

**Port of Newcastle Community Liaison Group
Meeting Minutes – Monday 19 January 2015**



Attendance	Representation
Chairperson	
Lauren Eyles	Port of Newcastle , Executive Manager Communication Services
CLG	Community Liaison Group
Richard Howard	Newcastle Cruising Yacht Club , CEO
John Hayes	Correct Planning and Consultation for Mayfield Group . Alternate for Claire Charles.
Richard Anicich	Hunter Business Chamber
Dr Richard Finlay-Jones	CLEANaS , Co-Founder. EcoEnviro , Director. Dixon Park Surf Life Saving Club , Member. Newcastle Stand Up Paddle Club , Co-Founder
Jennifer Aitchison	Northern Highland Travel . Alternate for Robert Aitchison.
John McLeod	Newcastle Rowing Club
Susan Bradley	Islington Village Community Group , Member. Parks and Playgrounds Movement , Member. Throsby Villages Alliance , Delegate.
Peter Francis	Port of Newcastle , Executive Manager Port Development
Ron Sorensen	Port Authority of NSW , Chief Operating Officer – Newcastle
John Thacker	Carrington Resident. Carrington Community Centre Management Committee
Wayne Diemar	HunterNet .
Guest Presenter	Representation
David Brown	Port of Newcastle , Cruise Development Coordinator
Apologies	Representation
Jeff Coleman	Port of Newcastle , Chief Executive Officer
Robert Aitchison	Business / Tourism; Highlander Travel
Claire Charles	Correct Planning and Consultation for Mayfield Group , Secretary
Geoff Crowe	Port Waratah Coal Services , General Manager Commercial - Company Secretary
Julie Kearney	Stockton resident. Newcastle Surf Life Saving Club
Robert Coombs	Australian Maritime Officers Union (AMOU)
Todd Robinson	Golder Associates, Associate – Environmental Planner
Absent	Representation
Sonia McKay	Roads and Maritime Services , Principal Manager, Boating Operations Branch
Jill Gaynor	City of Newcastle , Manager of Strategic Planning Services
Abbreviations	Representation
PON	Port of Newcastle
PA-NSW	Port Authority of NSW
CLG	Community Liaison Group

1 Welcome and Introductions; Lauren Eyles, Chair

Lauren welcomed CLG members and introduced David Brown, Cruise Development Coordinator.

2 General Business

Actions from the previous meeting

2.1.1 Port of Newcastle to confirm (via the minutes) when reporting of noise and air quality data will commence (in relation to the Mayfield Concept Approval).

Confirmation (as printed in the minutes of the November 2014 meeting): Quarterly data will be provided on the PON website at the commencement of operation of the first project under the Mayfield Concept Approval.

2.1.2 Port of Newcastle to present its coal forecast to the CLG.

Lauren said that Peter Francis would present this during his Port of Newcastle update.

2.2 Port Authority of New South Wales Update Ron Sorensen

Ron advised that approval had been received for the construction of an Oil Spill Shed at the Port Centre and construction would commence in the next few months. This will be completed in around 15 weeks.

2.3 Port of Newcastle Update Peter Francis

Mayfield Concept Plan Modification Published

- The Department of Planning and Environment has advised that a modification to the Mayfield Concept Approval has been completed and approved.
- The purpose of this modification was to correct typographical errors in the approval and to clarify an intended ambiguity in requirement 2.3.
- The updated modification is available to view on PON's website.

Record Trade Year in 2014

- 2014 was another record trade year for the Port, which handled 164.3 million tonnes in trade, with a trade value of \$17.64 billion.
- Coal exports comprised 159 million tonnes, with a trade value of \$13.78 billion. This represents 97% of trade throughput.
- Non-coal trade (imports and exports) comprised almost 5.3 million tonnes, with a trade value of \$3.86 billion.
- In addition to a new annual record, a new monthly coal export record of 15.8 million tonnes was achieved in December 2014, exceeding the previous record of 15.1 million tonnes set in December 2013.

