference to IPART was that in submissions in regards to City Rail's fares we said as a group, look, they are just simply too low and City Rail really has a huge backlog of capital works and it needs more money. Now how are you going to get more money? One way is to raise the fares, but you are constrained in doing this because of current road pricing. We were very pleased that the Parry report, the Ministerial Inquiry into Sustainable Transport, had a whole chapter on road pricing.

I think it is the first anniversary, is it not, of London's five pound per day weekday congestion charge, it has just passed, and the only problem was that it was so successful that it deterred more traffic than they thought and so the revenue was down, but Mr Livingstone does not like that because he says it has done its job. Now Edinburgh is about to introduce one and perhaps one day Sydney will have one, so if you want to come in to the CBD you pay.

The second one in the short term is parking, the CBD and North Sydney satellite area parking charge is now under review.

The third is fuel taxes. Auckland in New Zealand has a real transport problem. It is growing fast, like Sydney, and they realised that they need not only better roads but alternatives to roads, so two years ago they put up petrol 4.7 cents a litre, and it goes up May next year another 5 cents a litre, simply to generate more funds for roads and public transport and better access to ports as well. Just think what we could do with a 10 cents a litre surcharge on petrol? Of course, politically that was an absolute no-no and the Federal Government for three years went the other way when it froze indexation, but now with indexation frozen it means we forfeit hundreds of millions of dollars each year for infrastructure upgrades that we increasingly need.

Another thing that we invite IPART to look at, tied in with the London one, is congestion charging where, for example, you could have a toll reinstated at Berowra which would have two functions: Firstly, to increase revenue to expedite the conversion of Berowra-Gosford from four to six lanes and, secondly, to act as demand management with congestion tolling, where the tolls go up at peak hours and come down off-peak, and perhaps it could even be zero at 1 o'clock in the morning, but let's try to get some coupling between the need for infrastructure upgrade and road and rail access pricing.

The Hon. CHRISTINE ROBERTSON: You have talked about separating freight and passenger lines. It sounds like a very sensible thing to do. Would it be a cost effective means of addressing the issue?

Dr LAIRD: It depends on where we are. As we come into Sydney from Melbourne through Campbelltown we really have no choice. Unfortunately, some of that was done about 10 years ago when there was a third track laid between Glenfield and Campbelltown and the ARTC package was \$180 million just for that. I mean that is probably the worst bottleneck in Australia and hopefully it will be addressed in the next five years. The second worst rail problem in Australia, I would suggest, is Sydney-Gosford. You have Sydney growing and growing, the central coast growing and growing, the Hunter Valley growing and growing, and you cannot always fit a good passenger service with increased demand for rail freight on two lines. So for cost effectiveness - I mean you pick out the trouble spots first.

The Hon. CHRISTINE ROBERTSON: So it should be targeted for economic gain.

Dr LAIRD: That is right and on this line here I think there is a good case for looking in the next ten years or so, we have got quadruple track from Central towards Hurstville and then double track to Sutherland and down to Wollongong. I think one of the things that was noted by one of the earlier Christie reports, was triplication between Hurstville and Sutherland, perhaps as a first stage Hurstville to Mortdale. Not cheap but it has to be planned for.

If I could add to that, I commend to the Committee the approach taken by Ron Christie. Ron Christie was, as well as deputy chief executive of State Rail in the 1980s, the chief executive of the Roads & Traffic Authority for some of the 1990s and helped deliver the gold medal transport arrangements for the Sydney Olympics. His report said we really have to focus advanced planning

for rail upgrades. We have got to start planning now and that includes corridor protection so that we can identify a corridor like the Wentworth route. Even if we are not going to do it in five years, it would be really fantastic if we could go out and reserve it in the next two or three years with a community consultation, that is so important, so that we know that in say, five years' time or ten years' time when the economic case is there, we have not lost our options.

The Hon. PATRICIA FORSYTHE: In relation to the rail freight, as I understand it, rail freight is restricted in the inner city in the hours they can access Sydney.

Dr LAIRD: Yes.

The Hon. PATRICIA FORSYTHE: Would you envisage similar restrictions say using Port of Port Kembla or would you see that as an advantage for the port?

Dr LAIRD: No, I see the problems turning up in Sydney and this existing curfew is one reason why the Federal and New South Wales Governments agreed that 180 million should be spent in improving track capacity from Campbelltown to Chullora, otherwise your curfew is already hampering the rail freight operations and they get worse and worse. We want to get them better and, if possible, removed.

(The witness withdrew)

(Short adjournment)

JOHN GRACE, Executive Officer, Illawarra Area Consultative Committee, and

ALAN GEOFFREY WARD, State Organiser, Australian Manufacturers Workers Union, and representative of the Illawarra Area Consultative Committee, affirmed and examined:

JUDITH DORIS STUBBS, Academic, Illawarra Area Consultative Committee;

MARGARET MARY BIGGS, Development Coordinator, St Vincent's de Paul Diocese of Wollongong,, and board member, Illawarra Area Consultative Committee, and

GOEFFREY JOHN GOELDNER, Management Consultant and representative of the Illawarra Area Consultative Committee, sworn and examined:

CHAIR: If you should consider at any stage during your evidence that certain evidence or documents you may wish to present should be heard or seen in private by the Committee, the Committee will consider your request. However, the Committee or the Legislative Council itself may subsequently publish the evidence if they decide it is in the public's interest to do so.

Mr GRACE: Mr Chairman, I will be making opening statements and the ISEE members will each present evidence. Mr Geoffrey Goeldner will not present evidence but will be available to answer questions.

We represent the Illawarra Area Consultative Committee, or IACC as it is otherwise known. The IACC is one of 56 area consultative committees around Australia. They are community-based initiatives of the Commonwealth Government. We are a non-profit association composed of representatives of a variety of community and business organizations.

The IACC undertakes regular community consultations and provides feedback to the Commonwealth Government in particular about the needs of the Illawarra communities. The IACC works closely with Local Government and New South Wales Government agencies to help facilitate projects of benefit to the Illawarra community.

Our expertise lies primarily in the fields of employment growth and business and community development. Our key stakeholders include the small business community. For example, the IACC operates the Illawarra Small Business Club which currently has 1,800 members.

