

REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON STATE DEVELOPMENT

**INQUIRY INTO PORT INFRASTRUCTURE IN NEW SOUTH
WALES**

At Sydney on Thursday 22 April 2004

The Committee met at 10.30 a.m.

PRESENT

The Hon. Tony Burke (Chair)

The Hon. Tony Catanzariti

Mr Ian Cohen

The Hon. Patricia Forsythe

The Hon. Melinda Pavey

PETER ALAN DEXTER, Regional Director, Wallenius Wilhelmsen Lines, and

KIM EDGAR BUOY, General Manager, Operations, Wallenius Wilhelmsen Lines, sworn and examined:

CHAIR: Welcome to today's hearing of the Standing Committee on State Development. Members of the media, 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 the media must take responsibility for what they publish or what interpretation is placed on anything that is said before the Committee. Gentlemen, in what official capacity are you appearing before the Committee, as a private individual or as a representative of an organisation or business?

Mr DEXTER: I am appearing as a representative of Wallenius Wilhelmsen.

Mr BUOY: I am representing Wallenius Wilhelmsen.

CHAIR: If either of 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 such a request. However, the Committee or the Legislative Council itself may subsequently publish the evidence if they decide it is in the public interest to do so. I invite you to make an opening statement.

Mr DEXTER: Wallenius Wilhelmsen is a leading global operator of roll-on roll-off tonnage. Our fleet consists of more than 60 modern purpose-built vessels, operating in all major global automotive trade lanes. The Europe and North America to Australia trade is a significant part of this global business, and we are expanding these services from the historical supply areas, like Germany and the United Kingdom, to emerging automotive supply markets like South Africa, South America and Mexico.

We have been providing services to the Port of Sydney for over 100 years, and we consider that we are closely aligned with the requirements of commerce in New South Wales. As a matter of history, we have worked closely with shipping and the port authorities of New South Wales to develop infrastructure and alternative services, and as evidence of this we, in conjunction with the old Maritime Services Board, developed the roll-on roll-off facilities in Darling Harbour in the early 1970s as well as seeking to establish a regular roll-on roll-off service through the Port of Newcastle. The latter failed because of the desire of shippers to use the more extensive services available through Sydney, whereas the former became a most efficient roll-on roll-off facility. We are an organisation which places considerable emphasis on values, as evidenced by the progressive policies that we have implemented relative to the promotion of environmental standards on board our vessels. Our wider values were, I believe, displayed as the owner of the vessel *Tampa*.

I will be pleased to elaborate or respond to questions on our submissions as the Committee requires, but I would like to, if I may, make a few further comments. As I have said, Wallenius Wilhelmsen Lines is a global roll-on roll-off operator. The type of vessels that we operate fall into the categories of roll-on roll-off, which we refer to as ROROs, and pure car and truck carriers, which we refer to as PCTCs—so if I can be excused for using the abbreviations as we go ahead. The distinction is, though, that roll-on roll-off ships have increased deck strength and ramp capacity when compared to the PCTCs. That essentially is the differentiation. The cargo is rolled on and rolled off for both classes of vessels. The deployment of this combination of tonnage has served the interests of Australian trade in the most efficient way over an extended period of time. We are not a container operator, and our cargo segments are, in the main, automobiles, agricultural machinery, trucks, buses, roadbuilding, power generation, capital plant and equipment. The majority of the vessels which carry cars into Sydney, either through Glebe or Darling Harbour, are PCTCs and RORO ships, and all of those ships carry a combination of cargoes.

Our basic philosophy as an organisation is that we are a servant of trade. Our vessels call at ports in accordance with the demands of our customers, who we seek to service in the most cost efficient way, and to carry their cargo in a quality assured manner in order to complement their business aspirations. We place considerable emphasis on the logistics chain, given that our customers are primarily concerned with minimising their inventories and timely input into their manufacturing and distribution process.

The New South Wales Government's announcement of its ports strategy for Sydney implies significant consequences for our operations as well as those of others. Our vessels currently operate through Darling Harbour, and we have been seeking advice from our stevedores and the Sydney Port Corporation as to how they intend to serve our vessels into the future over a significant period of time. The lack of clarity surrounding infrastructure provision in Port Jackson has frustrated this process, and we certainly welcome the Government's plan insofar as it will set clear direction for the future.

We have found, though, that a significant proportion of our customers have advised us of their clear preference to ship their cargo through the Port of Sydney, and our challenge is to ensure that appropriate port and transport infrastructure are provided to facilitate cost efficient services to our customers. Those advices that we have received from our customers are in fact validated by the submissions you have received from the two stevedores who control operations in the Port of Sydney and the Federated Chamber of Automotive Importers, on the grounds that Sydney is the logical, preferred and most cost efficient port for the import of vehicles into New South Wales.

I mentioned our experience with Newcastle. Commerce and shipping companies will almost always look for the most cost efficient options that are available. It was clear from our experience there that if one wishes to promote alternative ports, such as Port Kembla, the cost incentives available to the shipping companies to pass on to importers and exporters have to be very substantial to provide for change, and that the facilities available need to be supported by cost efficient intermodal inland haulage structure which will provide for the current and future needs.

A competitive market exists around the carriage of roll-on roll-off cargoes, and to underpin that competition in the interests of New South Wales commerce adequate port facilities have to exist. It is our intention to continue to operate through the Port of Sydney because to do otherwise would, on the basis of our preliminary assessments, create additional costs for many of our customers, as well as detracting from our competitiveness. Thus our focus is on how to achieve the joint objectives of delivering an efficient service to New South Wales commerce and to maintaining our competitiveness.

We will look to the Sydney Port Corporation to ensure that the facilities and capacity required are available. Our calculations show that trade will outgrow Glebe, and we believe that Sydney's roll-on roll-off services will be facilitated by providing for the continuing use of Glebe combined with White Bay. In this context, we believe a significantly rationalised operation at White Bay, when combined with Glebe, would provide an efficient facility that meets the requirements of commerce whilst at the same time minimising expenditure by the port authorities.

I have outlined what I consider to be the right course of action to the development of port infrastructure. A point that the Government made in its submission related to the long lead time associated with the provision of port infrastructure. It is absolutely essential, in our view, that some decisions are taken very quickly in order to provide for that lead time and not to disrupt commerce in New South Wales.

CHAIR: Mr Buoy, did you wish to add to that statement, or do you wish to proceed to questions?

Mr BUOY: I have no comments to add.

CHAIR: I am interested in the reasons behind the withdrawal from Newcastle. What sort of gaps were there in the logistics chain that contributed to that?

Mr DEXTER: Specifically, what we found was that our shippers wanted to take advantage of the wider range of services that were available through Sydney than those that would be available through the limited services in Newcastle. It is clear to us, so far as the logistics chain is concerned,

that most importers and exporters place considerable emphasis on the cost of inventory and the ability to have just in time input into their various processes. What shippers will traditionally look for is a frequency and reliability in service.

The Hon. PATRICIA FORSYTHE: Could you tell us a little more about that? You made a couple of statements about Newcastle. Could you tell us exactly what you meant?

Mr DEXTER: What I specifically mean is that by transferring part of services away from the central port to another destination will not provide the frequency and reliability of service that commerce requires. Therefore, unless there is a concentration of services around the individual ports, you would find that operators would be very reluctant to transfer because they would recognise that their competitiveness would be severely inhibited.

The Hon. PATRICIA FORSYTHE: What sorts of services were lacking in Newcastle?

Mr DEXTER: What was lacking in Newcastle was frequency of shipping services. In terms of the services available in the port, we found that the co-operation we received from the port corporation and from labour in the port were all very, very good but, certainly, the transport infrastructure around the port at the time had not been developed in accordance with what the requirements were for the transfer to and from Sydney. In addition to that, it was purely and simply the availability of shipping services.

