



**NEW SOUTH WALES GOVERNMENT SUBMISSION**

**TO**

**THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE  
ON INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT  
AND LOCAL GOVERNMENT**

**APRIL 2008**

**NSW Government submission to the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government Inquiry on Coastal Shipping Policy and Regulation**

**Outline the nature and characteristics of the Australian shipping industry and the international and coasting trades**

Detailed information on the Australian shipping industry is provided in a report undertaken for the Australian Maritime Group (AMG) in 2007 by Meyrick & Associates, entitled "International and Domestic Shipping and Ports Study" which is available on the Australian Transport Council website. The following information is provided as an indication of the extent of coastal shipping in NSW.

In NSW there are six ports: Port Jackson and Port Botany (managed by the Sydney Ports Corporation), Port of Newcastle (managed by the Newcastle Port Corporation), Port Kembla (managed by the Port Kembla Port Corporation) and the regional ports of Eden and Yamba (managed by NSW Maritime).

**Port Jackson and Port Botany**

Sydney Ports Corporation (SPC) manages port operations within Port Jackson and Port Botany. Cargo imported and exported through Port Jackson includes some general cargo, cars, oil and various bulk commodities such as cement, gypsum, sugar and salt. Port Jackson also services Sydney's cruise passenger vessels. Port Botany is Australia's second largest container port and also handles bulk liquids at the Port Botany bulk liquids terminal. Details on the domestic trade imported and exported through Port Jackson and Port Botany are provided in Table 1 and Table 2.

In Port Jackson, domestic shipping currently berths at various SPC bulk terminals at Glebe Island/White Bay and private terminals at Gore Cove (Shell) and Blackwattle Bay. In Port Botany domestic shipping currently berths at the Caltex terminal at Kurnell and the bulk liquids terminal.

It may be possible to use existing facilities at White Bay in Port Jackson to accommodate additional facilities for the coastal shipping industry. Future uses for this site are currently the subject of consideration by the NSW Government but it could, in principle, be considered for coastal shipping infrastructure. However, this option would not enable containers to be directly transferred between international vessels and coastal vessels since international container vessels only call at Port Botany.

The development of the third terminal at Port Botany, which is scheduled to commence operating in 2012, may also offer further opportunities for coastal container shipping in to and out of Sydney.

**Port Kembla**

Port Kembla is traditionally a bulk goods port handling commodities such as iron ore, coal and grain. However, the port is currently undergoing major expansion that will see general and break bulk cargoes, containers and vehicle handling becoming increasingly more important. The Port is in its final stages of a redevelopment which includes the addition of a third multi-purpose berth and terminal to accommodate the car trade once it is relocated from Glebe Island in Port Jackson at the end of 2008.

The Port handles a variety of commodities that are shipped to and from a variety of destinations in Australia from existing berths in the Inner and Outer Harbour. Details on the domestic trade imported and exported through Port Kembla are provided in Table 1 and Table 2.

Coastal shipping could be accommodated at Port Kembla's multi-purpose berth 103, which will be dedicated for container and general cargo. When required, berths in the Outer Harbour may also be available for coastal shipping. Cargo could be transported to Sydney by road or rail.

In relation to rail connections, in August 2007 the then Federal Opposition pledged \$300,000 to fund a pre-feasibility study into completing the Maldon to Dombarton railway which would connect Port Kembla with the Southern Sydney Freight Line. Should the net benefit of the railway be demonstrated and the railway completed, it would increase the capacity of the port to rail coastal shipping cargo to Sydney.

#### Port of Newcastle

While the Port of Newcastle is one of the world's largest coal export ports, it also trades in a variety of other commodities and general cargo such as alumina, grain, iron/steel and fertilisers. Excluding coal exports, domestic trade represents 45% of the port's trade which is shipped through the Port's berths at No.1 Eastern Basin, No.2 Eastern Basin, No. 3 Western Basin, No. 4 Western Basin, No. 2 Kooragang, No. 3 Kooragang and No. 2 Dyke. Details on the domestic trade imported and exported through the Port of Newcastle are provided in Table 1 and Table 2.

The Port of Newcastle could also accommodate coastal trade at the former BHP site prior to the potential development of the port as the State's next container terminal after capacity at Port Botany is reached.

If a coastal shipping service was established that called on the Port of Newcastle, there may be opportunities for certain cargo that is currently being transported by road and rail to be transported by sea. For example, approximately 650,000 mass tonnes (MT) of steel products are currently transported by rail each year from Whyalla in South Australia to Newcastle, which could otherwise be transported by sea. In addition, a domestic coastal shipping service may be viable to carry the cargo currently moved by road from Sydney to the Central Coast, Hunter, mid and northern NSW and Queensland.

#### Regional Ports of Eden and Yamba

The Port of Eden is located on Twofold Bay on the far south coast of NSW. General cargo is imported from inter-state and woodchip and timber products are exported overseas. In 2007 a number of ship to ship transfers of crude oil occurred at the Port of Eden to transfer oil drawn from oil fields in the Bass Strait. This oil was then shipped to other Australian and overseas ports. In the future, the port will export explosives to various destinations in Australia after being transported to the port via road from Victoria.

