



nswPorts

NSW Freight Policy Review – Interim Directions Paper

October 2024



Executive Summary

NSW Ports welcomes the opportunity to make a submission on the Freight Review Panel's Interim Directions Paper. The Interim Directions Paper contains many important directions, which NSW Ports supports, and we would encourage the NSW Government to adopt these directions to support efficient and sustainable freight supply chains in the state.

NSW Ports strongly supports directions that provide certainty for Government and private investment and decision-making regarding container port policy in NSW (8.4.2 Direction 1).

This direction recognises the need for government investment in infrastructure connectivity for containers to be focussed on Port Botany, which has significant remaining capacity to support future container growth in the coming decades.

NSW Ports strongly supports directions that protect the vital industrial lands that ensure an efficient and productive supply chain (3.8.2 Direction 1).

The Retain and Manage policy has been positive in mitigating the historic rapid decline of industrial land in Greater Sydney. NSW Ports urges the Government to maintain this policy to ensure the scarcity of industrial land does not worsen and push more essential community services such as vehicle mechanics, self-storage centres and logistics facilities further away from the communities that demand their services.

NSW Ports supports the findings with regard to infrastructure projects and productivity improvements which will need to be delivered in order to optimise existing supply chains, specifically:

- delivery of the Western Sydney Freight Line and an intermodal terminal at Mamre Road
- delivery of a road connection between the new M8 and Port Botany
- a dedicated fuel pipeline to Western Sydney Airport

Additionally, we have identified in this submission potential adjustments to the Directions and Actions, as well as the potential for new or reprioritised Actions or Directions.

These are:

- The elevation of Directions 3.8.2-1, -2 and -3 (relating to industrial lands) to immediate Actions
- The inclusion of 'retain and manage all industrial lands in Sydney' as an immediate Action
- An adjustment to Direction 3.8.2-6 (relating to the Western Sydney Freight Line and intermodal terminal) to ensure intermodal capacity of at least 1 million TEU per annum and to ensure the Western Sydney Freight Line connects to the Main West Line at St Marys
- An adjustment to Direction 3.8.2-9 (relating to dedicated freight networks) making clear that in the first instance, shared lines may be necessary in order to secure the business case for a new rail project
- The inclusion of an Action to progress a Strategic Business Case for the Maldon-Dombarton Rail Line
- The inclusion within Action 10.4.1-2 to commence planning and delivery of the Canal Road On-ramps and Off-Ramps with Sydney Gateway

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NSW Ports

NSW Ports is responsible for managing the key trade gateways of Port Botany and Port Kembla, which together handle millions of tonnes of diversified trade each year, including containers, bulk liquids and gas, dry bulk, motor vehicles and machinery, and major project trade.

NSW Ports also manages the Enfield Intermodal Logistics Centre and Cooks River Intermodal Terminal. With direct rail links to Port Botany, these intermodal hubs (together with others) play a key role in supporting NSW's freight task and help reduce truck movements on Sydney's roads.

NSW Ports' port and intermodal facilities provide essential supply chain services and play a critical social and economic role within NSW, contributing \$13.6 billion annually to the NSW Gross State Product and supporting around 65,000 jobs. Our ports connect people and businesses with goods and trade opportunities in a global marketplace. We facilitate trade and industry by partnering with port and logistics organisations that operate within our precincts.

The productive operation of our ports and the wider supply chain is critical to a sustainable future.

For our ports to be efficient, transport networks connecting the ports must also effectively and reliably move goods and there must be a sufficient supply of industrial land to accommodate the growing freight task. Information sharing and collaboration between stakeholders is essential.

Together, these factors are crucial for goods to be delivered on time, cost effectively and sustainably.

As outlined in our *40 Year Master Plan*, the effective planning for the future of our ports, and the supply chains they are part of, is essential to NSW's future economic prosperity. Long-term, dependable plans are needed to promote investment decisions given the long lead times for, and large scale of, the ongoing investments needed to sustainably cater for NSW's future trade needs.

Providing Certainty in Container Port Policy

NSW Ports strongly supports directions that provide certainty for Government and private investment and decision-making regarding container port policy in NSW.