We will present evidence this afternoon that pertains mainly to three issues: The high levels of unemployment in the Illawarra region; the effects of long term and multi-generational unemployment on our communities and the potential positive impact of the expansion of the Port of Port Kembla on employment in our region.

Members of the IACC are passionate about these issues. IACC members represent business, community and welfare organizations. This gives our organization a great opportunity to observe the needs of the most disadvantaged people in our communities, as well as to assist with potential solutions to the community's problems by working in partnership with business and government.

Our prime concern is to ensure that as the economy of New South Wales continues to grow and as the labour market continues to expand, especially the labour market of greater Sydney, that the people of the Illawarra are not left behind.

We have communities in the Illawarra whose members are falling into real poverty. Personally I have spent more than twenty years of my life working with unemployed people. I have seen thousands of examples of the link between poverty and unemployment. IT is a tragedy to see young people leaving school and despite their best job seeking efforts, find no opportunity in the Illawarra to start a career.

The people of the Illawarra have shown their determination to help themselves. Local companies and local unemployed workers will take up the new opportunities presented by the growth of the port with enormous enthusiasm. The development of new industry clusters and the

strengthening of business co-operative links between the Illawarra and Western Sydney will be further enhanced by the increased movements of trade goods between those two regions.

The expansion of the role of the Port of Port Kembla is not a panacea for unemployment but it is an important chance for the New South Wales Government to help people of the Illawarra help themselves.

Dr STUBBS: I have been conducting a wide range of social and economic research in this region for local, State and Federal Governments now for some 20 years, and in similar regions to this, and in that capacity I would have to say that arguably the most serious and the most chronic social problem facing the Illawarra is the level and the nature of youth unemployment and its consequences in this region.

In the June quarter 2003 we had the dubious distinction of having the highest youth unemployment rate of New South Wales and the third highest in Australia. It is a sustained problem. We also had the highest rate in Australia in 1986. It is not evenly spread. It is concentrated dramatically in the suburbs around the subject site. Fourthly, it has very serious consequences on not just this region socially and economically but it also costs the State and the country dearly to have the kind of social and economic issues we have here, and I will talk about each of these points in turn. Fifthly, it is happening in the face of chronic skill shortages, which does not make any sense whatsoever. Sixthly, basically the evidence from all the research that I have done for the State and the Federal Governments is that it is not going to go away of its own accord without very direct intervention, basically the creation of suitable and sustainable jobs. So there are six key issues I just want to speak on briefly today.

Rates of youth unemployment: Firstly, the average male youth unemployment rate for 20-24 year olds in the Illawarra has been four times the Sydney metropolitan rate for some three years. It is around 26 percent, which is quite extraordinary. The teenage male unemployment rate has been around 30-33 percent for three years. That is again much higher, it is three times the Sydney statistical district rate. However, suburbs such as Warilla, Bellambi, Warrawong, Cringila, Berkeley, Port Kembla, all of those suburbs that sit directly around the site, have male youth unemployment rates of 40 to 50 percent with pockets in some CCDs of 60 percent, which is quite obviously a tragedy. We have quite simply a cohort of young men who have moved through from their schooling years, leaving school at around 15 and 16, who have never worked, get to 24 and they have not worked. However, their fathers generally quite often have also been unemployed since 1982, which was the first major downturn of the steelworks, and their sisters' and mothers' unemployment is actually masked by the fact that they tend to pick up low level and marginal jobs in the service sectors, so they are marginally better off in the sense that they are getting a bit of a foot in the door that can flow on elsewhere, but for the cohort of young men who should be in the prime of their working lives they are missing out on all of those things that enable them to make the transition into meaningful and productive work which benefits the whole country. One of the really big issues, I think, is that what is not recognised is that the intergenerational nature of that also leads to a whole range of other social problems and consequences for the region.

In terms of the sustained nature of the problem, it has been talked about I think earlier today and I will not go into it too greatly, but quite clearly historically we have a very heavy blue collar and trade area, particularly around that area in our labour force. Industry restructuring, especially since 1982, has had a very disproportionate impact on this region compared to other regions. There are a handful of other regions in this situation. The big issue has been the dramatic decrease in entry level jobs, particularly those suitable for early school leavers and young men, in manufacturing and mining. There has been a significant decrease in apprenticeships, a 50 percent drop in fact in 2001, about a 30 percent drop on previous levels now, and basically those jobs that are replacing the kinds of jobs that we did have, we are having some quite good success in diversification in this region, but they tend to be service sector jobs, hospitality; at the upper end, tertiary, IT and so on, and unfortunately they are going to, as I say, a lot of primarily young women, highly skilled people, people who are very articulate and have a good presentation, the kinds of things that employers in those sectors want, and a huge section of the youth labour market is missing out.

In terms of looking at the serious consequences of this, basically there are social issues here. We have had consistently in this region over the last five years among the top three or four Local Government areas in Wollongong for youth suicide. We have very low school retention in certain schools, very high crime rates sustained, youth crime rates, not in major crimes but in property and theft, so property related crimes, and we have, as I say, intergenerational poverty really concentrated in certain suburbs.

One of the things that I did in 1996 was a study which is fairly seminal for the New South Wales State Government which led to a very major social program, \$30 million for the Neighbourhood Improvement Program, which you might have heard of, and in that we quantified the cost of unemployment to the community, which was accepted by the State Government, by Treasury, at around \$45,000 to \$60,000 per annum for each person who is unemployed, and that is when the cost of lost productivity, unemployment benefits, the use of between seven and thirteen services and a range of other factors are taken into account. That is not just costing this region, it is costing the State and those kinds of problems are magnified when you have a situation where it becomes chronic and you actually cannot move out of that situation.

In terms of skill shortages, we do have a skill shortage and it is not that we do not have the capacity to train people and that people are not willing to be trained. Young people are not any different qualitatively now than they were 20 years ago, but the opportunities are not there. Secondly, we have a lot of poaching from the Sydney market because of the cyclical nature of some of the labour market opportunities that are coming up and we also have a lot of young people leave who start to get some skills, so in terms of economic development again there is a downside for us in not being able to retain our skilled people as they get into the third and fourth years of apprenticeship, so that is a major issue for us.