The Hon. MELINDA PAVEY: What time frame was that?

Mr DEXTER: It is probably approximately five years ago that we withdrew from Newcastle.

CHAIR: What sort of difficulties or complaints has the shipping company found with local residents within Sydney Harbour in terms of noise and issues such as that?

Mr DEXTER: The normal course of events would be that complaints would go to the port operator as distinct from the shipping company, but a very important factor so far as our operations are concerned is that up until approximately the end of last year what we were operating within our roll-on roll-off vessels was a container service as well. We have now completely withdrawn from container services and we consider that the noise factor surrounding our ships is certainly no different to the noise factor surrounding any of the ships that operate through Glebe. Certainly, I think that scientific evidence could be provided to you which would display that the noise factor associated with our vessels today is certainly no different to any of the other ships operating through Glebe and would be very different to that which it has been in the past.

Mr IAN COHEN: We have received complaints and one submission stated:

Roll-on-Roll-off ships (eg the Wilhelmsen-Marius Line). These ships are too big to operate close to residential housing. The size of their engines with the consequent low frequency pulsatile noise and vibrations means that windows and doors 300 metres away rattle, with the low frequencies resonating inside the small rooms of Balmain. In addition, the loud impact noise from cargo passing over the ramps has never been controlled. These ships will never be able to comply with noise guidelines at receiver sites, ie at adjacent residential areas. If, after the closure of Darling Harbour, they are shifted to White Bay, there would be a public outcry.

Could you comment on those criticisms?

Mr DEXTER: I would just repeat what I said before, that the nature of our operation today is considerably different to what it was 12 months ago. I reiterate that I think scientific information can be provided which would show precisely what the noise levels would be today. Our view is that the noise levels that would emanate from our ships would not be a lot different to the ships operating through Glebe that are there and, certainly, given that most of the ships that come into Port Jackson today are PCTCs, ro-ro vessels similar to ours, I would think that the noise emanating from ours would be little different to anyone else's.

Mr IAN COHEN: Has there been any study on comparative noise or do we have any scientific information? Is this inaccurate? Perhaps it is prejudice in that somebody living close by may be suffering from noise pollution.

Mr DEXTER: Scientific information is available and we could certainly work together with the port corporation or who ever you might like to suggest to provide that. We would be happy to do that.

CHAIR: We would appreciate that.

Mr IAN COHEN: It is important to have that scientific evidence for noise levels because claims have been made that the roll-on roll-off ships are, in fact, the biggest noise component for these residents. Also, it has been claimed that car carriers are unable to meet the noise standards so it would be interesting to have specific facts on that.

Mr DEXTER: We would be happy to provide that because from the comment you made, it is a little confusing because our vessels are similar in that all the other ships that work through Glebe are car carriers, so it is a very general statement and I appreciate that. We would be happy to provide some further information.

Mr BUOY: There are international and national standards on noise levels. We have a complement of crew members on board the ships and the noise regulations for the crew members apply in the same way as for the residents. Obviously, crew members that live on board the ships need to live within the same limits as anyone else so, yes, we have information that can back up those statements.

CHAIR: I note from your submission a significant amount of what is being transported is agricultural equipment. I do not know whether the percentages are readily available, but what proportion of your cargo has Sydney as its destination?

Mr DEXTER: It varies according to the category of the cargo. So far as motor vehicles are concerned, in excess of 70 per cent of that cargo goes to Sydney. In terms of the agricultural machinery, most of it would be distributed outside of Sydney. A major challenge that is provided for us there—and this very much gets back to the logistics chain—is that Sydney is central in terms of New South Wales and we find that in terms of managing the logistics chain, there is a lot more emphasis on port optimisation today. So what we would find is that if we were to move to Port Kembla or Newcastle, various areas of New South Wales would be disadvantaged relative to another area.

Again, I could provide you with details of the actual breakdown of that distribution, but the vast majority of the cars that we bring in go to the Sydney area and the vast majority of the plant and equipment that we bring in would also be distributed around the Sydney area. The rest would be distributed over New South Wales in toto.

Mr IAN COHEN: In terms of the nature of your cargo with the roll-on roll-off process, are you bringing in a load of cars or a load of agricultural equipment or is it pretty well mixed up?

Mr DEXTER: It is mixed up. I think that is fundamental to the economics of the situation. You will find, I would suggest, that most of the vessels that operate through Glebe do not carry exclusively cars. It is a combination of cargos and certainly, given the position of Australia geographically and looking to provide the maximum economies that we do to Australia, what one has to provide for is a mixture of cargoes on board the ship in order to provide for a cost-efficient operation.

CHAIR: Do you collect significant exports from Australia or is it mainly imports?

Mr DEXTER: The majority of the cargo that we lift into Australia is imports, yes.

The Hon. PATRICIA FORSYTHE: In your submission you refer to the fact that the impact of the Government's announcement could be to expose your clients to significant additional cost and inefficiencies in the distribution chain. Have you actually done any cost benefit analysis on the effect of the Government's announcement and can you give us some percentage in real dollar terms about what you would believe to be the additional cost?

Mr DEXTER: We have not got any figures that we can provide to you on that. What we did was we surveyed our clients when the Government's announcement was made and we found that the majority of the clients expressed a clear preference for Sydney. They indicated that in terms of the road and rail infrastructure that supports Port Kembla at this point of time, they expected that they would be confronted with additional costs. I think also that questions have been raised about the quality of that road and rail infrastructure as it stands at the moment.

The Hon. PATRICIA FORSYTHE: But assuming that those things are not static and that part of the proposal is upgrades, whether it is out of Port Kembla or Newcastle, for example, of road and rail infrastructure, would that mitigate the concerns that your customers are raising? Is it the infrastructure that is the real issue?

Mr DEXTER: Yes, infrastructure is a substantial issue associated with it and, as a consequence therefore, it is the timing as well that is associated with that. The point that I made is that seeking to mandate the business transfers from one point to another is a dangerous path to follow, in my view. What one has to be able to very clearly display is that there are both immediate and longer-term advantages associated with that. We are certainly not in a position at the moment to be able to display any cost advantages, so that is why I made the point in my comments that critical to the transfer to any port away from a port of preference for shippers is the need to be able to display significant cost advantages associated with that.

The Hon. PATRICIA FORSYTHE: Is there any risk that any of your customers would choose to bypass New South Wales altogether as a consequence of any shift in the port arrangements?

Mr DEXTER: I think the question that the chairman asked is very relevant in that respect with regard to agricultural machinery. It may well be that clients would find that it was more cost efficient to bring agricultural machinery into Melbourne, for example, than what it might be into Port Kembla if they are somewhere in between as a consequence of the preferential transportation rates that they may be able to enjoy as a result of the infrastructure surrounding Melbourne.

The Hon. MELINDA PAVEY: Is not a lot of your equipment that comes in mining equipment as well?

Mr DEXTER: There is mining equipment, yes.

The Hon. MELINDA PAVEY: And that would find its way to the Hunter?

Mr DEXTER: A lot of it could find its way to the Hunter, yes.

The Hon. MELINDA PAVEY: Your submission does break up the vessels that are coming in—155 general cargo and break bulk vessels, 65 ro-ro vessels in 2002 and 232 car carriers or pure car and truck carriers. I would like clarification. Are ro-ro vessels separate to car carriers or do you have equipment and machinery in the same vessels as cars?

Mr DEXTER: Yes. We have cars and machinery in the same vessels. I think terminology can really be an issue here because we would say that we carry general cargo. We would describe general cargo as it could fall into the category of plant and equipment, which we would roll on, roll off the vessels, but with all the ships that we operate, the cargo is handled onto and off the ships through rolling it on and off across a ramp, which is exactly the same as car carriers and PCTCs.