The Independent Panel's Direction 8.4.2 -1 reflects the fact that container handling through Port Botany remains the most cost-effective and efficient outcome for the households and businesses of NSW. It reflects the feedback provided by supply chain participants through the initial freight policy review consultation, as well as the inherent nature of container trade in NSW.

Container demand is largely driven by population growth. As shown in **Figure 1** below, 90 percent of import containers currently handled through Port Botany are destined within 50km of the port. Over the next 40 years, there is significant population growth forecast in Greater Sydney, particularly in Western and South-Western Sydney, and Port Botany remains the best-placed port to support this growth until it reaches capacity, which is forecast to occur beyond 2045.

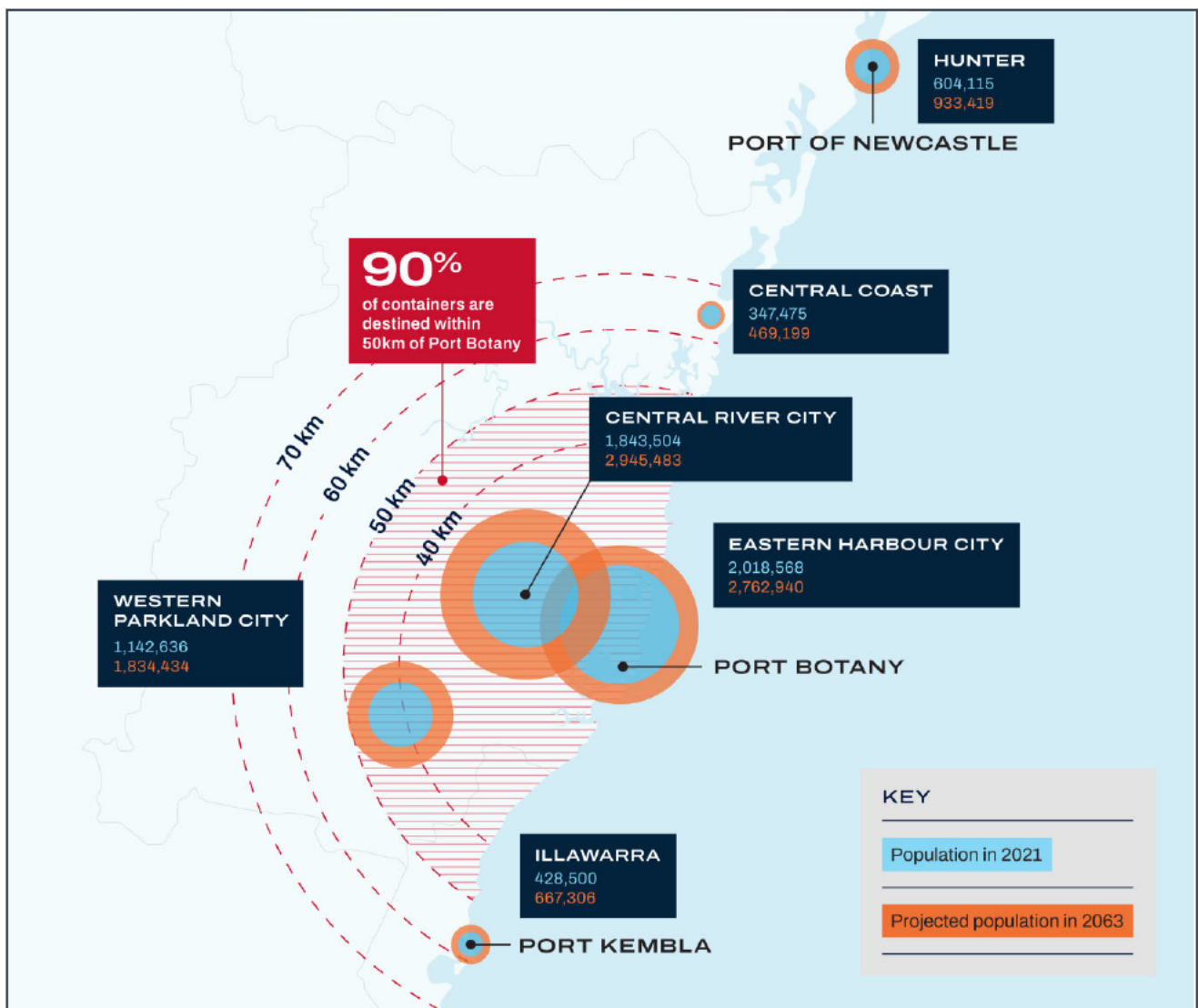


Figure 1 - Sydney's Western Parkland City and Central River City have the greatest forecast population growth over the next forty years, driving the greatest increases in demand for containerised goods (population projection source: NSW Department of Planning Population Projections Data 2021 with linear projections to 2063).

While we acknowledge the Panel's direction 8.4.2 references not determining the location for a second container terminal, it remains our view that the next closest port to the state's largest growth centres should be the site of the state's next container terminal when Port Botany reaches capacity. The next closest port is Port Kembla.

The Protection of Industrial Lands

Industrial land is critical to the local, state and national economy. NSW Ports strongly supports directions that protect the vital industrial lands that ensure an efficient and productive supply chain.

While industrial land is essential to supporting the efficient movement of goods through the supply chain, it is also a fundamental ingredient in our local communities. It is used by vehicle mechanics, self-storage facilities and utility providers to house operations which service nearby residents.

Industrial lands are also required within urban areas for evolving urban services like dark stores, local consolidation centres and re-charging of battery powered delivery vehicles, to support e-commerce, food delivery and 'last mile' logistics.

Unfortunately, Sydney's industrial land vacancy rate is one of the lowest in the world, forcing essential services to locate their operations further and further from their customer bases. This results in increased transport costs for households and businesses, increased congestion on the roads and longer delivery times for goods. Ultimately this translates to a higher cost of living and lower living standards.