In terms of the need for direct intervention, basically all the research demonstrates that the first job is the hardest to get. Direct job creation and entry level jobs in blue collar work is desperately needed and is probably the best thing that could happen for most of the young people I am talking about at this stage. Opportunities for articulation into apprenticeships. While this project may not directly and immediately create apprenticeships, there are a range of programs that we have been working on, a number of them that we have actually had funded now based on research that we have been doing where we could actually articulate young people, we believe, into those kinds of programs, increasing skill levels generally in the region. I think the flow-ons from what we are talking about to those communities are very significant.

In conclusion - there are a lot of other issues, but you might want to ask questions - in every other region I imagine that you would go to in any inquiry they will say to you "We will benefit the most socially and economically" from a particular program or project, but I can say to you with certainty that this region, compared to so many other regions, will in fact benefit more from direct job creation and the flow-on because of the nature of the work and the nature of the project involved and its location. There are very, very direct, tangible and immediate benefits and flow-ons that I believe that this region will benefit from more than any other that the project could be located in.

The final thing I would say is that the proposal I think for this particular group we are talking about and these communities is likely to have the single biggest impact on the chronic problems we are facing of any proposal that has come through in the last two decades, so for us it is a very exciting opportunity and we hope that we benefit from it.

Mrs BIGGS: I began my career in sales marketing and developed from there into training. In the last few years I have been working for a disability services organisation endeavouring to find employment for people with disabilities here in the Illawarra. I did not think at that time that I would ever be faced with meeting the poor on a daily basis, but last July the St Vincent de Paul approached me and asked me if I would like to come and work for them as a paid employee in the area of poverty.

It is necessary for voluntary organisations with long histories like St Vincent de Paul to mobilise now to raise more funds to meet the emerging needs ongoing of people who are disadvantaged from every stratosphere in this society. We are sitting here at this table. I can say to

you passionately that there is one person sitting here at this table who has a young teenager who has been through the difficulties of trying to find an apprenticeship here in the Illawarra and failed. I can say to you that, as we sit here in our suits, there is a person sitting at this table whose husband has a psychiatric illness and has lost his career. There are no services here in Illawarra to rehabilitate them into paid employment and therefore they become another statistic. There are two statistics out of the five of us sitting here at the table.

What does generational unemployment mean at the coalface? What it means is that there are people like a chap - we'll call him Joe - who arrived from Italy 20 years ago to marry a local girl and got some labouring work in one of the companies associated with the steelworks. Unfortunately, he was not able to learn a great deal of English and, as things changed, the work dried up and therefore he lost his job. He has not worked for over 10 years. His teenage son is currently in school and hoping to leave school and hoping to access some employment, but what choices does he have? Unemployment benefits. What opportunities are out there? Particularly as he has been assessed as somebody with learning difficulties. As Judy has just described, there are not the pathways. We could talk for hours.

I wish to table the inquiry made by the Senate last July into poverty here in the Illawarra - 80 pages of reading - talking about all kinds of people. I know a young man. His father left many years ago. His stepfather did some casual work years ago - a bit of this, a bit of that, a bit of bricklaying, then no work - has not worked for years. His mother did some work in a little shop before she was pregnant and has not worked for 15 years. This young man understands nothing about work ethic; organised a work trial while he is still at school in a local joinery. He fails it. He has no concept of the idea that an employer will expect him to be there from 7.30 to 3.30, have half an hour for lunch, and they will want him to work all day.

How do we keep a cap on our unemployment levels? How do we manage to maintain it?

Next Wednesday a Sudanese family are being collected from the airport by a local community agency. The Department of Immigration is sending these people here to live in the Illawarra. This man and his wife and three children will be settled in Warrawong, right in the area that we are talking about. They speak no English whatsoever; they speak an African dialect and a smattering of French. The Migrant Resource Centre tells us, because we are one of the agencies involved in settling them into their new life in Australia, he will join the 491 other unemployed people, that is head of family on benefit, in the Illawarra, looking for work, who have no command of English. What can he expect? He will wait one month for his first appointment at Centrelink. He had better learn how to behave himself properly because the Westfield is where Centrelink is and unless you keep yourself very nice and very tidy and behave very properly you are likely to get barred from there. Then you will get breached: No money.

In the last financial year in the area immediately adjacent to the area that we are discussing, so Port Kembla, Warrawong, Berkeley, the St Vincent de Paul, which is just one agency, gave \$100,000 worth of material assistance, so we are talking about food, clothing and energy. Of the people that we assisted, 99 percent ranked as unemployed or dependants of an unemployed person. In the area covering from the steelworks down to Kiama, so that is the southern Illawarra area, the total was \$320,000. In Shellharbour-Warilla, which traditionally has been a caravan park, holiday area, the increase from four years ago, 65 percent. Why don't these people get off their backsides and help themselves? Perhaps they cannot afford the \$4 to get a bus fare. Perhaps they do not have the interpersonal skills to go to a job network agency. The problems are endless. We could talk for hours. Where are the companies for them to go and apply to work? Yes, as John said, it is not a panacea, but any small drop in the ocean is deeply appreciated and heart felt.

Mr WARD: The port's growth plan is an opportunity for placement for blue collar workers. As everyone has said, this is not a panacea to the blue collar jobs in the Illawarra. That will play an integral role in preventing the continuing decline in these jobs.

The Alliance presented figures this morning from the Buchan Report that referred to over the next twelve years there has to be a minimum of 7,414 jobs created to maintain an unemployment level

of 10 per cent. If one looks at the most spectacular decline, we focus on the steel industry from the early eighties. There were 23,000 people employed in that industry. In 2004 there are now less than 5,000 people employed in the industry. According to IRIS, the region lost 6,500 jobs in the manufacturing sector between 1986 and 1996.

Let us just not look at the number, let us have a look at some of the names of those companies that have been lost or closed since 1986: EPT, BHP Stainless, Electricity Commission of New South Wales, Tallawarra Power Station, Metropolitan Colliery, Morgan Cement, Oakdale Colliery, Parrish Meats, Transtate, Parrish Meats, ERS, Port Kembla Copper – and they are mentioned twice because ERS was closed down and then reopened as Port Kembla Copper – Cordeaux Colliery, Avon Colliery, Coal Cliff Colliery, Kemira Colliery, Huntley Colliery, South Bulli Colliery, Nebo Colliery, A/T Fabrication, All Star Engineering, Alvorac, BCH Construction, C & S Engineering, Central Fabrication, Dorothy Bros, Dynamic Steel, Enpro, Fernarcher, Glastonbury Steel, Hodges Fabrication, Kembla Constructions, Kenweld, Plant Equipment, Rainbow Constructions, Rovira, Rapid Fabrication, Sessine Welders, Simco Engineering, United Hydraulics, Boral Bricks, Bulli Spinners, Hendry & Jones, John While Fasteners, Reckitts, Vale Engineering, Metro Meats, UFI Pools, Hunter Hydraulics, Hanson Skye & Pumps, Garmock Engineering, the abattoirs and Clyde Carruthers.