The Hon. MELINDA PAVEY: Could you also elaborate on what is exported; what goes onto your ships after you have emptied them from the Sydney port?

Mr DEXTER: There are some cars which are repositioned to other ports in Australia. There could be second-hand machinery which is being exported into Asia or some other destinations. It would be a range of mixed cargoes such as that but all of which would be roll on or roll off the vessels.

The Hon. MELINDA PAVEY: I presume that they come in 100 per cent full?

Mr DEXTER: Sydney is recognised as a significantly greater import port than it is exports, so in terms of ratio, it is probably 90 to 10.

Mr BUOY: You are talking very small volumes.

The Hon. MELINDA PAVEY: Going back out.

Mr BUOY: Yes.

CHAIR: At any stage were cars going out to Minto or Ingleburn to be fitted?

Mr DEXTER: Some of the cars would, but most of the cars discharged from our vessels go to Rosehill. They go to all destinations because the providers of motor vehicle processing services are generally identified by the manufacturer. Therefore, if BMWs are carried on our vessels, for example, they would probably go to Minto whereas if Peugeots are carried on our vessels—and I am just identifying the European makes—they would go to Rose Hill so it depends on, the manufacturer.

CHAIR: You have spoken about all the extra level of services and you have referred to the possibility of Glebe Island reaching capacity. Given the large parcels of land that are situated at both Port Kembla and at Newcastle, what opportunities are there with the right infrastructure?

Mr DEXTER: I think so far as the future is concerned there are clearly opportunities associated with that, and ports will grow over time. I think a very significant factor here again revolves around timing. I think if you revert to the point that I made about competitiveness and the requirement of commerce to have frequency and consistency, an element certainly for consideration is whether you utilise facilities until the end of a particular period and then you transfer in toto as distinct from trying to take a piecemeal approach whereby you would provide a less than optimum service.

CHAIR: If what you propose with White Bay were to go ahead in those terms, what sort of usage would the White Bay facility have?

Mr DEXTER: Part of our submission suggests that we would see a rationalised White Bay. The facilities that are available at five and six, as distinct from White Bay overall, would be adequate in our view to provide an overflow capacity for Glebe. So therefore it would be the use of a combination of Glebe and White Bay, and recognising that White Bay would represent the overflow portion of that.

CHAIR: Under that model how often would there be a ship at White Bay?

Mr DEXTER: Again that is something I would prefer to revert back to you because that is something that we would need to look at, together with the operators in the Sydney Ports Corporation relative to what the overflow would be because it becomes a question of what is the capacity that is needed at Glebe. Then you also have some distinction between the facilities that are available at Glebe and at White Bay. For example, there are sheds available at White Bay which are not available at Glebe which would provide for the coverage of cargo. I would see that there would be a reasonable utilisation of White Bay but it would be principally in an overflow context.

CHAIR: Given the potential community use of that land—I am trying to think through—if it were preserved for that sort of overflow purpose, are we looking at that whole parcel of land being reserved for a usage that, at best, is once a week?

Mr BUOY: In regard to the usage of White Bay or the facility it is important to keep in mind that the majority of the vessels that actually come in to Darling Harbour and Glebe Island today, that discharging roll-on roll-off cargo, stays in the port in the vicinity of 10-12 hours. The cargo as such would stay at the wharf for a much longer time. So when you say "utilisation of the facility" do you then refer to how long a ship is actually alongside or do you refer to how long you actually have cargo on the wharf? Because I do not believe that the residents have any objections to cargo standing on the wharf. If you look at how long you actually have a ship alongside, it is a very short time.

CHAIR: In large part it would be used as a storage facility?

Mr DEXTER: For cargo, that would principally be what it is being occupied for. Again our submission does not suggest that all of White Bay be retained. Getting back to what you are suggesting with respect to that which could be made available, there would be a substantial area of White Bay in our view which could be freed up for whatever other purposes the Government determined. But this would represent an overflow capacity for Glebe and certainly protect the status of the ro-ro ship operating through Sydney in accordance to what we consider to be the requirements of commerce.

Mr IAN COHEN: In your submission you refer to White Bay No. 5 and No. 6 as back-up berths?

Mr DEXTER: Yes.

Mr IAN COHEN: How often do you envisage that being utilised? Is it something that will come on scheme in future when the general historical increase will occur?

Mr DEXTER: No, I would see that it would be used immediately but I would prefer to revert, if I may, relative to what that frequency might be, because we are only one of the operators that would be coming through Sydney. There would be a range of operators and it would be a question of utilising Glebe together with White Bay in an optimal way. Our preference would certainly be that there should not be restrictions or anything like that placed on the number of vessels there. An area would be identified in its own right for utilisation and that should be used in an optimal way between the two facilities.

CHAIR: What is a typical method of transport from Glebe Island or White Bay?

Mr DEXTER: From Glebe Island and White Bay it is principally trucks—road transport.

The Hon. MELINDA PAVEY: Is there potential to tap into the existing railway network?

Mr DEXTER: There is potential, yes.

The Hon. MELINDA PAVEY: Yesterday we heard evidence from Patricks that it has been waiting three years to get permission to improve the facilities at Ingleburn for direct car transport. That is an investment by Patricks but is there potential into the future for you to tap into a railway network?

Mr DEXTER: There would be potential but because of the nature of roll-on roll-off cargo it is relatively limited.

The Hon. PATRICIA FORSYTHE: In your submission you refer to an alarming statistic of 25-30 per cent of the total car trade to New South Wales being at risk after Darling Harbour closes. Given that it is likely that a dedicated automotive port will be within 100 kilometres of Sydney, how have you drawn that statistic?

Mr DEXTER: We looked at the volume of cars that we lift, and then we looked at it from the perspective of the importers. So we are suggesting that that would be lost to the Port of Sydney and again you would come up with this optimisation factor but we would see that those cars would then in the main be transported back into Sydney. The risk factor surrounded the interests of the importers.

The Hon. PATRICIA FORSYTHE: Do you suggest it is not a reduction in the number of cars coming to Australia?

Mr DEXTER: No, we are not suggesting that.

The Hon. PATRICIA FORSYTHE: You are talking about a port of entry for importers?

Mr DEXTER: Yes.

The Hon. PATRICIA FORSYTHE: In other words, you are choosing another State?

Mr DEXTER: It is interesting in the way in which ports are developing throughout Australia. If you look at the different ports it is worth reflecting on what is occurring in Brisbane because Brisbane is developing a really highly efficient intermodal facility where you have excellent facilities for road, rail et cetera and all the shipping is being concentrated into one area. That will deliver intermodal efficiencies. So far as the future is concerned, the importers and exporters who are so concerned about the costs in their logistic chain, will look for optimisation in the terms of their transport costs and that will relate to port of entry. Obviously if they concentrate the volumes on to a particular port what that will do is give them efficiencies in their transport costs.

The Hon. MELINDA PAVEY: With the Australian Rail Truck Corporation [ARTC] agreement, if Brisbane were to prove to be a more commercially viable entry point for importers, will the cargo go on to trains or highways, such as the Pacific Highway, to come down to Sydney?

Mr DEXTER: The reality is it would have to be a combination. We very much return to the different types of cargo and where it is ultimately destined. But unquestionably rail should be the primary means of transportation on from there but it would be a combination of both.

CHAIR: Is the suggestion that because Port Kembla is too far from Sydney and the services, that they would go instead to Brisbane notwithstanding a high proportion of those vehicles would be ultimately sold in Sydney anyway?