Recommendation 1.6 of the *"Review of housing supply challenges and policy options for New South Wales"* Final Report released by the NSW Productivity Commission on 11 September 2024¹ recommends applying a 'review and manage' approach to all urban industrial land, allowing it to potentially be rezoned for other uses. This recommendation is tantamount to removing any protection for the already scarce supply of industrial land and risks exacerbating an issue which continues to have a detrimental impact on the NSW economy and the businesses which operate within it.

The consequence of reducing industrial land supply in Sydney is higher cost of living from reduced productivity, reduced job creation and higher transport congestion and emissions.

It is more important than ever that the Freight Policy Review process provides the certainty needed around this important policy piece. For this reason, NSW Ports recommends that Directions 3.8.2-1, -2 and -3 be elevated to immediate Actions as a priority. The pressure on industrial lands is already forcing investment to occur in other states² and is driving up supply chain costs within the NSW freight network.

NSW Ports also recommends that the Review process re-affirm a 'retain and manage' policy for all industrial land, through its inclusion as an Action.

¹ NSW Productivity and Equality Commission. 'Review of housing supply challenges and policy options for New South Wales'. 11 September 2024. Available at: https://www.productivity.nsw.gov.au/sites/default/files/2024-09/20240911_NSW-PEC-report-Review-of-housing-supply-challenges-and-policy-options-for-New-South-Wales.pdf

² Australian Financial Review. 'Goodbye Sydney: warehouse owners priced out of town'. 16 October 2024. Available at: <https://www.afr.com/property/commercial/goodbye-sydney-warehouse-owners-priced-out-of-town-20241016-p5kijj>

Other Freight Infrastructure Actions and Directions

Rail

Growing Rail Mode Share

NSW Ports is a strong advocate for growing rail mode share on the NSW freight network for containers and other port trades. It is our view that the primary focus should be on train utilisation, with Actions and Directions focussed on achieving fully loaded trains on both inbound and outbound train movements at Port Botany to maximise the load in each direction. This brings efficiency and cost savings and best utilises available infrastructure.