That is just a snapshot that I dealt with over the last fifteen years. Those are companies that have had a long proud history in the Illawarra and now have disappeared for good.

The Illawarra had to diversify and look at other areas for economic growth of the region. As my colleague mentioned, things like the university, information technology and the diversification of service skills have emerged. However, there is still a need for traditional blue collar workers.

Many of the communities in the Illawarra are former dormitory suburbs to the steel and coal industry, as Mrs Biggs has already said. I have five grandchildren, three who live in the Illawarra. I am passionate that my grandchildren have an opportunity to work in the Illawarra without being transported to Sydney to look for work and I am not saying that they are going to work in the ports but it is a further opportunity for their employment, for their career opportunities.

CHAIR: Mr Ward, as a union organizer I imagine you have the organizer for some of the workplaces that have closed down?

Mr WARD: Yes I have.

CHAIR: When you go through the normal processes, I guess first trying to find replacement employment, back stop heading to redundancy packages or however things turn out, what sort of issues do you get and I am really asking anecdotal, like some of the most striking things that the members have put to you in those situations?

Mr WARD: The opportunity of where they are going to work next. The problem within the Illawarra, there is a large casualisation in the Illawarra and I have people sitting by the phone on a daily basis waiting for that phone call from a labour hire company saying yes, we have got a shut down at BHP for eight hours or a week or whatever. Those people cannot go to the banks and get loans. The banks will not give them loans because they have not got a steady income. So my members are crying out to me, saying, look, we need to have the opportunity for permanent jobs in the Illawarra and that is just one area.

I have got a list of those companies and they are only a snap shot that I deal with personally.

The Hon. PATRICIA FORSYTHE: In the submission at page 6 you make reference to “By contrast it is possible that if 50,000 containers ...by existing resources.” On what basis did you draw that conclusion? Is it based on any economic rationale?

Mr GRACE: That was reported to us in doing research for the submission and I think it has been echoed by other evidence here today, that the Port Botany facility is already geared up to handle at least that additional capacity with its existing infrastructure.

The Hon. PATRICIA FORSYTHE: Given the list of corporations that have closed since 1986, at the same time that you have promoted to us today that this is a place that has got obviously high unemployment but the potential because there are people out there who can work. Why have these companies closed? What do you think is the factor here and why do you think opening a port facility could change the direction in the Illawarra?

Mr WARD: I think we need to go back to the eighties when BHP then had 23,000 people employed. When I came to BHP as a tradesperson, a fitter and turner, BHP put 300 fitters and turners on in the first year. Now BHP has disappeared down to less than 5,000. I think the exact figure I have is 4,600 but we will say 5,000. Those opportunities are not there for people anymore and therefore the smaller businesses, those opportunities are not there either.

I do take on board that there are newer businesses that have established in the industry but they have had to have a look at different areas other than BHP. So, it really stems from the closure of BHP and had the union movement taken a decision in the 1980's not to go to Canberra and say to Canberra: Look, convince the Federal politicians to spend some money on the steel industry plant, then we would be another Newcastle. The steel industry would not be here.

The Hon. PATRICIA FORSYTHE: Are you that confident that the opening of an additional port facility will be the panacea to the problems?

Mr WARD: No, I said it will not be the panacea to the problems but it is a drop in the ocean, but it will help. It will help the decline in the ongoing continuing decline of the manufacturing industry and the blue collar jobs.

The Hon. PATRICIA FORSYTHE: I assume that is predicated on the shipping companies wanting to use the facility?

Mr WARD: I would imagine so, but I mean, I am not involved in those negotiations.

The Hon. PATRICIA FORSYTHE: Have you had any discussion with the shipping companies?

Mr WARD: No, I have not.

Mr GOELDNER: If I could just add to that, I have just spent the last couple of years working in the area of industry development with a number of regions around the country. The opportunity that increased throughput through this port represents, it might go some way to alleviate the casualisation of jobs in the Illawarra but the increased throughput through the port represents increased business linkages between this port and other regions of the country. In particular one area that we have been actively working with is increasing the level of co-operation between the Illawarra and Western Sydney with a view to building the linkages between the major manufacturing regions of New South Wales. Increasing linkages that would be helped by increasing flow of product between the regions.

Activity at Port Kembla is driven by extra trade between the west of Sydney in particular and this port, represents an opportunity to actually increase the level of manufacturing grunt that we have in this State and will go, I think, some way to building more of the blue collar jobs and white collar jobs, for that matter, in this region.

CHAIR: Stubbs, I think you referred to some of the difficulties that are there for men in the workforce. I am just interested, of the jobs that women tend to be given in the services' sector largely, is that still overwhelmingly casual?

DR STUBBS: It is yes, it tends to be part time and casual, although female full time employment has actually grown at a more rapid rate than male full time employment, which is still dropping significantly.

My experience is, and a number of studies that I have done, is that young women are taking up some quite enormous opportunities in the service sector, expansion here, there are a number of

very strong trends in that which are very positive. Unfortunately for young men they often do not have the presentation, particularly in the areas we are talking about. Young women have the presentation, the communication skills, those kinds of things that make them look like good candidates. When young men are offered jobs they do extremely well but it is that foot in the door that they are lacking. Young women seem to have the edge just in getting that foot in the door and presenting well. That is the experience, but the opportunities that come the way of young men, they really do extremely well in.

Ms BIGGS: To echo that, they generally have more enhanced communication skills because by nature women tend to communicate more, particularly teenage boys are not renowned for their – I know my son grunts all the time and for example, Gloria Jeans, who have opened up a range of coffee shops across Australia, as you, it takes four interviews to get a job pulling coffees and cutting cakes at Gloria Jeans. So girls have much more capacity to be able to get through those group interviews, one on one interviews and a panel interview and then you get to meet the boss, and then you get the job. So actually four times you have to turn up there before you get employment.