Mr DEXTER: No, that is not the suggestion. What we are saying is that we carry somewhere between 20 and 30 per cent of the cars that come into Sydney. If they go into Port Kembla that will put at risk the business of the importers in some respects because they will be confronted with additional costs. We will then have to look for the optimum way to ensure that those cars reach the importers in the most cost efficient way. What we would then do is evaluate the cost of the distribution from Brisbane as against Port Kembla as against Melbourne in order to fulfil that. Clearly the majority of the product which comes into Sydney I would expect would continue to be brought in through Port Kembla but it would be an added cost which would probably place at risk the operator's business who is there at Port Kembla operating in isolation.

CHAIR: For those vehicles that would otherwise have gone off and been fitted at Minto, for example, there would effectively be no extra costs in those instances?

Mr DEXTER: Again it will be a factor of the cost of road transport. So far we have been given anecdotal advice, and I do not have anything more objective than that, that by having to position road carriers to Port Kembla in order to bring the cargo back to Minto, the utilisation of those vehicles would be less than it is in the Sydney area, therefore, they would be confronted by additional costs. But that is something that needs more work.

The Hon. PATRICIA FORSYTHE: Are you suggesting the cost issue when comparing movement from Port Kembla to Minto and Brisbane to Minto?

Mr DEXTER: No, that is not what I am suggesting.

The Hon. PATRICIA FORSYTHE: I do not understand where the potential loss of 30 per cent in total car trade is at risk.

Mr DEXTER: It is at risk relative to Sydney.

The Hon. PATRICIA FORSYTHE: But since the destination for so many cars is ultimately Sydney—

Mr DEXTER: It would have to return to Sydney, yes. I am happy to come back on that because obviously we have served to create some confusion and I will be pleased to respond on that point.

The Hon. MELINDA PAVEY: Did you use the Port Kembla facility during the Olympics?

Mr DEXTER: No.

(The witnesses withdrew)

HAROLD KERR, Company Director, Millers Point, Dawes Point and The Rocks Residents Action Group, and

GRAHAM LESLIE BROOKS, Heritage Consultant, Millers Point, Dawes Point and The Rocks Residents Action Group,

MICHAEL WILLAIM HARRISON, Town Planner and Urban Designer, Millers Point, Dawes Point and The Rocks Residents Action Group, sworn and examined:

CHAIR: Mr Kerr, in what official capacity are you appearing before the Committee: as a private individual or as a representative of an organisation or business?

Mr KERR: I am appearing as a representative of the Millers Point, Dawes Point, The Rocks Residents Action Group.

CHAIR: Mr Brooks, in what official capacity are you appearing before the Committee: as a private individual or as a representative of an organisation or business?

Mr BROOKS: I am appearing as a representative of the Millers Point, Dawes Point, The Rocks Residents Action Group. I am the author of one of its reports.

CHAIR: Mr Harrison, in what official capacity are you appearing before the Committee: as a private individual or as a representative of an organisation or business?

Mr HARRISON: I am appearing as a representative of the Millers Point, Dawes Point, The Rocks Residents Action Group.

CHAIR: Welcome and thank you for appearing before the Committee today. If any of 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 may subsequently publish the evidence if it decides that it is in the public interest to do so. I invite you to make an opening statement—either one on behalf of everyone or individual statements.

Mr KERR: If possible all three of us would like to contribute to the opening statement because we look at different issues. I thank the Committee on behalf of the residents action group for this opportunity. As was the case with the recent successful submission that we made to the Heritage Office for the listing of Millers Point as a single entity on the New South Wales Heritage Register, the submissions that we are making today have been fully funded by the community.

As the announcement of the ports plan came from the Premier, we recognise that the announced plan will be implemented in one form or another. Our submissions offer only a variation on the announced plan. We believe the variation meets the intention of the policy, addresses community concerns and carries certain benefits. The submissions target three objectives: to retain Sydney Harbour's remaining wharves under true public ownership; to retain the historic linkage between Millers Point and its maritime past; and to do so in a manner that benefits New South Wales's long-term strategic, economic, social and environmental goals. I am supported today by the authors of the two submissions. Graham Brooks will briefly address some of the specifics of our heritage submission, Michael Harrison will follow with some remarks about planning, and then if possible I will make a few brief closing remarks.

Mr BROOKS: Thank you. I would like to focus on two particular issues. One is the protection of historic maritime linkages, which I believe is fundamental to the old sense of what Sydney is all about; and the second is to look at proper and efficient heritage management under the New South Wales planning system. I will come to those issues in a moment. Fundamentally, I think we are saying today that our submission has general resonance within the broader community, which is concerned about the loss of commercial shipping within Sydney Harbour. The two aspects that we want to bring forward may not have come out so clearly in the broader debate.

In terms of the character of Sydney, any city—particularly a city as important as Sydney—has grown historically for a combination of geographic and economic reasons. I think Sydney's reason for being was a combination of where it was in the Pacific, particularly in the eighteenth century in terms of geopolitical strategies, and the fact that it was the port. It was a very efficient and very good port that sustained itself historically for 200 years. If you look at any city you can see that the process of growth, change and development creates a certain balance, which is obviously updated from time to time. I listened to the previous speakers, and fundamentally what Sydney has done at this point in time is create efficient processes—the efficiency of bringing material through the port and distributing it to its marketplace.

Supporting that whole exercise is the infrastructure that is in place now. We recognise that some of that infrastructure may need a little improvement. But fundamentally you have already in Sydney 200 years of efficient, growing, developed infrastructure with immediate links to most of its marketplace. Going to Port Kembla and Newcastle is fine in the long term but an awful lot of work will be involved in doing that. The point that struck me in the previous submission was that you must have the infrastructure before the marketplace goes with it. Marketplaces do not lead infrastructure; it is the other way around. The marketplace is responding very clearly to that historical sense of what Sydney is all about. I think we need to be very careful about how we play with those different factors. I guess fundamental to our submission is the idea that Sydney, and Darling Harbour in particular—which is what I am concentrating on—and White Bay and Glebe can provide a safety valve, an alternative, a sense of providing a longer-term option and a sense of transferring the process more gradually. I think the Committee will need to think very carefully about the timing and the roll-out of that development long term.

In terms of the heritage management processes, as Harold mentioned, the Millers Point area has only recently been added to the State heritage inventory as a complete area. It has been on the city council's heritage inventory for some time. But it is the very first area to be listed by the State Government; it predates the potential listing of Haberfield. So it is very important in its own right. The essence of what Millers Point is all about, and has always been about, is its links with maritime processes—its community links, its functional links and its historic links. We are not trying to say that those links should be buried back in the eighteenth or nineteenth centuries because clearly those links have grown and changed. We are talking about that sense of recognition, the role that Millers Point has played within the city, the role that it plays within the physical massing of the city and all the other visible relationships.

In addition to the State Heritage Register listing, which now generates very good management of that physical community, the Sydney regional environmental plan 23 looks directly at the links between the waterways and the built environment behind. There are very strong processes now within the State planning system that we need to have in good regard. As we know, the State Heritage Act has precedence over most of the normal planning system. There is both a discipline that is well founded and well thought through and that inherent background to the whole nature of the city.

Mr HARRISON: I would like to say a few words on the urban planning side. We have produced a fairly comprehensive submission and I would like to circulate a summary document that I will go through on presentation panels. I have circulated an A4 version of the three panels that I will present as a summary of our submission. Basically, the Millers Point, Dawes Point, The Rocks Residents Action Group asked me to prepare a submission on urban planning grounds. I have about 20 years experience in town planning and urban design in Sydney, especially the central Sydney area. I have also worked with Alan Davidson, who has been with the State Government planning department for more than 20 years and has a great deal of knowledge, especially about the planning of the central Sydney area and metropolitan planning generally.

As listed in our submission, a number of planning policies reinforce the role of maritime activities in the port. They have been increasing in number and depth over the past few years. There is what is called State environmental planning policy [SEPP] 26 for city west, which I am sure you will be familiar with. There is SEPP 56 regarding the Sydney Harbour foreshore and tributaries, which requires a master plan to be done for a number of sites around the harbour, including the Darling Harbour area. I was a primary author of the Sydney Ports Corporation Glebe Island and White Bay master plan a couple of years ago so I have quite a depth of knowledge on port needs and also community issues around the port.