Any review of the NSW rail network more broadly (as identified in Direction 9.5.2-1) would need to carefully consider the definition of what is an 'under-utilised rail line'. There may be lines that are under-utilised by way of number of services, but that would provide a regular rail movement for specific commodities. Without careful consideration, this Action could reduce the use of rail in the State, which must be avoided.

We would welcome further discussions with the Panel in relation to increasing rail utilisation and encouraging the use of the intermodal network.

Rail Infrastructure Investment

NSW Ports supports the Direction to '*prioritise progression of necessary planning, business cases and land acquisition to secure and commence development of Western Sydney Freight Line and the Mamre Road Industrial Precinct before the end of the decade*' (Direction 3.8.2-6).

It is vital that this infrastructure be coupled with an intermodal terminal that can handle at least 1 million TEU per annum in the longer term. Further, the Western Sydney Freight Line should connect with the Main West Line at or near to St Marys to provide additional benefits to regional rail movements to and from the Central West and Orana districts.

We therefore recommend some adjustment to this Direction, to reflect the above requirement for capacity and connectivity.

As the Panel is aware, NSW Ports strongly supports the delivery of the Maldon-Dombarton Rail Line and believes that a Strategic Business Case should be revisited for the project. The need to revisit the business case is driven by the changing demand factors for the project – a project previously premised on coal exports would now serve value for passenger movements between the Illawarra and Western Sydney, while freeing up additional freight rail paths on the Illawarra Line and increasing rail access between the regions (see Figure 2 below).

Direction 3.8.2-9 currently states:

Build on the current work in identifying the corridors to provide a dedicated freight network in metropolitan Sydney and connecting to the Hunter and Illawarra, with a preference for dedicated freight rail lines moving from an implied to an explicit policy by incorporation of this into a new NSW Government Master Plan.

It is NSW Ports' view that it must be made clear that in the first instance, new lines connecting the Illawarra to Metropolitan Sydney may need to be shared lines, with room designated within the corridor for the addition of dedicated freight lines in the future. This is particularly relevant given the considerations above; that the drivers for Maldon-Dombarton and its delivery will include passenger movements alongside the realisation of freight related benefits. It is recommended that the above Direction be amended to make this clear.

NSW Ports also recommends the inclusion of an Action to progress a Strategic Business Case for the Maldon-Dombarton Rail Line.