CHAIR: Just at the south, there are a lot of more recent housing developments that have gone in. What sort of impact has that had on the local construction industry or is everything just so pre fabricated that there is not as many jobs?

Mr GRACE: The local construction industry has been performing very strongly during that time. One of the questions that comes out of that though is that with the rapid growth of the new residential areas throughout the Illawarra, where do those new residents work and the answer to the question is that a significant percentage of them work in Sydney.

As far as the construction industry goes, of course we are fast running out of residential land and it is really a matter of time before there is a decline in that industry with further displacement of workers in that industry. That may take some time, and it may be gradual. It probably will be gradual.

Ms BIGGS: And as the areas like Shellharbour become more desirable, therefore, the price of housing rises, the rates rise also and then private rental becomes very expensive, so it marginalizes the opportunities for people on low incomes to remain living in those areas and then you obviously have the difficulty of them being pushed into living in suburbs in close proximity to one another, instead of being spread out generally across the community.

CHAIR: For the areas that you have been talking about, what is the mix of public housing, rental market, home ownership?

Dr STUBBS: Warrawong has very high public housing; it is about 25 per cent. Warilla is very high, it is about 11 per cent, 12 per cent, and this is compared to a current State average of 4.8 per cent. Bellambi has something like 35 per cent. So you have some very high concentrations of public housing. Port Kembla does not have much, nor does Cringila interestingly but some of the other suburbs have very high concentration of public housing. Reasonably high private rental rates but in Cringila/Port Kembla high ownership rates. I can give you some further details on that.

Mr COHEN: I certainly am, as I am sure other Committee members are, pretty shocked at some of the stark pictures you are portraying here. Whilst it is clear that it would be a significant boost, really what we are looking at are problems that have developed over years of neglect. The port facility is but a small grasp at what is a massive problem that is facing the whole area. Do you have any other projections that the Committee could take notice of in terms of what is a pretty grave situation?

Mrs BIGGS: It was suggested that we build Disneyland at the steelworks.

Dr STUBBS: I think John might answer that, but one thing I would say is that I have done a lot of work in economic development in terms of perception and reality and what leads what in various depressed communities, including western Sydney where I am actually at the University of Western Sydney currently, and basically the creation of this kind of project and the kind of faith that the State Government might show will have an enormous impact on the image and the sort of

perception that people have of this region and that people in those areas have of themselves. Mostly what you hear when you do work there is that they feel that they are completely forgotten and it compounds that sense of hopelessness. I do not think you can minimise the extent to which the message and the symbolism of this project would impact on those communities. There is a range of other projects, economic development projects, that are actually being worked on too and John might want to talk about those.

Mr GRACE: It is probably a view within those groups within our community that work on economic development that we are not looking for a silver bullet to be the answer for everything. In fact there are some dangers in having another single approach. I mean that is what really caused the problem in the past, the near total reliance on one or two industries that then go into decline and restructure. We do not want that to happen again and I think that the approach these days is that small to medium enterprise provides perhaps a more sustainable long-term answer. I think the port project provides perhaps limited direct jobs, but the opportunity it provides for small to medium enterprise in terms of the spin-off effects would be very encouraging to local industry.

Dr STUBBS: Further to that too, I mean basically this is the kind of pitch that we would make to anyone at any body where there was some opportunity to look at real sustained genuine job opportunities, and we do. For example, we managed to convince Mr Crean some year and a half or two years ago now - I have been developing a number of projects and one is called Growing the Region - that our region was worth investing \$6 million in terms of an articulated apprenticeship program. We have convinced the Federal Government of the same thing. It is already starting in fact as a pilot with interim funding. There are a range of other things we are doing, but what we really lack is the wherewithal to channel some of those apprenticeships and some of those placements into industry. At the moment small business is very reluctant to take on apprentices, for a number of reasons which I can send you some reports on, but this is another opportunity for placement and articulation, so it is one of a whole package of things that we have developed over the last six or seven years and so has the State Government Regional Development Board, but it is another opportunity to look at genuine youth employment growth and skills growth in the region.

Mrs BIGGS: Our chairperson recently addressed a very large group of prominent business leaders here in Illawarra and her closing statement was - and it is circled in that committee report too: Give a person a fish and they will eat a meal; teach them to fish and they will eat for the rest of their lives. We want an opportunity and that is what we hang our hat on: Any opportunity to educate, train and empower our people to work.

The Hon. PATRICIA FORSYTHE: When you are talking of job creation, are you seeing it in terms of direct job creation arising out of the port or indirect job creation arising out of companies that would choose to relocate?

Mrs BIGGS: We would hope for both.

The Hon. PATRICIA FORSYTHE: But these companies did not close because there was no port.

Mrs BIGGS: No.

Mr WARD: No, they did not, and the port is not going to be the answer to the decline of jobs in Illawarra, but if you have a look at some of the projects, the major projects in the Illawarra that have been developed on the land down there at the moment, with the Sydney Harbour Tunnel, for a two year period the construction industry around that was booming. We had a vibrant economy. Then we had the Esso platforms. Again we had a vibrant economy for two to three years. We had the building of No. 6 blast furnace where there was something like \$300-400 million expenditure from BHP. Every company was vibrant. There are no projects like that and all we are saying is that, with the port, it is an opportunity to attract those businesses. We will still look for other projects, we will still look for bigger projects and whatever, but it is an opportunity to maintain some blue collar workers.

(The witnesses withdrew)

PETER PEDERSEN, General Manager, Illawarra Regional Development Board, and

GARRY ALAN LANGTON, Manager, BlueScope Steel Limited, and Chairman of Illawarra Regional Development Board, affirmed and examined:

CHAIR: If either of you should consider at any stage during your evidence that certain evidence or documents that you may wish to present should be heard or seen in private by the Committee, the Committee will consider that request. However, the Committee or the Legislative Council itself may subsequently publish the evidence if they decide that it is in the public interest to do so. Could I invite you to make an opening statement?