Coal export forecasts

Peter gave a powerpoint presentation, as Port of Newcastle presented to the Planning and Assessment Commission in August 2014 in support of the proposed Port Waratah Coal Services T4 development. Copies of PON's written and verbal submissions are available on the PAC website:

<http://www.pac.nsw.gov.au/Projects/PACReviews/tabid/106/ctl/viewreview/mid/461/pac/251/view/readonly/myctl/rev/Default.aspx>

Key points:

- Port of Newcastle is the operator of the Port. PON has a 98 year lease which commenced in May 2014. PON will be Port Waratah Coal Services' landlord for approximately 50% of the T4 site.

- Coal is an important economic driver for the region and underpins the region's social and economic structure.
- Port of Newcastle is the world's largest coal export port and coal comprises 97% of the port's trade.
- In 2013-2014 the Port handled 154.4 million tonnes of coal with a value of \$13.6 billion. This was an increase in tonnage of 8% on the prior year.
- The growth of coal continues, even during difficult economic times (i.e. the GFC), demonstrating the resilience of coal. The demand for coal has continued to grow for decades due to it being a relatively low cost source of base load power.
- Most of the Port of Newcastle's non-coal trade exists to support the coal industry. Non-coal trade does not and has no potential to underpin the port or employment in this region.
- The demand for coal will continue to grow for decades. It remains a stable and low cost source of baseload power. Germany, South Korea, China, India, Taiwan, Japan and The Netherlands are all building multiple new coal-fired power stations.
- Electricity generation uses thermal coal. The majority of Port of Newcastle coal export is thermal. The major buyers are Japan, China, South Korea and Taiwan. Thermal coal exported through Newcastle is of a high quality and continues to be the preference for the premium power generation markets where importance is placed on quality, efficiency and reduced emissions. Globally, coal will remain an important energy source that provides a stable, affordable electricity supply.
- T4 is required to provide for future export capacity. Port of Newcastle's assessment is that demand for coal export capacity will continue to grow and will likely exceed 250 million tonnes by 2030. The port's existing coal terminals have planning approved terminal capacity of 211 million tonnes per annum. We anticipate that volumes will approach the capacity limit between now and 2020.
- Construction of T4 has a long lead time so it is important that it is approved and ready to build before demand is triggered.
- T4 will provide engineering and associated jobs.
- Without approval for T4, there is potential to lose trade and jobs to Queensland and Asia. The impact will be negative at a local, state and national level.
- The proposed T4 site is in the main coal precinct of Newcastle, removed from residential dwellings and serviced by existing rail infrastructure that does not pass through the city. The land is heavily contaminated and has no other viable use.
- T4 is the only large scale project currently in planning within the Port of Newcastle and the Hunter. Our community needs this investment.
- There are many forms of power generation – oil, nuclear, gas, coal and renewables. The world energy outlook is that we will need all forms of power generation to grow. Also necessary are forecasting abilities re: the demand that is required.

Discussion:

- Richard Finlay-Jones (CLEANas) said he considers the International Energy Agency (IEA) to be the international authority, and asked how the data in the presentation related to IEA figures. Peter said that the data would be fairly consistent and that it was based on International Energy Agency's World Outlook, which is an international source. Richard said that, in the IEA's 2013 report, renewables would graph a higher increase and would show more generation. Peter acknowledged the growth of renewables with almost none existing in 1990 and that, on percentage, their growth has been exponential compared to the growth of other energy sources. He noted that bio and nuclear sources were quite low, however, gas was quite good. Peter said that PON made the decision to use Australian data for the context of this presentation. Richard queried if any figures demonstrated that in some parts of the world, solar and wind had reached parity with other energy forms. Peter advised his presentation was restricted to a 5 minute time frame where he focussed on the performance of coal in international markets and explained that the increase in Newcastle's exports is due to the high quality of coal that developed and developing countries are seeking.

- John Hayes (Correct Planning and Consultation for Mayfield) acknowledged that the data presented was for 2013 and felt it would be of interest to compare 2014 figures.