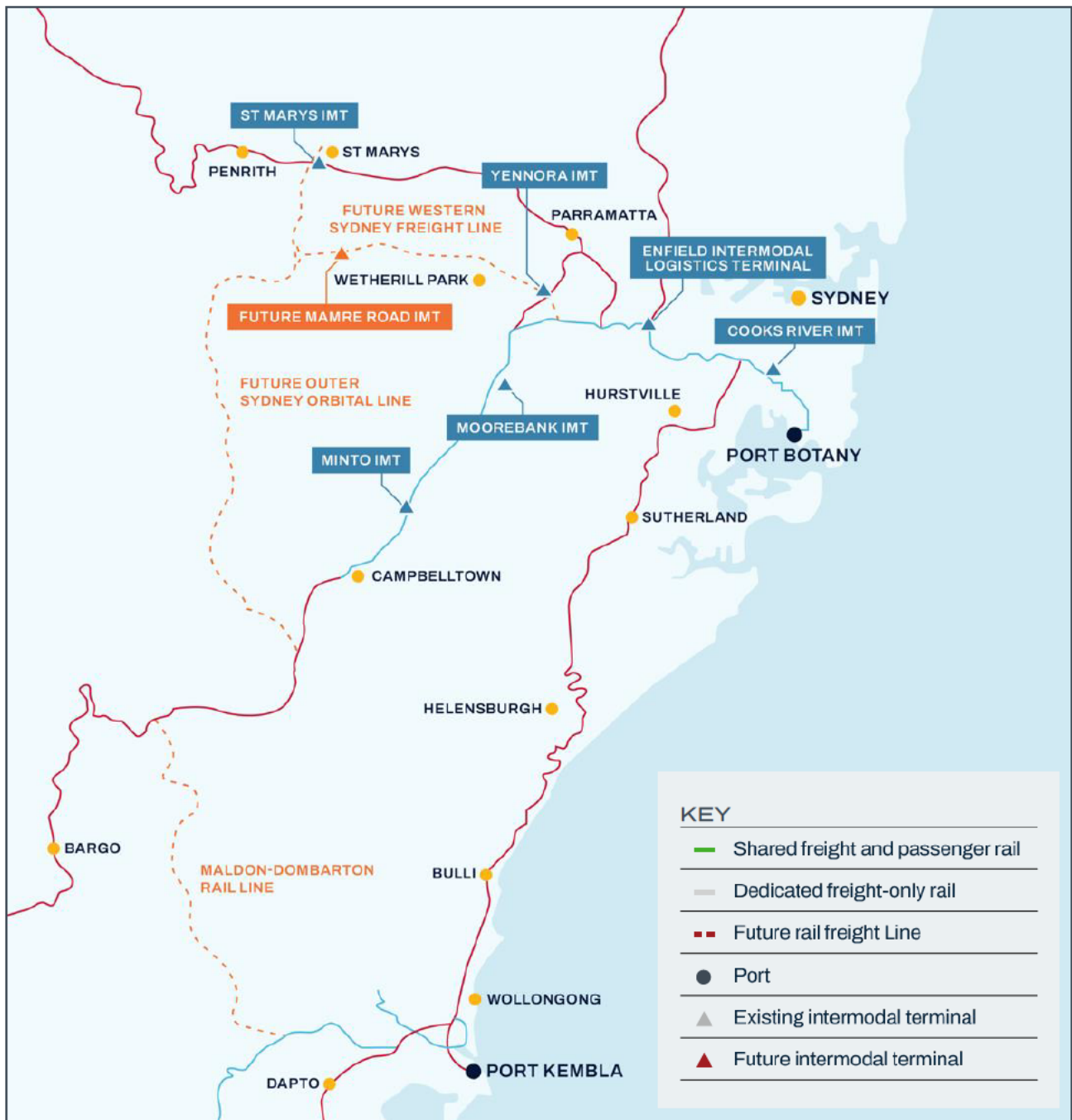


Figure 2 - Maldon Dombarton and the Sydney Metropolitan Network

Road

NSW Ports is supportive of the Actions and Directions proposed regarding road movements and infrastructure. As identified in the Directions Report, the connection between the new M8 and Port Botany is a critical missing link in connecting Port Botany to the Sydney Motorway Network.

Further enhancements in accessing Port Botany could be found through the Canal Road On-ramps and Off-ramps to the Sydney Gateway. These ramps (which were catered for in the design of Sydney Gateway) have

the potential to remove heavy vehicle movements between the Cooks River Intermodal, Sydney's inner west and Port Botany from the residential streets of Mascot.

NSW Ports therefore recommends the Canal Road On-ramps and Off-ramps be included to the Action calling for the commencement of planning and delivery for particular road projects to enhance heavy vehicle access (Action 10.4.1-2).

Other

NSW Ports strongly supports the need to identify and protect a fuel pipeline route to Western Sydney Airport (Action 8.4.1-2). We also believe Government must be clear on the lead agency and target timeframes in this regard, thus we recommend strengthening this Action through the inclusion of this information.

Conclusion

It is clear that the Freight Review Panel has taken a considered approach to the freight policy needs of NSW in developing the Interim Directions Paper. Importantly, the Panel has recognised the decades of freight policy development and freight infrastructure investment in the State and sought to optimise and enhance this.

There are improvements that can be found in how freight is moved across the state, and the Actions and Directions proposed will provide the certainty and direction needed for these improvements to be realised.

Certainty in container port policy, the protection of industrial lands, and the early identification of infrastructure investment requirements are all critical to delivering efficient supply chains in NSW over the coming decades.

The consequence of not getting this right is: higher cost of living from reduced productivity, reduced job creation and higher transport congestion; increased transport emissions; and loss of investment and jobs interstate. This is already occurring and needs to be addressed with urgency.

We welcome continued engagement with the Panel on our submission.