Action for Transport 2010 produced by the Department of Transport seeks to develop initiatives supporting the contribution of freight and commercial movements in Sydney. The Sydney Metropolitan Strategy "Shaping Our Cities" has been around for several of years now. One of its primary objectives is to maintain maritime activity in Sydney Harbour. The draft Sydney Harbour catchment regional environmental plan, which is bringing together some other policy documents, is under preparation now. The documents that it brings together, including the regional environmental plan, also seek to maintain maritime activity in Sydney Harbour. The Central Sydney Plan 2000 zones Darling Harbour wharves 3 to 8, which we are primarily concerned with in our submission in response to the community group. They have been zoned for port uses for a long time. Basically, as we have seen from various documents that have come out of the Sydney Ports Corporation and from our experience with Sydney ports over the years, port needs in this area include break bulk cargo, passenger shipping and roll-on/roll-off requirements.

The next panel is a summary of where we think the Darling Harbour area could go in the future, respecting the heritage issues that Graham talked about and the future port needs of the city and bringing some more community use into the area. If you look at the length of the Darling Harbour wharves you can see that we already have the second overseas passenger terminal at the southern end. There is the potential for some commercial development behind it—for example, a convention centre and so on—that could work in with the passenger terminal. There is a possibility for some commercial development to occur adjacent to Hickson Road in buildings four or five storeys high that are parallel to that road, but leaving most of the apron area as back-up for the long-term needs of the port.

That is another important consideration because, even though changes are being mooted now about some facilities going to Port Kembla or to Newcastle, we all know that Sydney is undergoing massive growth. The Department of Planning says that Sydney will need another 500,000 or 600,000 dwellings in the next 20 years, and that growth in population will be felt throughout the metropolitan area. As we know, metropolitan Sydney is the primary market for 80 per cent of the freight coming into the port. Its primary destination is the Sydney area. So we are saying that with this massive growth in Sydney in the next 40 to 50 years, even if there is a decision to relocate some of these facilities from Sydney, we must have a safety valve to provide for the future growth of the port. Three or four years ago when we were doing the Glebe Island and White Bay master plan there was no anticipation that some of these moves were afoot. That is why the safety valve is very important. The north end, Millers Point, seems a primary location for further open space, especially for the Walsh Bay population that is moving in there now. It is obviously a very important headland site as part of quite a number of headlands along Sydney Harbour.

Mr IAN COHEN: What is the current designated usage and condition of the land that you say could be designated open space?

Mr HARRISON: This whole area that is covered is currently designated for port and maritime uses. Our advice to the community group is to come back to you, as the panel, with what we think would be a balanced approach to the whole. This is an indication of what we think might be appropriate. It needs more study of course but it gives you an idea of what we think might be an appropriate balance.

The third panel is our key recommendations. The first point is that a full and independent public inquiry is needed. While the panel, as a State Government panel, is extremely important, we are talking about the future of Sydney Harbour and we believe a stronger and more widespread public inquiry is needed. That inquiry really should be based on having some substantial economic studies and, that being done, looking at the advantages of relocating activities to other ports and what the long-term implications might be. The strategic importance of Darling Harbour wharves as a port close to the centre of the Sydney market: that has been said, I guess, as I heard from other speakers this morning.

A working harbour and not a recreational lake: you may have seen this diagram. The left-hand picture is in some of the Sydney Ports' publications and it indicates all of the wharves back in 1976 around the harbour that were maritime uses and then in 1995 just contracting back to Glebe Island and Darling Harbour. So there has been a dramatic reduction of the wharfage space and associated apron space already in Sydney Harbour. It is our belief that we are basically down to the

minimum for long-term viability and, as I say, we really need this safety valve of space for future port needs, which none of us can envisage, but it was a surprise a few months ago for the Spirit of Tasmania to suddenly start a service down in Tasmania. We do not really know how overseas shipping is going to grow. Certainly those shipping companies are saying they expect substantial growth.

If Sydney became a port, a little bit similar, I guess, to Miami being the port for the Caribbean, we might be the port for the South Pacific. That could become very extensive over the next 50 years. So it is very important that we do have the berthage, and being such a central and dramatic location is simply fantastic for the future of the tourism industry.

The next point is the scale of development limited to low-rise. I have talked about the strip of development maybe along Hickson Road as being a potential for commercial development in response to the Grafton bond store developments, and in scale with the other development in Milsons Point that seemed an appropriate scale of development. Maintain flexibility to allow for future demand of passenger shipping with retrievable large space uses, for example, to prohibit residential uses: we feel that it is very important that the Darling Harbour area, and also the uses which we have mentioned that possibly could occur along Hickson Road still be subject to lease and not be given off as freehold land and that the type of uses generally should be large space uses so that it is not tied up into small uses, which may make it difficult to retrieve if it is decided that at some point in the future we need more space in this key location.

To recognise that the port is part of the waterfront experience when planning for the foreshore access: I guess the underlying reason there is that there has been a fairly consistent planning principle to open up as much of the foreshore as possible to public access. Sometimes with shipping it is not possible to have public access right to the water's edge, but in development you still have public access or better, improved public access along parts of Hickson Road and maybe some aerial bridges, and if we open up Millers Point. So we can get a lot better public access to parts of the area than is currently the case, including cycleways and pedestrian paths and so forth along Hickson Road.

Maximise the diversity of Sydney Harbour in character with the working harbour land uses and activities: I guess I have said that. Recognise limits of Newcastle, Port Kembla and Port Botany ports with Darling Harbour as a flexible, complementary port. I think that is the key to our long-term thinking.

In conclusion, the continuity of stevedoring and shipping is essential to support and flexibly respond to the massive growth of Sydney over the long-term. I have said there we need to be thinking 20 to 50 years but we really need to be thinking the next 200 years because the port has been around for the last 200 years. Just to end on a minor note, there have been some questions about truck access to the Darling Harbour area and of that being an issue. It is important to note that northbound truck access from the Western Distributor is very easy; it just slips off the Western Distributor and virtually straight into the port. Southbound it has been a bit more of an issue and involves about one and a half to two blocks of Sussex Street going through existing, mainly commercial, development.

There has been an idea, and the Sydney City Council has been aware of it for some time through their transport planning, that if it is needed or if it is thought desirable, we can get southbound truck traffic onto the Western Distributor quite easily. There is a plan here that shows how that can be done. The current situation is that on those one and a half blocks in Sussex Street where trucks are going through and conflicting a little bit with other development, the road is actually quite adequate for the trucks and cars that currently use Sussex Street in terms of traffic capacity

CHAIR: Could I just draw your attention to the fact that we are going to end up with a situation where we might not be able to ask any questions. I do not want to stop you; how long you go is up to you.

Mr HARRISON: That is basically my presentation. I just wanted to conclude on that point that I have heard other people raise.

Mr KERR: Graham indicated that Millers Point has a maritime background dating back to the earliest days of settlement. Today the Darling Harbour wharves form a large part of the Millers

Point curtilage. These wharves are a critical backdrop. Without them Millers Point's sense of location and history would be hugely undermined. We have our heritage concerns and we have our community feelings but overall we have tried to make our submissions cover a broader perspective. We firmly believe that retaining Sydney Harbour as a true working harbour and retaining Darling Harbour wharves as working wharves for the long term is a win-win proposition for New South Wales.

