

FREIGHT POLICY REFORM CONSULTATION PAPER

Submission
MAY 2024



ACKNOWLEDGEMENT OF COUNTRY

The Committee acknowledges the Traditional Owners of the Greater Hunter region and recognise their continuing connection to land, waters and culture. We pay our respects to Elders past, present and emerging.

THE COMMITTEE FOR THE HUNTER

An independent and inclusive champion for the people of the Greater Hunter and their enterprises. Representing over 70 organisations including the largest employers and institutions in the region, we provide a unified voice for the Hunter. Our members are drawn from the private and community sectors and all three levels of government. We come together with a shared interest in building sustainable, prosperous and equitable future for our region. The Committee delivers on that promise through advocacy on regionally-significant priorities, thought leadership and partnerships.

The diversification of the Hunter economy is the most significant priority of the Committee and our members.

More information about the Committee can be found at www.hunter.org.au

Contact [REDACTED] to discuss any aspect of this submission.

Independent Advisory Panel: Freight Policy Reform Program

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Thank you for the opportunity to provide feedback on the Freight Policy Reform Program: Consultation Paper.

The Committee for the Hunter (the Committee) acknowledge the leadership of the NSW Government in reviewing freight policy to deliver productivity, better safety and more sustainable outcomes for NSW through a stronger role of the Greater Hunter in freight and supply chains.

INTRODUCTION

Place matters in economic development. In the case of the Hunter, some places are more important than others in delivering State objectives like productivity and economic growth, higher living standards, clean energy and emission reductions.

The Hunter is the largest regional economy in Australia and NSW, with the State's second largest city at its heart.

The region is a global gateway to NSW, with the State's second (operational) international airport and a deepwater port linked to global trading partners.

The region has two out of the top six fastest growing Local Government Areas (LGAs) in NSW. Three Hunter LGAs feature in the top ten for growth.

The region is home to the State's largest electricity users and emitters, and accounts for 83 per cent of NSW coal-fired electricity generation capacity. NSW emissions reductions, clean energy infrastructure and industry decarbonisation commitments depend on investment and development in the Hunter.

The Hunter is also a \$66 billion economy entering structural adjustment as the contribution of coal to the regional economy declines over time. Over 15,000 direct jobs in coal mining and energy generation are impacted, along with thousands more in business supply chains.

The task is to create diverse industry and jobs in sectors of competitive advantage and connect affected worker and businesses to these opportunities. This is a key priority and performance criteria through which the Committee is looking for freight reform to deliver on.

With smart policy and targeted investment, the Hunter will thrive through this change, sustaining our critical role in growing productivity and living standards for all NSW residents.

In our submission, the Committee identifies priorities for a modern freight policy framework that delivers more focus, better policy and investment into the Hunter relative to our size, strategic significance and capacity to do more heavy lifting on NSW priorities.

PRIORITIES FOR FREIGHT REFORM

Leverage investment in international capabilities at Newcastle Airport to expand NSW's air freight

Newcastle Airport, NSW's second operational international airport and home to the Williamstown RAAF base, is one of the most significant economic assets in the Hunter region capable of diversifying the economy at scale and speed building from existing assets and capabilities. This includes links to the National Land Transport Network.

The Australian Government invested \$55 million to upgrade the airport runway to Code E status enabling it to accommodate long-range, wide-bodied aircraft. A further \$66 million was provided for a new international terminal. The Australian Government also provided \$1.68 billion for the M1 Pacific Motorway extension to Raymond Terrace, with NSW funding \$420 million.

Regional stakeholders have worked together to identify opportunities and priorities to realise the full benefits of government downpayments in the Hunter's aviation gateway. Analysis confirms potential for 30,500 tonnes of freight to be exported annually through Newcastle Airport, servicing from the North of Sydney, regional NSW to the Queensland border (data available on request from Newcastle Airport). 11 per cent of NSW produced air freight exports currently exit from Melbourne and Brisbane; available to be captured by Newcastle Airport.

With the Australian Government doing heavy lifting on investment in and around the Newcastle Airport, we are looking to the NSW Government to provide more leadership in its development to maximise opportunities for NSW.

1. \$15 million in matched funding over 3 years to attract international carriers to Newcastle Airport, supporting 760 jobs and \$665 million in economic benefits.
2. \$27 million for an International Air Cargo Facility at the airport creating \$155 million in economic benefits (a BCR of 2.68).
3. On-off ramp from the M1 Pacific Motorway at Masonite Rd to improve freight connectivity to the airport.
4. 4. Duplication of Cabbage Tree Road.

Ensuring a level playing field in the development and growth of containerised shipping trade in NSW

The Port of Newcastle is the other significant economic anchor in the region and asset in the growth of a diversified economy as the Hunter transitions from coal.

The Port's capacity to drive diverse import and export trade and related industries has recently been unlocked with its release from liabilities on container trade movements above a cap.

The *NSW Freight and Ports Plan 2018-2023* states a policy that Port Kembla will be the location of the State's second container terminal as Port Botany reaches capacity. We are seeking a port and freight policy that removes this barrier to investment and growth of the Port of Newcastle and fosters competition across NSW's three ports.

Other complementary actions and investments will be required to release the full capacity of trade at the Port of Newcastle, including strategic use of government-owned land, a supportive planning framework and network investments.

5. A port and freight policy that eliminates hierarchy in the development of container trade across the three ports of NSW, enabling competition and commercial decisions to deliver investment and outcomes (Alignment with ToR – 1, 2)
6. Provide directions for the strategic use and/or divestment of the Intertrade Site, Mayfield, consistent with the Port of Newcastle’s masterplan. The July 2023 EOI process closed with no successful proponent identified and a pause on the sale of government-owned land. Property and Development NSW is the asset owner.
7. Ensuring the provisions on land use at and around the Port of Newcastle in the Three Ports SEPP are no more onerous or restrictive than those for other NSW ports, with special attention to enabling the import/export, storage and transport of clean energy infrastructure critical to NSW Renewable Energy Zones.

