



**P&O Automotive & General  
Stevedoring Pty Ltd**  
ABN 46 123 021 492  
Level 9  
160 Sussex Street  
Sydney NSW 2000  
GPO Box 4084  
Sydney NSW 2001

Tel: +61 2 9364 8400  
Fax: +61 2 9364 8379

4 June 2010

The Infrastructure Coordinator  
Infrastructure Australia  
GPO Box 594  
Canberra 2601

**The Proposed National Ports Strategy**

Dear Sir/Madam,

POAGS is the new business name for P&O Automotive & General Stevedoring.

Please find attached a brief submission in response the draft National Ports strategy paper. POAGS is happy to support the aims expressed in the paper and to continue to contribute to the debate in a positive and constructive manner.

Yours faithfully,

Don Smithwick  
**Managing Director**  
**POAGS Pty Ltd**  
**L9, 160 Sussex St Sydney 2001**  
**Telephone: +61 2 9364 8728**  
**Facsimile: +61 2 9364 8379**  
**Email: [don.smithwick@poags.com.au](mailto:don.smithwick@poags.com.au)**

RECEIVED 8 JUN 2010

# **National Ports Strategy**

## **Response to Request for public Consultation:**

*This is an abbreviated response to the draft strategy paper, so as not to cause delay to submission to the Federal Government and COAG.*

POAGS considers that overall the strategy paper deserves support but has reservations on how the desired outcomes may be achieved.

POAGS is the largest general stevedore in Australia and is also involved in the handling of bulk products in a number of ports.

There is no doubt that a national ports strategy is long overdue and should give cause for optimism in terms of long term certainty in planning but, the complexities of delivering such a strategy should not be underestimated.

To assist in reviewing this submission the format will take the form of bullet points and will only address the issues of concern rather than reiterate the points of agreement.

### **Planning**

1. POAGS fundamental issues are based around the way development is conducted in Australia currently and the possibility of a national ports strategy being derailed or sidelined due to external factors like:
  - a. Regional planning priorities are such that councils by their very nature represent local communities (as they should) and local commercial interests in terms of zoning and its effect on land usage, buffering, environment and quality of life issues. With a local focus the decision making process is unlikely to consider State or National interests. We are unsure how the local interests are protected but national port strategy would be protected through the processes recommended in this report
  - b. In Pt Hedland the failure of government at both Local & State level to adequately plan for the huge growth in mining and mineral exports has had severe affects on local communities in a number of areas:
    - i. Failure to release sufficient land has seen housing demand skyrocket and skews the market to the point that companies involved in the minerals sector have had to enter the market to secure housing for employees which is actually skewing the market further.
    - ii. The resulting cost of living has split the community and created several classes of people.
    - iii. The fly in fly out phenomenon is mainly a result of the cost of housing and also results in sub-optimal community outcomes
  - c. No amount of forward planning will remove the ***nimby*** problem but the hope is that a longer term strategy may mitigate it. It is not clear how this may be dealt with in terms of the strategy document.
  - d. Urban encroachment is well advanced in some ports like Fremantle but entities like some of the Port Corporations have been in denial about the issue and continue port planning, ignoring the ground swell of opposition that is evident. We suspect that this denial is as a direct

result of the limited opportunities they have to influence these factors outside of their port boundaries.

- e. It is with a deal of healthy scepticism that given COAG's inability to so far get real reform in areas such as road & rail regulation, we are doubtful that a national ports strategy will result in tangible gains at least in the short term
- f. Airport planning has been the standout exception but it has been the responsibility of the Commonwealth usually on Commonwealth land and has not relied on the cooperation of all three tiers of government as is the case here.

## **Port Corporations**

- 2. The strategy document makes multiple references to Port Corporations operating as commercial entities (GTE's) and if it is to be supported, then they should be subject to the same scrutinies as any other commercial enterprise. Transparency is critical as is arms length operations by the GTE's owner.
  - a. Given that the Port Corporations are generally made up of individual boards they generally have local aspirations that may and in some cases may not be the most appropriate for their locality and compete for scarce jurisdictional funds to sometimes duplicate services. The centralised model first adopted by Tasmania in combining the various ports under one entity is considered preferable to most jurisdictions who allow each corporation to operate independently. It should be noted that Victoria and QLD are moving to reduce the number of corporations in their respective states but have not yet fully embraced a full state based model.
  - b. A state based model should assist in directing the port planning process to avoid duplication of service offerings and support the state jurisdictions in supporting a single national strategy however State jurisdictions are also not above a degree of local decision making with blatant political objectives. To this end it would be hoped that a longer term strategy will alleviate some of this but eradication is much less likely.