The scenario that Michael outlined is soundly based planning. In 2003 Sydney Harbour handled 1,361 vessels. It handles roll-on roll-off, as we heard a little earlier in the day, break bulk cargo, and also containers from smaller vessels with mixed cargoes. Geographically the harbour is ideal for distribution of these cargoes and infrastructure exists. Commerce will ultimately outgrow the two Sydney ports. Newcastle and Port Kembla will be developed; these will require absolutely massive expenditure on infrastructure, particularly on transport infrastructure. Retaining as much as possible of Sydney Harbour as a working harbour postpones and reduces this outlay. Equally important, it significantly reduces the volume of cargo that will need carrying back to Sydney.

All cargo that returns to Sydney from Newcastle or Port Kembla will come with added economic, social and environmental costs. One of the costs that in money terms is not being factored in, I know, at the present time is the cost of increased greenhouse gases, which we seem to be waking up to at the moment. It makes good economic, social and environmental sense to use existing proven facilities with the shortest possible distribution channels to their market. Road access to Darling Harbour does need some attention. The cost is next to nil. Compared to the cost of infrastructure requirements for Newcastle and Port Kembla we can forget about it completely.

The capital and ongoing economic savings of using Sydney Harbour fully support the Government maintaining wharf rentals at levels acceptable to the stevedoring industry. Our scenario retains irreplaceable, central deepwater berths and their associated property. It meets current needs and is there for any future unforeseen need. This scenario is really only a minor variation to the policy proposed by the Premier. It is practical and we believe it benefits the long-term strategic development of New South Wales ports.

CHAIR: Thank you very much for the presentation and for the material you have supplied us with. It is very much appreciated. We keep hearing people say they support a working harbour whilst holding radically different views about what that means. Your definition of "working harbour", is that essentially freight?

Mr KERR: The definition I have in mind of a working harbour in relation to Darling Harbour is very close to what it is doing at the present time.

CHAIR: With the second slide that you held up, I have had trouble working out from the scale of that the actual area that you are proposing will become public open space.

Mr HARRISON: I have not actually calculated that in hectares but we can certainly get that back to you.

CHAIR: If you want to walk along the harbour foreshores you can go through the gardens or through the Quay and you would get to Millers Point and still essentially be confronted with a similar barbed wire fence to the one there at the moment.

Mr HARRISON: You would certainly be confronted with some security. Making the transition, whether as part of the development, there could be an aerial bridge or a little island viewing point. That is all part of working out the detail. But you certainly have to accept—and I think it is reasonable to accept—that as part of the working harbour you do not get complete access right to every metre of foreshore, you might detour around part of it, but to make that experience of the detour a pleasant and exciting one.

CHAIR: To be able to see what was happening you would not be able to do that from the street anyway, would you?

Mr HARRISON: You could have a parallel walkway. We have been suggesting some commercial development along Hickson Road to give some enhanced commercial viability and some

interest in Hickson Road, but you could also create a walkway on the port side of the Hickson Road buildings. There might even be one level up, but it is all part of working out what a reasonably good solution would be.

CHAIR: The four or five storeys you proposed for that commercial development, would that be about the same as the height of the escarpment or would that be higher?

Mr HARRISON: We have got sections in our general report. Yes, basically it is similar to the current topography: the cliff height, yes.

Mr KERR: If I could add there, that also fits with the bond store that already exists in Hicksons Road towards the northern end. So we have tried to retain the same scale as exists at the present time.

CHAIR: As infrastructure improves in both Port Kembla and Newcastle and with the proposed Port Botany expansion do you think there is any concern that the shipping lines would choose to no longer come to Millers Point over time anyway?

Mr HARRISON: My view is that it will always be an important location for some form of shipping. Certainly with overseas passenger shipping we cannot see the passenger shipping declining and possibly more than Circular Quay, and every now and then for significant events, which we are probably going to get more of, we need more private large boats and so forth. So I cannot see the berthage should ever be diminished regardless of where some of the freight might move. The question then is how much apron space should be maintained for long-term flexibility.

CHAIR: Because when a ship is not in port it is public open space and you can walk along the foreshore, whereas if you reserve it for freight, public access can really never be there.

Mr HARRISON: We have opened a vast amount of the foreshore to public access now and I think we can make the experience of public access still a terrific experience along that area without necessarily being able to walk right along the water's edge.

CHAIR: I am just asking whether or not the shipping lines with the freight are likely to continue there.

Mr KERR: I would imagine that is largely dependent upon the rental that the Government intends to put on the area.

CHAIR: And the transport links.

Mr KERR: There are certainly savings as far as distribution is concerned and from what I hear from shipping companies they are heavily influenced by their customers. So if their customers are requiring central distribution I would imagine that Darling Harbour would be continuously busy for a long time to come.

Mr BROOKS: And I think it is important not to just look at the next five to 10 or even 20 years. We go back 200 years and go forward 200 years. Clearly the nature of the shipping, the size of the shipping, the technology of the shipping and the nature of the cargoes will change; that is a natural process. What we are worried about is a loss of that potential. If this is developed for, say, residential or something like that, there is no going back; it is a fundamental change in the capacity of Sydney to respond. I guess that ultimately what we are looking at in terms of wise public policy-making is to maintain the options into the long-distance.

The Hon. MELINDA PAVEY: Have you given any consideration to the value of this land as commercial? If it was turned over to residential, even with public access the whole way around from Millers point down to Darling Harbour area, if there was foreshore area that was designated open space, what sort of a price could the Government get for that land on both lease and freehold?

Mr HARRISON: We do not have a figure but there is a good example of the area to the south that has been developed over the last few years. It is probably at a higher density than would be

reasonable in this area simply because of the heritage and conservation of Millers Point. That would be a benchmark. We have not done any dollar figures.

Mr KERR: Could I add that the long-term issue is the significant one here, not the short-term revenue that might be gained. There is an irreplaceable asset that the community owns, and that should be retained in perpetuity.

Mr BROOKS: Look at what has happened to the southern part of Sydney with highrise residential all done on strata titles. The capacity to pull down those buildings and rework them in 20 or 30 years time when they wear out has gone. It is happening now with the office buildings. Sydney has always rebuilt itself because it has had the capacity to rebuild and to renew. Whatever you get today or in the next five years in dollars will pale into insignificance if you go out far enough. It is not about dollars for return; it is about long-term potential.

Mr HARRISON: There is another point that we do not know the answer to. Most of Darling Harbour is on filled land, whereas a lot of the other wharves around it are obviously not. We understand that there could be a degree of contamination there. Any development on this land would have to be relatively low scale to fit with Millers Point and the cost of the contamination may be a significant issue, which may mitigate against any real return to government.

CHAIR: Is the position you are putting that, with the Millers Point area reserved as public open space, there ought not be any iconic development at that site?

Mr KERR: I would like to propose that open space, green space, on a headland in Sydney is an iconic development.

Mr BROOKS: Also, you have to consider the footprint that icons require. Compare the Opera House footprint to what is left on Millers Point. You would be looking at an awful lot of infill back into the harbour to create enough space. As Harold said, the top of Millers Point is a geographic icon for that community.

Mr HARRISON: It should be left to future generations to decide. The land needs to be kept in public ownership.

CHAIR: I respect that. There has been talk about something being built there in the long term and I just wanted to check what the position was.

Mr BROOKS: Architects always have a fancy about icons. If you look at the cultural scene on Hong Kong Harbour, for instance, it was fabulous when it was built. Now it is looking a little tired and exploitative. It is not often that an Opera House comes along that is a really true long-term icon. A lot of egos go in the middle.

Mr IAN COHEN: How does your organisation see some of the intensive residential developments that have occurred in that area? How does that impact on your view of the harbour foreshore and also the surrounding use? Bike tracks and things like that were mentioned but that is predicated on sufficient numbers to utilise those types of facilities.