ACTION: Lauren will check whether data for 2014 is available, and will provide a link into the minutes.

FOLLOW UP: The International Energy Agency World Energy Outlook is available here:

<http://www.worldenergyoutlook.org>. The most recent report was released in November 2014.

2.4 Other Business

- Richard Finlay-Jones acknowledged that in the previous week Climate Change was back on the agenda, that it is a serious problem and that it has been accepted internationally that it is caused by the burning of fossil fuels. At the previous CLG meeting Richard queried PON's major focus on coal and felt that the company had responded well to this, however, he feels that this should not stop the exploring of other energy sources as well.
- Peter advised that PON is focussed on growth and diversity. He reiterated that the coal trade has doubled over a ten year period, reaching 97% of the Port's throughput and has realised an increase of 6% from the previous year. Peter acknowledged that non-coal trades have also grown and that these will also mature on the back of other activities. Peter said it is PON's mission to grow other commodities and another 200 hectares of land (not including the proposed T4 site) is already dedicated to non-coal trade. Peter said non-coal trade currently occupies about 25% of land managed by PON. With continued growth in non-coal trade, it could occupy a higher percentage of land by the end of the 98 year lease of the port.
- Peter explained that PON is focussed on marketing the port's point of difference, particularly to the eastern seaboard, and is working with organisations such as the Hunter Business Chamber. As new business starts to land, PON will update the CLG.
- Wayne Diemar advised that HunterNet is undertaking a survey of its 200 members to look at what export opportunities there are other than coal. He advised that when that feedback is received he would be happy to present this to the CLG. Peter confirmed that PON has done some work with the Hunter Business Chamber in the Central West and Northern Rivers areas to look at what commodities are going out, where they are going to and what their cost base to produce is so that PON may start targeting them. Peter explained that all are cognisant of the fact that all NSW ports are privatised.
- Susan Bradley (Islington Village Community Group) asked how appealing the existing road and rail infrastructure is to prospective businesses. Peter advised that when looking across the total offering, including a good road and rail network, these are all very strong. The coal industry has built a phenomenal network that efficiently runs through the Hunter Valley coal region and is envied world-wide. The rail network is very efficient with slots available to transport other commodities to the Sydney market. The road network is also very strong with recent upgrades at the city edge. Some other ports only have one main road in and out, Newcastle is in a viable position with its road network. The PON Port Development Plan had a specific section on this to articulate this point of difference to the market.
- Lauren asked CLG members whether they had any questions regarding the Port Development Plan. No questions were raised. Lauren invited the group to raise questions at future meetings.

3 Presentation – Cruise Shipping in the Port of Newcastle

David Brown, Cruise Development Coordinator, Port of Newcastle.

A copy of David's presentation was circulated to the CLG on Friday 23 January 2015.

- Cruise Hunter was established in 2001 to develop Newcastle as a cruise ship destination. The first cruise ship (under Cruise Hunter) was the *Europa* in 2003.
- To date, there have been 73 cruise ship visits recorded and 120,000 visitors.
- Cruise Hunter has been managed by the port since 2007 and joined Port of Newcastle on 30 May 2014.
- Cruise Hunter's advisory Group includes tourism bodies, councils, business chambers, Destination NSW and other State Government bodies.

