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Innovation

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15th March 2018

Rodd Staples
Secretary, Transport for NSW
PO Box K659
HAYMARKET NSW 1240

RE: SUBMISSION: THE DRAFT NSW FREIGHT AND PORTS PLAN

Dear Mr Staples,

I write to provide feedback regarding the Draft NSW Freight and Ports Plan which is currently on exhibition.

HunterNet Co-operative which is a network of manufacturing, engineering and specialist services companies located in the Hunter and Central Coast Regions of NSW. Our mission is to drive manufacturing, engineering and specialist services to achieve sustainable and innovative globally competitive markets.

An efficient and cost-effective container freight supply chain is vital to our businesses; it aligns with our Free Trade Agreement (FTA) Training Provider Grant. The grant is delivered in partnership with Austrade, at the core of the training we provide is to improve, Small to Medium Enterprises (SME's) capabilities into export markets. Our focus is predominantly in the Asian region with an emphasis on accessing and leveraging opportunities from Free Trade Agreements with China, Japan and South Korea.

The Port of Newcastle activity contributes \$1.8 billion to Gross State Product and 10,000 jobs per annum. It is also noted that the NSW Government's Hunter Regional Plan 2036 states that *'The Hunter's increasingly diversified economy and global gateways – the Port of Newcastle and Newcastle Airport – will enable the region and the State to satisfy the demand from growing Asian economies for products and services associated with education, health, agriculture, resources and tourism.'* Another interesting point to note which populates the same Regional Plan is that *"the region's ongoing economic prosperity will depend on its ability to capitalise on these strategic assets" which "drive regional economic growth" and "sustain productivity in the Hunter"*. Our last point on the Regional Plan is this and we quote from page twenty and twenty three (P20) *'promote diversification of operations at the Port of Newcastle', 'promote freight facilities that leverage the Port of Newcastle and its associated freight transport network' (P23) and*

'plan for multimodal freight facilities that support economic development of the region' (P23).

It's therefore incumbent on the planning to visualize the State as one and to realise that; a Newcastle container terminal would provide NSW with a second container terminal. Not to take over or decrease the value of Port Botany and Kembla but to complement. A more inclusive framework will enable NSW exporters and importers to utilise a collaborative standard that provides the most efficient and cost effective supply chain for their cargo.

Notwithstanding the above mentioned imperatives; the growth of the Port has a multiplier effect for the regional and state economies. One Dollar (\$1) of output in the port sector leads to a flow-on effect in other sectors of the Lower Hunter economy of eighty four cents (0.84c), giving a total effect of \$1.84. Each dollar of output also generates 30 cents in direct household income (i.e., wages and salaries paid to employees of port-related firms and organisations). In addition a further 21 cents to workers in associated industries. Similarly, each dollar of output results in 52 cents in value added in the port sector and a further 39 cents in value added in other sectors of the economy. (Source: *Economic Impact of the Port of Newcastle 2016/17, EconSearch*).

Highlighted in The draft NSW Future Transport 2056 Strategy and the Draft NSW Freight and Ports Plan is the congestion issues with Port Botany. The mitigating factor being that; substantial government infrastructure projects will alleviate this congestion. However, both documents ignore the underutilised freight capacity that already exists at the Port of Newcastle.

A container terminal at the Port of Newcastle would provide substantial savings to the NSW taxpayer and businesses. Its inclusion in the NSW Freight and Ports Plan as a complementary option to Port Botany would improve NSW competitiveness compared with other Eastern Australian states.

We are a market driven society thus choice is a complimentary option. Without a container terminal choice, NSW exporters are paying more. Newcastle is geographically position to enable greater support to NSW consumers by eliminating freight costs. If the status quo remains many containerised products will traverse the State and make a mockery of a plan that puts favor to one jurisdiction. Once again we highlight a Newcastle container terminal would generate substantial cost savings for NSW.

The farms in Northern and Western NSW will be recognised and accorded cost savings and improved future viability through the choices that they could have.

The agriculture heartlands of NSW could realise approximate freight savings to send merchandise to the Port of Newcastle by rail, rather than Port Botany of:

- Nearly 50% from Tamworth
- Nearly 40% from Narrabri
- Up to 32% from Moree
- Up to 15% from Dubbo

The estimated cost savings to send freight to the Port of Newcastle by truck, rather than Port Botany:

- 15% from Tamworth
- 13% from Narrabri
- 12% from Moree
- Up to 3% from Dubbo

The Port of Newcastle has the existing rail, road, land and shipping channel infrastructure to build a container terminal now, without billions in NSW Government spending. The Government calculates that a container terminal at Newcastle could save the taxpayer more than \$1 billion.

The Port of Newcastle provides a complementary option to Port Botany; it will help offset some of the congestion issues that are outlined in the government plans. Government spending that is flagged to address congestion and capacity issues at Port Botany could be diverted and utilised for other imperatives in NSW.

The Port of Newcastle has infrastructure that enhances the possibilities with direct rail access to the national Australian Rail Track Corporation (ARTC) network including the North South Rail Corridor connecting Brisbane, Sydney and Melbourne. The Port is an integral part of the Hunter Valley Rail Network, connecting the Hunter and Western NSW. Importantly, the Port will also have a direct link via the existing ARTC track to the Inland Rail at Parkes, thus mitigating the loss of NSW trade to Brisbane and Melbourne. This infrastructure is not realised at either Port Botany or Port Kembla and does not have a direct rail link to the Inland Rail.

A container terminal at the Port of Newcastle would also deliver a faster solution for the industry. The Freight and Ports Plan exhibited contemplates Port Botany as the sole container port until after 2040. This proposal does not take into account the realities of everyday households in NSW and their disposable incomes. The embracing of a collaborative approach across the State is the only reality that should be undertaken. The Port of Newcastle with a complimentary Terminal will have a net result of positivity to the State.

The conclusion is that if The Port of Newcastle is to be recognised as integral to this State, we must ensure a Container Terminal is part of any Ports Plan devised by any authority. There is no room for competitive gesturing in relation to the tax payers of NSW. This Plan must incorporate all the available assets and infrastructure prerogatives that already avail themselves to the State.

The creation of an efficient network of Port facilities across NSW is the creation of growth and prosperity for the State and as the most populated State in Australia; the Nation will also be enhanced.

In short; currently NSW imports are unpacked in Sydney and trucked all over NSW. The Port of Newcastle has the capability to handle large 10,000 TEU container vessels; The Port also has substantial industrial land within the port and neighboring areas to accommodate distribution centres.

The Port of Newcastle is geographically better situated to the major regional centres, from the Central West, North and North West of NSW outweighs the option of Port Botany.

Importing cargo via a closer Port means removing congestion off Metropolitan (Sydney) roads, the bonus is savings to consumers and a shorter journey from the port to the final delivery destination.

A Newcastle container terminal would be a complementary option to Port Botany, creating genuine (market) competition between the two port operators and allow NSW importers and exporters to choose the most efficient and cost-effective supply chain for their cargo.

Increased competition is beneficial to NSW importers and exporters, consumers and the broader NSW economy.

HunterNet supports the development of a Newcastle container terminal for the benefit of NSW. Any disincentive to this development is effectively a tax on NSW farmers, importers and consumers and should be removed.

Regards,

Wayne H Diemar
Senior Project Director
HunterNet Co-operative Ltd

Note:

This submission has been compiled by Jacqui Warren (Administration Manager) and Wayne H Diemar (Senior Project Manager) on behalf of the Seventy Thousand fulltime employees that make up the membership of HunterNet.