Mr HARRISON: Many years ago I was involved in the development plan for Walsh Bay. It has always been a little out on its own. Connecting it back through to Darling Harbour is a good idea through transport links and so forth, walkways and making it a more pleasant experience along Hickson Road. I think it is part of the incredible variety of activity. The residential that is there, including the new development to the south of the Darling Harbour wharves, as well as Millers Point and the highrise development at Millers Point as well as the heritage area, are a fantastic mix of residential and maritime activity. It would be a shame if that mix were diminished by just putting more residential down on the Darling Harbour wharves. I do not see any real long-term benefit to the city.

Mr KERR: If I could answer the other side of the question, the development that has taken place has had minimal impact between Millers Point and the harbour. There is a little bit around the Walsh Bay area but that was developed really through compromise with the community. A lot of

discussions and negotiations took place and agreement was reached. The other developments at the southern end of Millers Point are in traditional highrise areas. If I could add a point that is almost relevant, as disparate as these communities are they are blending into a single community. There is an enormous amount of co-operation and social discourse between the newer and the older communities within Millers Point. I will not go into detail but, if anyone is interested, the way these communities have developed and the co-operation and what has been done within are quite incredible.

Mr BROOKS: What has been proven in Sydney is that housing and shipping do not work together: you get inherent conflicts of noise, privacy and all that sort of stuff. Twenty-one years ago we were looking at converting one of the bond stores up on Millers Point for residential. The Port Authority then said, "Absolutely not, because you are building a residents action group that is going to cause the shutdown of the port." That was good public policymaking. I think you have to recognise one or the other. If you go for residential in Darling Harbour you can effectively close down the rest of this as a port, irrespective of the value of that deepwater berthing. With the previous speaker you referred to the noise conflicts. It is inherent. It will happen. It is public policymaking to look forward to those future conflicts and avoid them rather than build them in.

The Hon. PATRICIA FORSYTHE: Except that the Millers Point community obviously does support the shipping.

Mr BROOKS: They have grown up with the whole process.

Mr KERR: We also have physical separation. It is nothing like White Bay, where there has been residential development right onto the wharves, basically. There is fairly large separation between the wharf activity. Another point that comes out is that the commercial development we are suggesting along that strip of Hickson Road will further buffer Millers Point against the noise activity from the wharves. The only comment that we get from Millers Point about the wharves relates to the beep beep beep when the large carrying devices are backing. There is no other concern at all. This would become a noise shield with this narrow strip of development, this four or five storey development, because it would fall into the height of Millers Point and the sound would be buffered and go above.

Mr IAN COHEN: Mr Harrison, the submission by the Planning Institute of Australia identified 11 planning policies that define the development of Sydney Harbour to retain port activities. Can you inform the Committee of which of these remain current and how any proposed Sydney Harbour master plan may impact on these now? I am not sure whether you have answered that or not.

Mr HARRISON: I thought I had something to do with that partly in my presentation. There has been almost a plethora of State government policies requiring the retention of maritime activities. As to individual activities—which ones should be kept and which ones should not—obviously it is up to the marketplace. But the Planning Institute sees that already harbour activity has diminished in diversity, and we should be looking to have as much diversity as possible on the harbour and resisting, where possible, any diminishment.

(The witnesses withdrew)

ROBERT DARCY COOMBS, Secretary, Central New South Wales Branch, Maritime Union of Australia, 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 would consider such a request. However, the Committee or the Legislative Council itself may subsequently decide to publish the evidence if they decide it is in the public interest to do so.

Mr COOMBS: We have put our submission to your Committee and it was not my intention to make any other submissions.

CHAIR: Did you want to make an opening statement or go straight to questions?

Mr COOMBS: No, I think we can go straight to questions.

CHAIR: What level of consultation from this point on with government do you think is appropriate? Is there anything you can let the Committee know about how that can better run?

Mr COOMBS: If you look at our submission and try to take into account any matters that I have put on the public record, we have been very critical of the consultation that took place. I had the opportunity to attend the ALP State Conference last year—I am an ALP member—and Bob Carr's announcement really took me by surprise, as I think it took most of the Sydney community by surprise. In recognising the very good relationship between the union and the Government, our first point was that there was very little consultation, if any, with us and as a result we were pretty critical in raising our opposition in relation to how the thing had unfolded and how it was actually handled. To make matters a little worse there was a previous plan called the 2020 plan. That plan had gone through a fair degree of consultation. Certainly we were involved in that exercise and up until the day of the Premier's announcement we and I think all in the shipping and stevedoring and basically commercial environment of Sydney Harbour were trying to adopt strategies that would both support and supplement that plan. Obviously, the Premier's announcement represented a significant and radical change to that plan and derailed some of the policies and some of the things that we were trying to achieve.

The Hon. MELINDA PAVEY: What do you think motivated the Premier's announcement at your conference? Was it a quick media headline or was there some considered thought, considering the 2020 plan was out there?

Mr COOMBS: Taking into account the level of dialogue that did occur with the two stevedoring companies that worked at that stage at both Darling Harbour and White Bay, I can only presume two things. First, they had opportunities to explain to the Government that bulk and general stevedoring in the Port of Sydney, because of the way that it was arranged, was not making money.

Basically, it was a loss-making exercise. They were staying in place only to prevent other people or companies from coming into the market. It was probably also in the realisation that they had a pretty attractive parcel of land in both locations, and that maybe that parcel of land should be returning appropriate rates—rates that stevedoring companies, as a result of their part in that business not going so well, would never realise. I am not sure over what time frame that decision was taken, but I am sure that those two factors would have been fairly paramount in their decision-making.

The Hon. MELINDA PAVEY: Does it surprise you that a representative from Patrick who gave evidence to us yesterday said that it is keen to stay within the Port Jackson area?

Mr COOMBS: That does surprise me. I suppose that it does and it does not. From a commercial point of view of Patrick being able to tie up bulk and general contracts, it has entered into commercial arrangements with P&O and with the Government. It seems to me that it has basically been successful in completely eliminating a third operator from coming into the place. From a strategic point of view I would say that it would be reasonably happy with that.

The Hon. MELINDA PAVEY: But if it were losing money surely it would want to get out?

Mr COOMBS: Through the amalgamation, or because both companies are now working off the one wharf space, a number of synergies have been able to be realised. Basically, they are now sharing equipment, so they are sharing the costs that are involved with it. I know that both P&O and Patrick are quite happy with the arrangements. It would not surprise me if, at some time in the near future, it made an approach somewhere to have the current contract extended past February 2006.

CHAIR: I refer to the transfer of work entitlements from one port to another. How did it go as a result of the closure of White Bay? Was it a smooth transition?

Mr COOMBS: Necessarily it was, yes. It was a relatively painless exercise. The direct move did not result in any redundancies or in people being displaced. Some personnel from P&O ended up surplus to requirements, but we were able to find positions for them at the Port Botany facility.

CHAIR: Was concern expressed about how things might go in the Darling Harbour area if the wharves at Millers Point were to close?

Mr COOMBS: My word! Qualitatively we have a different problem in just packing up and moving everything to Port Kembla or to Newcastle. If Darling Harbour closes, presumably they will not move back to White Bay. So, realistically, there are only three other places to which they can go. They can go to Port Botany or, if that is not on the cards, they can go to Port Kembla or to Newcastle. That is a massive problem. We have already indicated that we are trying to resolve that problem. But it does represent a massive problem for this organisation.

The Hon. PATRICIA FORSYTHE: You state in your submission that that sort of move equals the loss of 150 stevedoring jobs. At the same time, employment opportunities in Port Kembla, Newcastle and Port Botany are increasing. How did you arrive at the figure? I understand that there will be job losses at each site, but the impression that I gained from your submission is that there will be a loss of jobs per se.