- The types of cruise ship visits are: international transit calls (ship is in port for about 10 hours for passengers to experience the region via pre-booked shore tours or independent travel, limited landside infrastructure required); and home port calls (voyage starts and finishes in Newcastle, the Hunter is the source market, ship is re-provisioned in port with food, beverages and supplies, greater requirement for land-side infrastructure for security screening, customs and quarantine, baggage handling, check in). All Newcastle port calls are currently international transit calls (day trips).
- In 2013-14, 32 Australian ports receive cruise ship visits and 45 cruise ships visited Australia. Cruise Down Under estimates the economic value is \$3.16 billion.
- In 2013-14 Newcastle received 9 cruise ship visits, carrying 19,992 passengers and 3,964 crew. Cruise Down Under estimates the total economic value is \$17.4 million, including \$10.6 million in direct expenditure (passengers, crew and operator).
- The cruise shipping industry is expected to grow due to: the highest market penetration rate in the world; Panama Canal expansion; strength and potential of South East Asia, especially China; and complementary southern summer deployment.
- Cruise ships are getting larger.
- The longest ship to enter the Port of Newcastle to date is the *Celebrity Solstice* at 317 metres (9th March 2014). It is booked to return in 2015, 2016 and 2017.
- Cruise ships used to berth at Throsby Wharf (Newcastle side of the port), but it cannot handle vessels above 210 metres. There is a navigation limit at Throsby and Honeysuckle of 260 metres, whereas the current cruise berth, the Channel Berth, can handle vessels up to 320 metres.
- In 2011 a locations report was conducted for a Newcastle Cruise Terminal. It found that the Channel Berth is superior due to its existing water depth and wharf infrastructure and its provision of safe and adequate navigation for larger cruise ships. It meets industry landside requirements on one level, does not provide negative impacts for the community (i.e. because it is located within the operational port, the community does not experience reduced waterfront access, fencing, traffic, loss of parking or visual impact), and avoids duplication of existing channel and berthing infrastructure. The report is available at <http://www.hunterdevelopmentcorporation.com.au/publications>.
- On the day of a cruise ship visit, the ship arrives in port at about 7am or 8am. Passengers join transport connections from the Channel Berth. The shore tour participation rate varies. The ship departs at about 5pm or 6pm. The objective is to transfer visitors from the ship to the city/or tour safely and efficiently while complying with the port's regulatory requirements (security, customs, quarantine).
- Popular shore tour options include food and wine tours of Hunter vineyards, a Newcastle city highlights tour, dolphin cruises at Port Stephens, history or adventure tours of Stockton Sand Dunes, and trips to Maitland Gaol and Morpeth.
- Cruise Hunter volunteers are located at the dock and in the city to 'meet and greet'.
- Cruise Hunter arranges Fort Scratchley gun salutes to add value and provide a point of difference.
- Visitor satisfaction of cruise passengers to Newcastle is high (average score 81%). The highest scoring criteria is safety, transportation, friendliness, cleanliness and information provided on arrival.
- Cruise Hunter conducted a destination marketing campaign (www.sharethesecret.com.au) to reach cruise ship executives who are responsible for itinerary planning and increase awareness and appeal of Newcastle as a destination. The campaign won Gold at the Hunter and Central Coast Tourism Awards and was a finalist at the NSW State Tourism awards. The campaign resulted in several new cruise brands booking to visit the port.
- Cruise ships book 2–3 years in advance. PON has bookings to 2018.
- 9–12 months before a cruise season, cruise lines will tender out to tour companies to develop the shore tour program in each port. About 6 months prior to the cruise season, the cruise line will award the contract for the management of shore tours.
- PON is forecasting 10–12 calls per annum for the next 24 months. This includes 7 different cruise brands (3 of which have not visited the port previously).
- PON is focussed on converting maiden visits to regular annual business. This is dependent on the destination delivering to the customers' expectations (the customer is both the passenger and the cruise operator).

Discussion:

Why is Queens Wharf the focal point?: Due to contractual arrangements the cruise liner may have with pre-booked tours, the opportunity for visitor information is limited inside the marquee. However, the Newcastle Visitor's Guide is handed to all passengers at the marquee and the main goal is to get visitors from the Channel Berth into the city which is a short 10 minute transfer. It was queried whether visitors could leave the port on foot rather than by vehicle. Peter explained that this is not possible for safety reasons.

Profit is a driver for cruise lines: Ensuring that Newcastle is an economical destination for cruise lines (in terms of profits from shore tours and competitive port fees) helps attract more cruise ships.

Coaches & Tour Operators: Jennifer Aitchison (Northern Highland Travel) expressed a concern that some operators have been late in the past. It was agreed that punctuality is important for tour customers and for the overall impression of Newcastle as a destination.