Leverage established Hunter models for the collaborative planning, capital investment, operations and maintenance to optimise freight and supply chains

The Hunter is globally recognised as a logistics centre of excellence. The Hunter coal supply chain is the largest and most complex in the world. It is also widely considered the most sophisticated and efficient.

The Hunter Valley Coal Chain Coordinator (HVCCC) was formed when coal producers and service providers agreed to work together to create efficiencies in the supply chain which benefited all parties. Funded by members, the HVCCC takes an end-to-end view of the supply chain and works independently of any individual interests to plan for, coordinate and optimise the performance of the entire supply chain. Its objectives include maximising volumes transported at minimum cost.

The HVCCC approach provides valuable learnings and an important model as the region shifts towards more diverse supply chains and establishes new ones for commodities like hydrogen.

8. A coordinated approach to planning, capital investment, operations and maintenance of infrastructure in freight supply chains. This includes considerations of regional governance models that bring producers, suppliers and users together for this purpose to optimise benefits and reduce costs for all parties.

Long-term, integrated planning for NSW freight networks and targeted investment will deliver better outcomes from public and private expenditure

Freight is a critical task in the economy and growing standards of living. Urban development, especially residential, can restrict or preserve future options for freight. Equally governments have a role in protecting communities and the environment from the impacts of commercial freight. It’s about creating the places for freight that balance economic, financial, environmental and social objectives.

The gold standard is an integrated approach to strategic land use and transport planning. However for the Lower Hunter/Greater Newcastle metropolitan area, which contains the two international gateways, industrial precincts, urban growth areas and critical junctions on the National Land Transport Network, there is no current blueprint for urban and industrial development.

The metro plan was released in 2018 with a commitment to a five-yearly review – now expired. Its replacement, the Lower Hunter ‘City Plan’, has been paused with the axing of the Greater Cities Commission and no pathway provided for its completion. The 2022 *Hunter Regional Plan* instead provides the proxy for identification of regionally-significant growth areas in lieu of the metro strategy.

The regional transport plan (the *Hunter Strategic Regional integrated Transport Plan*) is currently in development without the metro strategy when these two plans should be coordinated and inform respective scope and priorities.

9. Confirm the pathway to finalise the Lower Hunter/Greater Newcastle City Plan and coordinate scope and priorities with the draft Strategic Hunter Strategic Regional integrated Transport Plan.

A strategic approach to transport upgrades required to deliver and maintain NSW Renewable Energy Zones

The Hunter is a critical gateway to NSW Renewable Energy Zones (REZ) including Hunter-Central Coast, New England and Central-West Orana. Oversize and/or overmass vehicles necessary to move large clean energy technology challenge the current road network and create tensions with communities transited through.

Upgrades will be required across the network including local and state government owned roads, private sector assets and the National Land Transport Network.

A strategic and collaborative approach to the identification, sequencing and funding/financing of upgrades will deliver better outcomes for REZ’s and local communities, with potential to leverage more network investment across asset owners through a coordinated long term plan.

10. A strategic and collaborative approach to the identification, sequencing and funding/financing of transport upgrades required to deliver and maintain NSW Renewable Energy Zones and critical clean energy infrastructure.

Network level policy, planning, infrastructure and reform to increase the productivity and sustainability of NSW freight networks in the Hunter while reducing costs and risk for all users

The future of Hunter freight is increasingly diverse as container trade is unlocked, capacity released by coal supply chains is taken up by other commodities, and the region builds capacity as NSW’s gateway for clean technology and Renewable Energy Zones. This will drive needs for intermodal facility/s to support the freight task as it grows and changes.

Hunter freight networks are also vulnerable disruptions to natural hazards and major weather events including floods, major storms and fires. The Hunter provides critical access of goods and emergency services to regional NSW as well as needing to maintain operation of international gateways and defence assets including the Williamstown RAAF base at Newcastle Airport.

The Lower Hunter Freight Corridor, which will reduce network congestion and improve travel times and reliability for both rail freight and passenger rail services remains a priority for funding and delivery following confirmation of the route in 2022.

The NSW Government has enshrined emission reduction targets in law – 50 per cent by 2030 to net zero by 2050. Reports have NSW falling short of 2030 targets, prior to the announcement that the closure Eraring Power Station will be extended by two years. Transport remains a hard to abate sector.

As a nationally-significant global and domestic gateway, logistics hub and centre of excellence in clean energy R&D and technology, the Hunter provides the ideal location for testing and trialling green fuels and fleets across aviation, shipping, rail and road transport to achieve emissions reductions at scale. The Hunter has among the largest, commercial scale green hydrogen proposals, including via ammonia production, in the nation.

- 11.** Scope an intermodal hub in the Lower Hunter that connects and integrates all modes of freight transport and provides space for industry development, complemented by master planning, streamlined approvals and enabling infrastructure.
- 12.** Complete a Strategic Business Case for transport upgrades to maintain access to regional freight and supply chain and evacuation routes, and critical infrastructure tied to program funding; similar to that conducted by Infrastructure NSW for the Hawkesbury-Nepean Valley.
- 13.** Confirm funding and delivery of the Lower Hunter Freight Corridor project following confirmation of the route in 2022. This will reduce network congestion and improve travel times and reliability for both rail freight and passenger rail services.
- 14.** 14. Test and trial green fuels and fleets across transport modes in the Hunter region.