The Port of Yamba is located on the Clarence River in the Northern Rivers Region of NSW. In addition to a regular freight service between Yamba and Lord Howe Island, a variety of inter-state and overseas (New Zealand) cargo is shipped to and from Yamba including timber products, petroleum products, and miscellaneous manufactured goods.

Table 1

## Domestic Trade Imports 2006/07

Port	Commodity	Quantity	Ports of origin
Sydney (Port Jackson and Port Botany)	Total trade	14.4 million MT	
	-non containerised	1.17 million TEU	
	-full containers		
	Bulk Liquid and Gas	110,471 MT	Brisbane, Melbourne, Port Botany and Westernport
	Cement	310,625 MT	Devonport
	Gypsum	390,996 MT	Melbourne and Thevenard
	Salt	29,389 MT	Ardrossan
	Soil, Sand, Gravel	229,842 MT	Port Kembla
Sugar	161,945 MT	Mackay	
Containerised	4,392 TEU (x	Melbourne, Fremantle, Devonport, Brisbane and Adelaide	
Port Kembla	Total trade	25.4 million MT	
	Iron ore	6,223,401 MT	Whyalla, Port Hedland, Port Latta
	Dolomite	354,604 MT	Ardrossan
	Gypsum	123,448 MT	Thevenard
	Coal (black)	71,584 MT	Whyalla, Port Pirie
	Cement clinker	29,467 MT	McKay
	Ferro manganese	26,104 MT	Bell Bay
	Pig iron	23,445 MT	Whyalla
	Fuel oils	8,203 MT	Brisbane
Newcastle	Total trade	85.6 million MT	
	Alumina	1,320,082 MT	Gladstone
	Fertilisers	123,876 MT	Townsville, Melbourne, Brisbane, Risdon
	Canola	98,531 MT	Adelaide, Port Lincoln, Esperance
	Cement	108,303 MT	Devenport
	Wheat	50,284 MT	Port Lincoln, Esperance, Albany
	Other Cargo	233,516 MT	Gove, Risdon, Burnie, Portland, Whyalla
Eden	Total trade	1.3 million MT	
	General cargo	492 MT	Australia Offshore (eg oil rigs)
Yamba	Total trade	9,868 MT	
	Manufactured articles	193 MT	Lord Howe Island and Norfolk Island
	Boats/cars	32 MT	Lord Howe Island and Norfolk Island
	Timber products	1 MT	Lord Howe Island
	Other bulk	250 MT	Lord Howe Island and Norfolk Island

MT = Mass Tonnes  
TEU = Twenty-foot Equivalent Units

Table 2

## Domestic Trade Exports 2006/07

Port	Commodity	Quantity	Destination port
Sydney (Port Jackson and Port Botany)	Total trade		
	-non containerised	14.4 million MT	
	-full containers	1.17 million TEU	
	Bulk Liquid and Gas	79,047 MT	Townsville, Port Botany, Hobart, Gladstone, Geelong, Devonport, Cairns and Brisbane
	Other bulk	416,126 MT	Adelaide, Brisbane, Devonport, Fremantle, Geelong, Hobart, Melbourne, Townsville, Weipa and Westernport
	Containerised	49,603 TEU	Adelaide, Bell Bay, Brisbane, Devonport, Fremantle, Launceston and Melbourne *
Port Kembla	Total trade	25.4 million MT	
	Coal (black)	934,350 MT	Whyalla, Port Pirie
	Steel products	345,379 MT	Westernport
	Slag	170,636 MT	Melbourne
	Coal (tar)	56,644 MT	Newcastle
Newcastle	Total trade	85.6 million MT	
	Zinc concentrate	49,306 MT	Hobart, Risdon
	Iron and steel	47,984 MT	Fremantle, Portland, Darwin, Portland
	Pitch	44,747 MT	Gladstone
	Coke	37,876 MT	Bell Bay
	Ammonia	36,466 MT	Gladstone, Port Kembla
	Other cargo	81,942 MT	Devonport, Port Giles, Adelaide, Darwin, Wyndham, Townsville
Eden	Total trade	1.3 million MT	
	General cargo	204 MT	Australia Offshore (eg oil rigs)
Yamba	Total trade	9,868 MT	
	Petroleum products	1,502 MT	Lord Howe Island and Norfolk Island
	Other bulk	1,368 MT	Lord Howe Island and Norfolk Island
	Manufactured articles	2,403 MT	Lord Howe Island and Norfolk Island
	Timber, poles, logs	832 MT	Lord Howe Island and Norfolk Island

MT = Mass Tonnes

TEU = Twenty-foot Equivalent Units

\* Note – these include only destinations receiving over 500 TEU.

### **Review the policy and regulatory arrangements in place for the coastal shipping sector**

The current policy and regulatory arrangements in NSW are not considered to adversely affect the domestic coastal shipping industry in NSW.

