

# **NEWCASTLE PORT CORPORATION**

## **SUBMISSION TO THE INDUSTRY COMMISSION INQUIRY INTO THE BLACK COAL INDUSTRY**

### **1 Background**

Newcastle Port Corporation was established as a NSW Statutory State Owned Corporation in July 1995, under the Ports Corporatisation and Waterways Management Act.

As a Corporation wholly owned by the people of New South Wales, it is obliged to be a successful business, to promote and facilitate trade through its port facilities and to ensure that port safety functions are carried out properly.

The Corporation's Mission is to "create business growth and development opportunities that provide and promote world class port services to produce a sustainable commercial return"

Coal export dominates trade through the Port with over 56 million tonnes exported in 1996/97. The Corporation is pro-active in improving efficient and safe movement of vessels through the Port to facilitate the growth of coal exports.

### **2 Port Capacity**

In 1993 a review of the theoretical vessel handling capacity of the Port indicated it was capable of handling 115 million tonnes of coal per year.

Channel and coal berth depths are maintained at 15.2m and 16.5m respectively. The Corporation owns and operates a dredge which is engaged in maintaining the depths at the port to ensure that coal vessels can take full advantage of the gazetted depths.

The Corporation's Pilots undertake ongoing port simulation trials at the Australian Maritime College based upon revised data pertaining to the Port's varying conditions. Practical trials have resulted in significant changes to the Port's Ship handling Safety Guidelines, bringing benefits to the coal industry such as:

- reduction in cost of towage
- significantly reduced turnaround times for vessels affected
- Improved access and departure for a wider range of vessels.

### **3 Coal Handling Facilities**

Port Waratah Coal Services (PWCS) P/L owns and operates the two coal loading terminals located at Carrington and Kooragang (see attached port map). There are two

coal loading berths at each of the terminals. A copy of a specification sheet for the terminals, produced by PWCS, is also attached.

The Corporation has participated in discussions with PWCS regarding the \$700M Stage 3 expansion of the Kooragang Coal Terminal which could ultimately result

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in terminal capacity increasing to 77 mtpa and port coal loading capacity to 100 mtpa. This would involve the construction of an additional two berths and an additional loading head.

A private company is proposing to establish a third coal loading terminal on Kooragang Island with capacity of up to 28 million tonnes per annum in the first few years.

### **4 Co-ordination of Services**

The Corporation participates in meetings of the Hunter Valley Coal Chain Council and had a major input into a joint efficiency study on the Hunter Valley export coal chain.

The Corporation is currently implementing an initiative to create a one-stop-shop shipping movement system to provide a single point booking point of pilots, shipping agents, tugs and linesmen and to more effectively Co-ordinate the Port's shipping movements.

### **5 Port Costs**

Since 1989, the Port Authority and Port Waratah Coal Services P/L have undertaken a program of ongoing reform and efficiency improvement. This has resulted in a steady decline in charges on the coal exporters using the Port (see attached graph).

Since Corporatisation of the Port in July 1995, vessel charges have been reduced by 7.2% to \$0.3g36 per Gross Registered Ton, and port cargo access charge on coal by 36% to \$0.064. This most recent cut in the port cargo access charge represents savings of about \$2 million over 12 months for the coal industry.

The Port of Newcastle is one of the few ports in Australia accommodating two competing towage companies. Since the commencement of Hunter Towage Services in 1994 (a subsidiary of BHP Transport), towage guidelines have been reviewed and tariffs restructured and reduced by both companies.

### **6 Summary**

The following conclusions may be reached regarding the Port of Newcastle's role in the Australian Coal Industry:

- No vessel capacity constraints
- Internationally competitive Port charges
- Continuing service improvements
- Coal vessel queues are the result of ,inter alia, supply/demand for Hunter Valley coal and negotiations in the coal market.