Mr LANGTON: As you are aware, the board is appointed by Government and we have a number of community business leaders as members of the board. A prime role of the board is to be able to advise Government on what are the key issues that the Illawarra region needs to address in order to create business growth and therefore employment. We work with the key stakeholders in developing our strategies and our recommendations and therefore it is not my intent to go over a lot of the evidence you may have heard already today because a number of the key stakeholders I note have already presented to you today, but I am happy to answer any questions that you may have on what you have heard already.

Two years ago the board put together a strategy for long-term employment growth for the Illawarra region and in that we recognised that the Illawarra had some natural advantages that we should build on. One of those natural advantages was in Wollongong University. It has, as you know, seen a growth in the innovative campus that is going to be created out there and we are thankful that the Government has funded that project. We also saw the port as an asset that we already had in our community and in our region and there were opportunities out of having that port there to look at future business growth and therefore employment growth in our region.

We have lobbied and worked with the stakeholders for the last couple of years in encouraging Government to see its way clear to provide some funding and some opportunities for the port to grow. Those opportunities arise, as I have heard some discussion this afternoon, in linking with western Sydney, because there are a number of manufacturing and also car companies in the western suburbs and we saw that the link that we had with the western suburbs was an opportunity for the western suburbs of Sydney and the Illawarra, given that we believe that we have some excellent infrastructure links to that part of the region.

I have heard some comments as to why industries failed and why wasn't the port a panacea at that time. I think that industry had become very dependent on the then BHP Steel and did not have the necessary, in their own internal world, infrastructure themselves to look at exporting. I do not think it was in how they looked at the world, and certainly the board has spent the last two years working with a number of businesses to get them to look outside the Illawarra and even to Sydney as a market for their products. I think that the realisation that we are a global economy is now well and truly alive in a number of the businesses and, on one hand, the port can be an opportunity to those businesses to grow but, on the other hand, it also offers other countries an opportunity to bring into our country products which will compete, so we see that and we have encouraged our business community to take a very positive view of their skills, their innovation, and encouraged them to look at the export market for their business growth, so we do have some businesses here and we have an industry cluster. We have been encouraged by David Campbell to form industry clusters and we have two or three of those now alive and well.

We have a group called the I3 Net, which is short for Illawarra Innovative Industry Network, which is made up of a number of smaller companies that really suffered as BHP wound back its capital expenditure and they have now looked to how to, outside the Illawarra and also outside our State and country, do their business. In fact the board is supporting them to go to Thailand and to other countries to start to encourage business growth for them and already some of those companies are exporting to Thailand. I will use a BlueScope term called "value chain velocity", which says that a lot of the money that you end up having to add to the cost of your product is tied up in your transport

and the number of times you put down and pick up your product, and that is a big issue, so if we can minimise for companies the picking up, putting down, picking up, putting down, storing, warehousing of their products and have it related around a port that can be efficient and effective, we immediately start to take some of the cost impediments that local business often see how they run their businesses.

We have had already some discussions with BlueScope Steel because in fact that actually send some their product out through the Sydney ports and why do they do that, what are the issues that we face in gaining that business back for us but also what opportunities does it open up for the smaller business.

Another growth group here in our region has been what we call "agri" business. We have a lot of niche commencing agri business people especially, so there are opportunities for them to export their products, if you have it in a fairly effective efficient port. So that is why the board went to Government and said: Hey, we see some opportunities existing already for companies and I think the question that some of the members asked, we do not have the necessary vision yet of what other companies will then take opportunities of having the port there to grow.

As well as that, the board has also been to Government and the Government has now funded a study of employment lands in this region. I head some questions asked about the housing development and what impact that has had. The board has a view that – not always enjoyed by local council – that some of the land is being consumed for housing and what are we leaving for “employment lands for the future” and so as a part of looking at the port, then what are the lands we need to keep aside to ensure business has an opportunity to come here and grow.

I suppose at the present time we have some businesses who are relocating from Sydney to Port Kembla, not necessarily because getting through the Sydney ports is a nightmare for them, but primarily because the land they have in Sydney is quite restricted and if they then want to expand their business, it is very difficult. So they are coming to our region to look to see if we can actually build a bigger business here because you have land available.

We have initiated, and I heard a lot I think about unemployment and I suppose it is very easy to become a bit negative about the Illawarra region but I suppose I come with a fairly positive view of the region and we have, with the help of Government, commenced a skills audit study to say what are the issues in skills that face this region. We have most likely one of the best universities in Australia. We have a very pro-active TAFE college here that is aligned with business and so I do not look and say: Hey listen, we want a hand out. I think I say to Government: Hey, here is an opportunity for your Government to see a region that has a lot of positives grow, and that is good for the State. I do not come here cap in hand saying: Please help us. I come here and say I think we are a region that has lots of opportunities for our own region but also for the State and it is about how we build on those opportunities and make them grow both for our benefit and for the State’s benefit.

That may be enough from me. David Campbell asked the board to form a group to look at some stuff and Peter, as our general manager, is now looking after that group, which is about looking at industry growth, so maybe I will hand over to Peter and he can talk about some of the issues we face and then we are open to any questions you may have to ask.

Mr PEDERSEN: Just to reaffirm Mr Langton’s opening comments that the board’s role here and our submission to the Committee was based on supporting the Illawarra Alliance’s major submission to the Committee last year. We, as the board, as Garry has mentioned, have convened a Related Ports and Industry Growth Group. Part of that Growth Group is we have actually asked the major stakeholders, which are basically made up of the Illawarra Alliance. Now part of the role for the Related Ports and Industry Growth Group is to identify port related industries and businesses involved in those industries, develop strategies to grow, establish and attract those industries and businesses and to identify Illawarra based imports and exports and outline strategies to encourage redirection through Port Kembla.

Now this whole group will report back to the Illawarra Regional Development Board to Minister Campbell. Now last week a delegation from the region made up of the Wollongong City Council, Illawarra Business Chamber and myself went to Darwin. Darwin is the newest port in Australia so basically we went up there to see what these guys were basically doing. We learnt a lot

from that conference and we got to meet the right people, the shipping companies, logistics people, the freight forward and so on.

Basically the region is out there as a community and the community supporting each other, different levels of government, different industry associations, that this region wants this container terminal. Basically we were up there pushing us as a region that we want the container terminal.