The carriage of domestic coastal trade by sea is regulated by the Commonwealth Government under Part VI of the Commonwealth *Navigation Act 1912*.

Responsibility for the safety regulation of domestic NSW coastal trade is shared between the Commonwealth Government and NSW. NSW is generally responsible for the safety regulation of vessels that operate solely on intrastate voyages. Trading vessels that operate on interstate voyages or are carrying domestic cargo as part of an international voyage are regulated by the Commonwealth.

The cross-jurisdictional differences that exist between the states in regulating trading vessels on intrastate voyages could impact on competition and increase costs within the coastal shipping industry. The inquiry might therefore investigate whether the industry would benefit from introducing uniform regulation of these vessels between the states.

In relation to NSW pilotage requirements all trading vessels entering the NSW declared ports of Port Jackson, Port Botany, Newcastle, Port Kembla, Port of Eden and Port of Yamba, are subject to compulsory pilotage unless the master of the vessel holds an exempt master certificate.

All trading vessels operating in Australian waters are required to comply with Commonwealth and State marine pollution legislation. NSW legislation applies to three nautical miles from the coast and is consistent with Commonwealth legislation.

Trading vessels arriving from and departing to overseas destinations must meet Commonwealth ballast water requirements consistent with the International Ballast Water Convention. It is intended that trading vessels operating within Australia will be obliged to comply with requirements under the National System for the Prevention and Management of Marine Pest Incursions, which is currently under development. This System would require coastal trading vessels to exchange ballast water between ports.

### **Assess strategies for developing an adequate skilled maritime workforce in order to facilitate growth of the Australian coastal shipping sector**

The NSW Government recognises that any expansion of the Australian coastal shipping sector could be limited by the lack of skilled labour to crew vessels and operate land based maritime infrastructure.

The NSW Government supports the various initiatives being undertaken at the national level under the auspices of the Australian Transport Council and the Council of Australian Governments to address maritime skills shortages.

**Consider the effect of coastal shipping policy on the development of an efficient and productive freight transport system, taking into account issues such as environmental and safety impacts and competitive neutrality between**

### **coastal shipping and other modes of transport**

In order for coastal shipping to have a real and positive impact on enhancing the efficiency and productivity of the national freight transport system, coastal shipping will need to be regular, reliable and cost efficient.

While further analysis is necessary to quantify the potential benefits, an expanded coastal shipping sector could benefit the freight transport system by:

1. Reducing the environmental impact of the freight transport sector since sea freight is generally considered the least emission intensive freight mode followed by rail then road (International Maritime Organisation (IMO) Study of Greenhouse Gas Emissions from Ships, March 2000). The Garnaut Climate Change Review's Issues Paper 5 "Transport, Planning and the Built Environment" also noted the view that shipping and rail are less emission intensive forms of transport.
2. Reducing road and rail congestion with consequent efficiency and safety benefits for road and rail transport; and
3. Increasing competition in the domestic freight transport sector.

In relation to competition, coastal shipping is likely to be best positioned to compete with the transporting of lower value and less time sensitive cargoes over longer distances. It would be difficult for coastal shipping to compete directly with road transport on the basis of cost, reliability, availability and transit times. However, this could change should Australia introduce a national emissions scheme. Such a scheme could impact on the relative cost competitiveness of coastal shipping, road and rail depending on how the scheme is structured and the level of emissions per freight tonne of each transport mode.

Limiting the access of international trading vessels to Australia's domestic coastal trade could improve the feasibility of the Australian coastal shipping industry. However, it could also drive up costs as competition is decreased, which could adversely impact sectors of the Australian economy that rely on coastal shipping. The inquiry might investigate ways to encourage competition, for example by allowing greater participation by foreign vessels while ensuring that all vessels competing in the market comply with Australian workplace, safety and environmental standards.

The ability of dedicated coastal shipping to compete with other modes of freight transport is dependent on whether the sector can overcome a number of barriers and limitations. For example:

- Coastal shipping is not currently cost competitive when compared with road and rail transportation. To the extent that different infrastructure pricing and access arrangements apply to shipping, road and rail industries, these should be examined to ensure they do not unduly restrict efficient modal choices.
- Dedicated coastal shipping operators need to cover all start-up and ongoing operational costs which do not apply to international shipping lines that carry coastal trade under single voyage permits or continuous voyage permits. International shipping lines may therefore be able to offer lower prices in the

market than a dedicated coastal shipping operator.

- As a result of higher operating costs, dedicated coastal shipping operators are unlikely to be able to offer the same level of service and reliability as offered by road and rail. For example, Sydney to Perth could be serviced daily by road and rail, while a coastal operator may only be able to offer a weekly service.

**Consider the implications of coastal shipping policy for defence support, maritime safety and security, environmental sustainability and tourism**

There are possible potential benefits associated with enhancing coastal shipping in Australia. These benefits include improving the safety of the roads by reducing truck movements and road congestion and the potential to reduce the environmental footprint of the Australian freight transport sector (IMO 2000).

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