Typically, how many passengers disembark?: David said cruise ships assume 90% off-load and the vast majority disembark for 2–8 hours. David explained there are many variables including whether the port is the first stop, and the number of tours that have been pre-booked.

Number of visitors arriving on shore: It was agreed that a 'beam/overhead counter' may be an effective way to capture these details, however, consideration would need to be given to the fact that some passengers may disembark twice, potentially returning to the ship for lunch.

Carrington tour option: John Thacker (Carrington Community Centre Management Committee) acknowledged that Carrington has a lot of history and asked about the potential for holding a 'long lunch' for visitors. David and Peter agreed that it would be a good idea for John and the Carrington community to work up a concept to put forward to tour operators. Another opportunity for Carrington could be to encourage the ship's crew to collect groceries and stop for a quick meal.

ACTION

- **David and John to discuss this further.**

"Hop on and off" bus services: David explained that a commercial hop on and off bus service (run by a local company) was a huge success in October, with 150 people utilising this 2 bus service.

Could passengers be transferred to Queens Wharf by ferry?: This would not be possible for logistical reasons and is not preferred by cruise ships. Tendering is a slow process and is dependent on harbour conditions and weather.

The value of cruise ship trade: Richard Finlay-Jones thanked David for a great presentation and acknowledged David's passion for the industry. Richard noted that this trade does not realise a lot of income for PON (which Peter acknowledged is correct), however, it does inject a noticeable amount into the local economy. In addition, the visual presence of visitors at cafes is something that Novocastrians warm to. Peter explained that this business has become stable with around 10–12 ships per year and the goal is to gain greater cruise brand diversity via the marketing campaign and competitive pricing. He noted this campaign has had a great response and had also been acknowledged with tourism industry awards. He noted that cruise ships are operationally good; they arrive early in the day at a particular time and have minimal impact on channel movements.

Stevedoring: Richard Finlay-Jones asked if any local businesses were involved in supply. Examples were given of *Pacific Sun* employing people to handle forklifts for home porting and a recent French ship receiving a truck load

of fruit and vegetables that were produced in the Hunter. Generally, the bigger cruise ships re-stock in Sydney where they have larger contracts.

Boutique ships: It was confirmed that PON is interested in small and large ships.

Taxes: Peter advised that Sydney charges \$25 per person and there is a minimum charge of 1,200 people. He feels Sydney is in a position to do this as they have the product. Sydney is the marquee destination that all international ships have to go to, along with the Port of Melbourne. Peter advised that cruise sits within PON's Business Development Division and is part of the non-coal trade that PON wants to grow. This business will never underpin the city but the economic benefit is valuable.

Could a per-head tax be imposed?: Peter explained that per-head taxes tend to focus on large international terminals with fixed infrastructure (e.g. North America and Europe) and is a more equal way for charging cruise ships than per hour. PON does not plan to introduce a per-head tax at this time.

Berth Funding: Susan Bradley queried if there was opportunity for the berth to raise funds from other ships. Peter said that there is potential for other ships to visit the berth (e.g. vessels carrying motor vehicles).

Susan asked if landscaping at the Channel Berth could be improved. Peter advised that the NSW Government is conducting a 10 year cruise infrastructure study and a comprehensive proposal with welcoming statements and landscaping has been submitted by the port.

Navigation: Richard Finlay-Jones asked if there had been any navigational issues. Peter advised that the Channel Berth and the swing basin can accommodate ships up to 320 metres in length and are good to navigate. In addition, cruise ships tend to come in summer when the weather is more favourable. They arrive early in the morning and vessels are turned around before berthing which assists with their afternoon departure.

Indigenous Land Claim: Susan Bradley noted recent media reports of an indigenous land council claim re: the entrance to Newcastle Harbour and asked how this affects PON. Lauren advised that this is a matter for NSW Crown Lands.

Next Meeting*:

Monday 23 March 2015
Travelodge Hotel Newcastle
5.30pm to 7pm

*Attendance is by Port of Newcastle's invitation.