Just sort of to wrap up on what Garry and I want to point out to the Committee today, is that a couple of major strengths for our region are this container terminal will be a solution to Sydney's congestion and environmental concerns. Other areas are concerns about road, rail or the infrastructure to this region. We want to point out that the road and rail were built for 16 million tonnes of coal. Now at the moment the figures that have been given to us is that it carries about 9 million tonnes of coal, so we do have adequate infrastructure at the moment to do the container terminal, to move the 50,000 boxes and the 1 million tonnes of bulk. Let me point out to you today it is worth \$400 million to the regional economy. Those figures came from National Economic survey, not from us.

One thing that we want to say, it would be a lower transport cost out of the Illawarra and basically this is proven to the point where time is money. We want to say there is an integral impact on the environment and part of our role is to make sure that we put the right businesses around that port. We have got 40 hectares, we want to make sure that we maximize that area for the right businesses, which will in turn create not just direct jobs from the container terminal but the flow on jobs, so our role is to work out what those flow on jobs are.

Basically, as Garry pointed out, this will be a boost to local exports. In my previous role with the Department of State & Regional Development, where there was a number of companies that we did miss out on moving from Sydney or relocating from Sydney into this region because we did not have the container terminal.

So those companies, we will be able to go out and follow up now and say: Hey, the port is coming, the container terminal is coming, we want you down in our region. So the board will then hand over those businesses that we find out do sit around a port and get the Department of State & Regional Development to work with those businesses to encourage them to move to the Illawarra.

CHAIR: There is reference in your submission to the possibility of 2,000 long-term jobs being sustained. We have heard reference in your submission and we have heard a lot about the need for blue collar jobs around here but logically not all of those jobs are going to be blue collar jobs. Is there any sort of assessment as to what the breakdown is likely to be?

Mr LANGTON: That is why we went and said we actually need a skills audit because there is a lot of anecdotal evidence about what the mix is and we came back and said, rather than sort of shooting all over the place, let's understand what the problem is. Where is the lack of skill mix and how do you align it to what are the businesses needs and my view is, as I have said, certainly from – and we have both the TAFE and the university on that working group – but rather than going to them and saying you need to start a whole lot of new courses, because you know, of whatever, let's make sure we target what is important and I think we have some history of saying this is what we need and then finding the TAFE having two students turn up to something they have already put in and I think we really need to avoid that because that absolutely sends the wrong message, that we actually do not know what we want.

I think that there is no doubt that the skill mix we need for the future will be different to what we have got today and I think I heard you ask some questions if ever there was an issue around the down sizing of BHP at the time to everything else, it was what I would call the marketability of those people to do something else, and I suppose if you said why I joined the board, I was a part of that reduction. Did I feel good about that? No, I did not. What can we do to help the community shift as things move along and be very pro-active about that and not reactive and say, Now we have got a mess, what are we going to do? Hey, how do we work, looking at the potential and doing that? I think that that is the direction the board is starting to take or I am encouraging the board to take. Otherwise you end up in this very reactive world all the time.

CHAIR: The board would play a role in dealing with businesses within the catchment area and trying to get them to use Port Kembla as their port. How much of that is not a case of trying to prevent them from using Port Botany and how much of it is trying to get them away from Melbourne? How much in the catchment area would you regard is actually being served by Melbourne ports rather than Sydney ports at the moment?

Mr LANGTON: If I said to you – I suppose there are other people in here – that that is a bit of an unknown for us and one of the things that the working group has identified is, that we actually need to go and find out what is being contained elsewhere because in fact a number of the small people actually do not container their own product. They transport it somewhere and a freight forwarder will or somebody will then put it in the container, so we have no real feel at the present time for what is going in containers out of our own region.

There are some big companies that you can say, yeah, he sends four containers, but the small person may only send enough for a half a container and we do not know that and in fact a part of that first activity is to go out and run some surveys, first of all to find out what is happening as distinct from what would you do when the opportunity arises. I think they are both quite different exercises and your question is very real and what is going to Melbourne, because that is how it goes down. I already transport 20 tonnes of my product to Melbourne because it is used in Melbourne and there are 5 tonnes for export and I will put it on the same truck and it goes out through there.

For us at the present time we do not know that and I think that that is an issue that we are now trying to address but it is a good question.

The Hon. PATRICIA FORSYTHE: That is not my question, but just following on from that, have you got funding for such a survey? How will you identify these companies? You said you need to survey?

Mr LANGTON: Mr Pedersen tells me where I get the money from.

Mr PEDERSEN: Basically part of the survey will be going back to the current industry groups in this region, Australian Industry Group, Illawarra Business Chamber, Shoalhaven Industry Business Association. However, those guys do not actually capture every business in the region, so part of that survey, as Garry said, is to find out who they are. Funding opportunities for this type of project can come through the Department of State & Regional Development and through other avenues such as Illawarra Area Consultative Committee.

So part of our charter is not do anything in isolation but working with all the stakeholders. We will be going out to all those other organizations and seeking the funds to do this survey.

The Hon. PATRICIA FORSYTHE: Can I come back to my question. You raised earlier the clusters, you said there were three now in the area. Can you identify the nature of those clusters?

Mr LANGTON: We have what I call the I3 Net. We have ICT, which is a communication group and we are also now looking to form a group around our agri businesses. That is a growing industry for us, we are not potentially – what is the word – localized and often what we find is, as a port, we get requests for funding to help a small group grow and so we have been back and said: Hey guys, we actually need to understand what is the long term strategy? How do we pull some of these groups together to work together, so they are the three key businesses we are focusing on at the present time.

We have left, if you want to call it that, the innovation campus to the university. We have said, Look, that is your baby. If you need support from us, happy but that is what we should do and I suppose in lots of respects, and it is a bit like the port and other issues, once the board has either the Government's attention or the business world's attention to it, then we really hand that over to some other group and say: Listen, we are not there to manage these projects for you. If you wish we can help in the short term, but it is not our intention to remain a hands on managerial group. So even with I3 Net, once we get them up and growing, our intention is, yes, you grow your own business. We have given you the opportunity.

The Hon. PATRICIA FORSYTHE: Trying to identify which ones have an export potential?

Mr LANGTON: Yes, absolutely.

The Hon. PATRICIA FORSYTHE: Amongst the submissions I have read today I did not note an advantage of the region identified as cheap land, yet it was raised today by one of you as an opportunity, particularly in talking of business in western Sydney or in Sydney as it is growing, that what you have here is the advantage of some cheap land.