## **Land Side Logistics**

- 3. There has long been a disconnect between the 24/7 wharf operations and the landside logistics chain which is by and large a daylight operation. The following issues are of concern in harmonising the operations:
  - a. The majority of receivers of cargo do not see benefit in operating outside of traditional day shifts and there are usually direct labour cost imposts for evening/night shifts.
  - b. In the case of trucking operators the ability to pick up 24/7 at wharf is not matched at the delivery end and an inevitable conflict results which is highlighted by poor slot booking utilisation at container terminals outside of day shift hours.
  - c. A market based system for road pricing will not likely address this fundamental issue unless the pricing mechanism is so extreme as to outweigh the traditional labour cost differences associated with change to out of hours goods receipt. The majority of the cost burden will

likely fall to the road carrier with little prospect of full recovery. Good for jurisdictional treasuries but may not produce the desired outcomes.

## Development Funding

4. It should be that government financial investment is done on a commercial basis except where CSO's require otherwise. The term of the investment recovery may need to be longer than would be acceptable to private investors. Strategy planning for complex infrastructure projects such as port development need to be well in advance of the service delivery requirement as the economy could already be damaged if the development is not delivered by the time need is current.

## Stevedoring

5. A simplistic review of the national port volumes by weight concludes that 90% of tonnage is bulk, 6.5% containerised and the balance (general cargo) 3.5%. This raw data should not devalue the significance of the non bulk cargoes.
  - a. Bulk handling is not labour intensive at all and is generally conducted outside of major metropolitan centres but is very capital intensive and will absorb the majority of development funding in the longer term due to demand and that mineral locations are not of the markets choosing but the export is generally through the lowest cost port in terms of landside logistics. Because of both product density and value/tonne the raw tonnage figures skew the relative value of the product to the economy.
  - b. Container terminals are located in the larger population centres and have consequential effects on these populations. They too are capital intensive but do not require large labour pools. The market for containerised goods is generally close to the port so landside logistics is mainly short but frequent trips.
  - c. General stevedoring overall has not seen significant investment and is progressively being moved further away from the larger population centres to cater for the expansion of container terminals. By contrast general stevedoring is labour intensive and although tonnage is not high it is high in cubic therefore it requires significant landside logistics support in terms of specialised handling and road transport equipment. State jurisdictions have tended to relocate these operations with little support in terms of transport infrastructure and the attendant productivity losses associated with one way running resulting from the need to bring the cargo back to the consuming market, being the larger population centres.
  - d. The strategy document does not appear to focus sufficient attention to the needs of the general cargo sector. To give some balance to the picture, mineral concentrates run up to 2.5 tonnes per m<sup>3</sup>. Other ores vary but 2t m<sup>3</sup> is a fair average. Coal about 0.7 specific density, whereas a typical motor vehicle of around 1.6 tonnes will have a rate

of around 14-15m<sup>3</sup> or 9.3m<sup>3</sup> per tonne. Steel products vary significantly with plate at a high SD and pipe the exact opposite. It is therefore reasonable to state that the suggested imbalance in favour of bulk is misleading if the raw tonnage is the only guide.

## Information Sharing

6. Part of any forward strategy is to forecast and plan and the involvement of Commonwealth and other reliable forecasting bodies at the macro level can only assist in good decision making and strategy planning.
  - a. Information sharing at enterprise level has both regulatory & commercial risk attached.
  - b. The production of statistical data by the port Corporations is also useful at all levels and should also be encouraged and supported
  - c. Jurisdictions generally do not produce sufficient statistical data to be of significant benefit and could do better in this area.
  - d. Most industries do produce data by sector so decision making is not made in isolation

## Summary

The *National Ports Strategy* draft paper should be supported in recommending a framework to conduct port planning in a consistent structured and stable environment. Caution is urged in terms of likely outcomes given that there is no recommended shift in responsibility and the requirement to engage at 3 tiers of government and other stakeholders. It is unlikely that all parties will agree on the way forward at all times and no overarching powers are suggested other than those that already exist. It appears that we will be relying on the goodwill of all parties to support a strategy which is better than no strategy at all.