Mr COOMBS: In my view it is probable that bulk cargoes—material such as gypsum and that sort of cargo—will go to Port Kembla or to Newcastle. I have heard mention of Port Kembla. They are investing in that now, so presumably it will go to Port Kembla. From our point of view not a lot of employment is tied up around those sorts of operations. With general cargoes and container cargoes there is. Let us say, for example, that they were simply to move to Port Kembla. We would not be able to find positions for them in Port Botany. They would have to take one of two decisions. They would have to leave or, if we negotiated with the company an appropriate removal package, they would have to move to Port Kembla. Both choices would be difficult ones for current employers to take because there are lots of problems attached to them.

CHAIR: Is that what would occur even with an expanded Port Botany?

Mr COOMBS: It would be a lot different if we had an expanded Port Botany. I think we would be in a position where only a few people or no people would be displaced. Going on conservative measures that container rates are expected to increase by 6 per cent to 7 per cent per year, when Sydney closes that will accelerate it. It is probable that those people who are displaced in Port Jackson could take part in the growth that will take place with a developed Port Botany.

Mr IAN COHEN: You mentioned several times in your submission that you agreed with the expansion of Port Botany, subject to environmental and social considerations. Would you, on behalf of the union, describe those social and environmental considerations?

Mr COOMBS: It is a difficult issue for us. It would not come as any surprise to Committee members that we have a good association with a number of people in the local community who happen to work in the area, and we also have a good relationship with a number of environmental groups. So we have been careful in couching our statements. We would not be happy with any move or any commencement of a new container space until such time as all the issues that are referred to in the environmental impact statement are addressed and there is necessary consultation with the local community. If the lease is to expire in 2006 it will raise a significant number of concerns and difficulties for this organisation. Whilst we understand that these processes are about to commence,

we also realise that they will take a lot of time. In the near future this organisation will be going to the State Government and requesting that the current lease be lengthened to take into account these other considerations.

Mr IAN COHEN: I refer to your comments regarding Port Kembla. You mentioned that there were certain constraints. You referred also to the weather restrictions in Newcastle. Would you give the Committee details concerning workers conditions and any problems that might subsequently result if Newcastle were expanded?

Mr COOMBS: I will deal, first, with Port Kembla. Shippers are already saying to us that they do not want to go to Port Kembla. If they have to go to Port Kembla they will put more of their produce into containers. That seems to be an international trend anyway. They think that they can gear themselves up for a change in the way that their cargoes and their products are distributed or transported. From the Port Kembla point of view, we have spoken to a number of trucking organisations that have said the first hurdle they have to overcome in going to Port Kembla is Mount Ousley. There will be wear and tear on trucks getting up Mount Ousley. That is a major cost factor that they have to take into account.

There are other restrictions, for example, on rail. A curfew is in place in peak passenger times. The port has limitations relating to its design, space and all those sorts of things. Nevertheless, from the Port Kembla point of view the argument of shippers is somewhat redundant in that a lot of the imports that come into the place are bound for areas in the south-western region of Sydney—an area that is expanding all the time. Geographically, it is expanding down towards the Port Kembla region. Shippers might maintain that, from a distance point of view, Port Kembla is well placed to service an area of Sydney that seems to be growing all the time. Newcastle is a different proposition. Firstly, it is further away. It probably does not have the same problems, but it would have problems with rail.

The people to whom we have spoken have said that the rail infrastructure between Sydney and Newcastle is inadequate at present. At best, it could handle only 100,000 containers per year. If you locate your distribution centres further away from the market that, in turn, will increase the costs of the produce. Let us say as an example that a decision was taken. It has been said that you would need a container terminal of 100,000 to make it commercially viable. If it were located in Newcastle we would have to take into account the fact that 85 per cent of imports would be bound for destinations in Sydney—not more than 45 or 50 kilometres away—and we would have to add \$200 to \$300 to the cost of transporting each container. If we multiplied that by 100,000 we would have a significant cost impediment. The port is designed in such a way that sometimes, because of inclement weather and the creation of swells and those sorts of things, it is impossible for big vessels to enter and exist the harbour. You do not have that problem at Botany, of course, because of the deepwater nature of the harbour.

Mr IAN COHEN: There was mention earlier about the possibility of barging. Is that pie-in-the-sky because of the problems that are being experienced in Newcastle, or is that a viable option?

Mr COOMBS: Barging is trying to pick up on an international phenomenon that has not really gone too far. When you are talking about the transportation of containers in relatively still water, sometimes it works and sometimes it does not. As an example, on the west coast of the United States of America various attempts have been made to set up these barging operations. Its success has been somewhat limited. I used to be a seafarer. I can tell you that the seas we had to contend with on our coastline are equal to any of the worst in the world. As another example, in the past there have been a number of proposals to set up barging operations between Australia and New Zealand. They have all been ideas but none of them have borne any fruit. Quite frankly, this organisation is sceptical about any of those sorts of suggestions.

Mr IAN COHEN: You mentioned in your submission that you opposed any new plan to sell off waterfront land, and that if that land were to be released as a result of the removal of stevedoring operations it should be rezoned. Would you explain to Committee members how you would achieve that end?

Mr COOMBS: It is two-fold. If those places are to be used for something other than stevedoring, first and foremost we would say let us know what that is. The union has not been advised. I believe that both stevedoring companies have been given some correspondence to say that this land will not be returned to stevedoring, but the unions are yet to see that correspondence. So our first request would be that we would like the Government to make its position absolute to all stakeholders on this matter. If the land is to be, or could be, made available for other maritime uses, we would have no opposition to that, as long as we are suitably involved with the employment contracts and coverage of the people involved. In actual fact, we may welcome those maritime uses.

But, coming from a realistic point of view—and going back to my statement earlier—we have assumed that the Government wants to realise the best possible return from that land, and I suppose the only way we can see that being done is by doing what has happened with a lot of other waterfront land: it has been released to developers. Our simple view is that our harbour, in comparison with other major port cities, is considerably behind those of other cities when it comes to public access. We believe it is a beautiful asset; it is probably the major asset of Sydney. Mariners will tell you that, despite where they have been, it is the prettiest harbour that they have ever been to. So we believe if the land not going to be used for stevedoring, let us know, and that is all right. If it is not going to be used for maritime related issues, we need to know that too. But to sell it off for the building of more units, restaurants and so on is short-sighted. Our view is that it should be left open to access by the public, tourists and our community in general basically.

The Hon. MELINDA PAVEY: Given the growing population of Sydney, would the Maritime Union of Australia prefer the land to be left for maritime opportunities, given that in perhaps a few years any government that may be short of money could decide to sell off the White Bay land? Would it not be better if it were left for stevedoring, given the unlikelihood that all that land would be left for open space?

Mr COOMBS: Yes and no. Taking into account that that land is not going to be used for stevedoring, if that is the decision, let us know about it.

The Hon. MELINDA PAVEY: But would your union prefer that it be left for stevedoring?

Mr COOMBS: At present, with Darling Harbour, yes. With White Bay, because the stevedores have already departed, our preference would be that it be left for maritime usage. If it cannot be maritime usage, then it should be made available for public access. I would also like to make a further statement regarding the consultative arrangements that were put in place prior to this taking place. We really think it was a bit foolhardy going to Darling Harbour instead of remaining at White Bay. I do not know what was behind that decision, but quite clearly, when talking about stevedoring and bulk and general operations and those sorts of things, White Bay is a much more advanced facility. It is closer to rail; it has rail going into it, whereas Darling Harbour has not; and it is also closer to superior roads.

CHAIR: Are there asbestos problems at White Bay?

Mr COOMBS: No, there are not asbestos problems, but there are residential problems.

CHAIR: I thank you very much both for your submission and for your time today.

Mr COOMBS: I thank you for the invitation.

(The witness withdrew)

(Luncheon adjournment)

(Floor Discussion)

(The Committee adjourned at 3.00 p.m.)