Mr LANGTON: Can I change that? We have available land, so I would like to think that what we do not do as a community is keep chewing up the available land for residential land. At the present time the Government through the Premier's Department is doing an employment land survey in this region to start to understand that and it is also important for the agricultural business that we do not take what is some very valuable agricultural land and destroy some opportunities for the future.

The Hon. PATRICIA FORSYTHE: Are you seeing some of that land as having warehouse potential?

Mr LANGTON: Yes.

Mr PEDERSEN: We have to ensure that we do not put warehouses that can sit 20 minutes away around 40 hectares that we have to manage--

The Hon. PATRICIA FORSYTHE: So the vision around the port is that the 40 hectares includes ancillary infrastructure?

Mr PEDERSEN: Businesses that need to be sitting at a port. Cold storage does not need to be sitting at the port, that can be at Kembla Grange or other industrial areas which are 20 minutes away, so part of our charter with this Related Ports Industry Growth Group is to make sure that we get the right businesses that fit around it. That was part of the role of us going to Darwin, to talk to those businesses we believe do sit around a container terminal. However, we are not the experts and that is where we will be bringing in outside expertise to tell us what those businesses should be, the overall businesses should be.

Mr COHEN: Mr Langton, as well as your current role before the Committee you are working for BlueScope Steel, I understand?

Mr LANGTON: Yes.

Mr COHEN: From an earlier submission of that company - and I think it was Mr Murray but I could be wrong - in discussion about the company using Port Botany instead of Port Kembla, it was a commercial decision. There is an ask from the Illawarra for Government support; there is an ask for community support, but do we see, in terms of local big industry, which I think that company would represent, the sort of support that might mean Port Kembla would be used even if it were a little bit more expensive in the circumstances comparative to Port Botany? In the light of that, why use the Sydney ports?

Mr LANGTON: Well, I ought not to speak on behalf of BlueScope Steel. Can I answer your question in another way?

Mr COHEN: Essentially, what do you see coming from industry that is really working to support the local community?

Mr LANGTON: Industry will continue to use the most effective efficient means of managing its business and our role is to make that port efficient and effective so that people will use it, not because it is part of the local community but because it is the best port to use. I think we need to get away from the fact that we drive ourselves for second best and say - and I do not want to use

this word negatively - it is another handout. We should be gearing ourselves to have an effective port that is efficient and I think if we set ourselves up with a view, well, we can get away with second best and not have as efficient and effective thing, then we are doing a disservice to the decision to put the port here. I suppose a part of the board's role is to ensure that we get an effective, efficient port, otherwise people will not use it, and I think that is really the key for us. So we are "entrusting" the ports corporation to ensure that the infrastructure they put at the port makes it equally competitive for BlueScope Steel to go through Port Kembla as it does to go through Sydney.

My view, and that is not Mr Murray's view, is that one of the reasons that BlueScope Steel may continue to export through a Sydney port is that the shipping company that is taking its product will see that it is most effective and efficient for us for them to call at Port Botany or whatever and that is where we will have to take it out. That is a bit of an unknown for the future for us and that is why we have to get to the shipping companies about that because I think, at the end of the day, they will drive where lots of companies actually take their product and the best we can do is say: When your ship comes to Port Kembla or when you put your container through here you get the same cost benefits, the same cost efficiencies, as you get if you go through Port Botany or anywhere else. I think that is the best we can do as a community and that is where we should be.

The Hon. PATRICIA FORSYTHE: Have you prepared a submission to shipping companies?

Mr PEDERSEN: The information we get out of the survey, when we know what businesses export out of our region, will help us--

The Hon. PATRICIA FORSYTHE: What is the timeframe on that?

Mr PEDERSEN: Six months on doing the survey, if not earlier. That is long term, six months is the worst scenario, we want to try to have it done by the end of this financial year. That was part of the delegation, I suppose, speaking and going to Darwin, actually starting to talk to some of these shipping companies to let them know that we do exist and as a community we are supporting this container terminal.

Mr LANGTON: But, on the other hand, the general manager of Port Kembla port is already negotiating and talking with shipping companies, so the Minister was very careful to say to us: You guys are not about the port, you are about doing work that supports the port and you have to leave the expertise of the port management to the people who have the expertise to manage it. So I can go to a meeting and hear what they talk about and maybe have some minor input, but that expertise really sits with that group of people, and I can say openly here that what I have observed them doing so far gives me a deal of confidence they actually understand some of the issues that drive that.

The Hon. MELINDA PAVEY: Some submissions have cited a travel time study conducted in 1997 for the Port Kembla Port Corporation which concluded that Port Kembla had considerable travel time and cost advantages over Port Botany and Sydney harbour for a proportion of south-western Sydney, so there was a line to south-western Sydney and Port Kembla was a more efficient location. Are you aware of any examples where these time and cost savings have been achieved, for example by a south-western Sydney based company changing from one of the Sydney ports to Port Kembla?

Mr LANGTON: No. I would say the major reasons they have come here recently is about the availability of land to expand their business. That is primarily what has driven them here. If you asked me could I go and get a piece of information that does that, no, I couldn't. It may exist, but I don't--

The Hon. MELINDA PAVEY: Could you put a number on the companies that have recently moved to the region and in what timeframe?

Mr PEDERSEN: Over the last three years I know there have been 31 projects made up of both new relocations and expansion of businesses in this region.

The Hon. MELINDA PAVEY: How many were new relocations?

Mr PEDERSEN: I am not sure off the top of my head, to be honest. I would not like to answer that question without having the figures in front of me.

The Hon. MELINDA PAVEY: Of those new relocations or expanded businesses, what percentage would be using the facilities at Port Kembla?

Mr PEDERSEN: I know of two that are major exporters from this region.

The Hon. MELINDA PAVEY: Have they got contracts with BlueScope, do you know?

Mr PEDERSEN: No, they are other companies that do--

The Hon. MELINDA PAVEY: Timber?

Mr PEDERSEN: No.

The Hon. MELINDA PAVEY: Manufacturers?

Mr PEDERSEN: Manufacturers, yes, both are manufacturers, one of pipe, one of trucks - not the actual truck itself but of parts that sit on a truck, say, a security van or police van and so on.

(The witnesses withdrew)

(The Committee adjourned at 3.55 p.m.)