



SUBMISSION RE: THE DRAFT NSW FREIGHT AND PORTS PLAN

MARCH 2018

TABLE OF CONTENTS

CONTENTS	PAGE
EXECUTIVE SUMMARY	3
CEO'S FOREWORD	4
PORT OF NEWCASTLE MASTER PLAN	5
FEEDBACK ON THE DRAFT FREIGHT AND PORTS PLAN	7
THE BUSINESS CASE FOR A NEWCASTLE CONTAINER TERMINAL	15
HOW A NEWCASTLE CONTAINER TERMINAL WILL HELP DELIVER THE STATE'S PRIORITIES	22
HOW A NEWCASTLE CONTAINER TERMINAL WILL HELP DELIVER TRANSPORT FOR NSW'S PRIORITIES	24
HOW A NEWCASTLE CONTAINER TERMINAL WILL HELP DELIVER THE NSW FREIGHT AND PORTS PLAN	25
CONCLUSION	26
ATTACHMENT A - OVERVIEW OF THE PORT OF NEWCASTLE	27
ATTACHMENT B - THE PORT'S CONTRIBUTION TO THE REGIONAL ECONOMY	29
ATTACHMENT C - PORT OF NEWCASTLE MAP	30
ATTACHMENT D - CURRENT TRANSPORT LINKS	31
ATTACHMENT E - FUTURE TRANSPORT LINKS	32
ATTACHMENT F - PORT OF NEWCASTLE TRADE 2017	33
ATTACHMENT G - DELOITTE ACCESS ECONOMICS REPORT, NSW CONTAINER AND PORT POLICY	

EXECUTIVE SUMMARY

Few Australian states have the competitive advantage of a globally significant seaport, with existing national rail and heavy vehicle road connections, which is only operating at 50% capacity.

The Port of Newcastle, therefore, is a strategic advantage for the NSW Government, importers and exporters and the broader community.

The rapidly changing freight landscape, disrupted by the 'Amazon effect', and congestion around fast growing cities, needs every piece of existing port, road and rail infrastructure to be utilised effectively.

The development of the NSW Freight and Ports Plan is an opportunity to reexamine the opportunities that exist within the State's infrastructure and to develop a strategy which positions NSW to compete globally in a rapidly changing market.

The three major ports within NSW are now privately run, under long term leases with the NSW Government. They compete for trade with each other, and with other east coast ports.

The willingness of private sector port managers, such as Port of Newcastle, to utilise the capacity that exists within their assets and to invest in assets or infrastructure that provides further growth is an opportunity for the State.

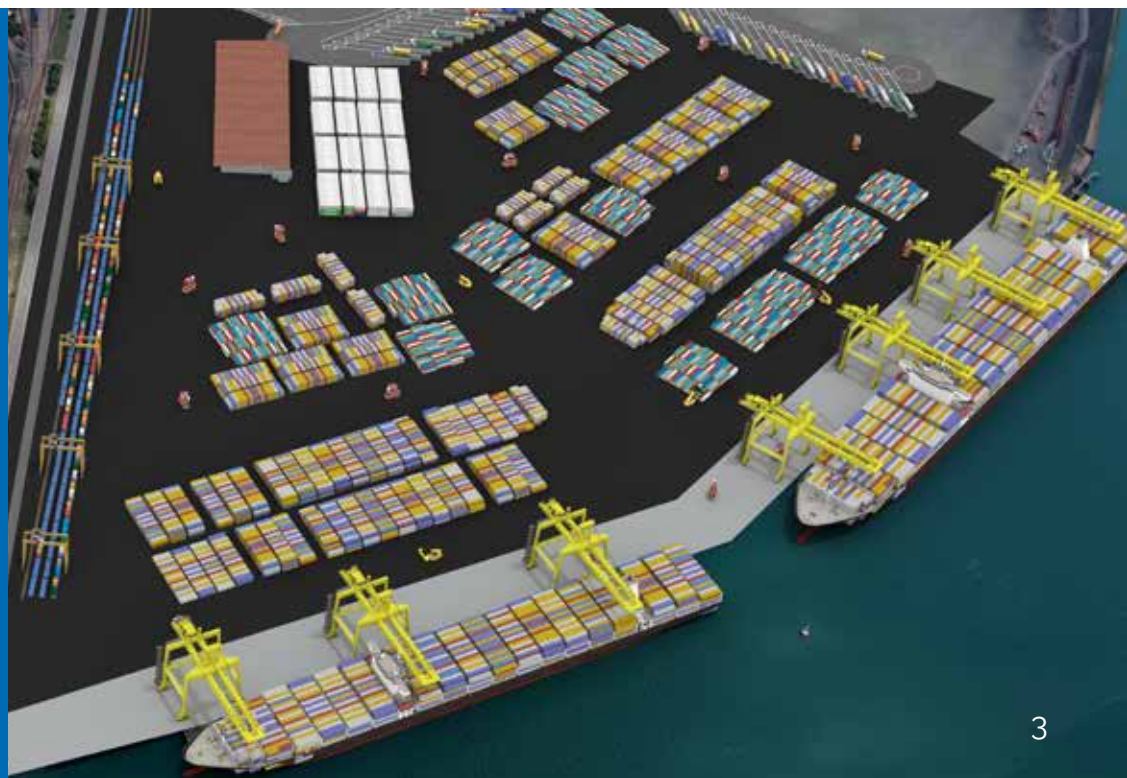
The draft plan notes that significant infrastructure upgrades will be required if NSW container freight growth is to be met by Port Botany and Port Kembla. An independent report by Deloitte Access Economics, entitled *NSW Container and Port Policy*, notes that there is currently around \$27.6 billion in planned investment to support port freight in NSW.

By providing a level playing field for a Newcastle container terminal, the NSW Government can leverage the capacity that already exists within the Port of Newcastle and its existing road and rail supply chains, and save billions which can be invested in other priority projects for the State.

The Freight and Ports Plan needs to be written for today's private sector context. In particular, it needs to reference the key opportunities identified in Port of Newcastle's 20 year Master Plan.

The Port of Newcastle is only 50% utilised. It has direct connections to national road and rail networks with huge capacity for growth.

Providing a level playing field for a Port of Newcastle container terminal is in the best interests of NSW.



CEO'S FOREWORD



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The Port's channel and land capacity and its enviable road and rail connectivity are an enormous opportunity for the region and the NSW economy, and this needs to be recognised in the NSW Freight and Ports Plan.

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I welcome the opportunity to contribute to the development of the NSW Freight and Ports Plan.

Port of Newcastle's vision is to be a super-clean, diversified, resilient and thriving port; the spine of an integrated smart city connecting NSW and our catchment to the world. The Port is already a significant economic driver for NSW, contributing \$1.8 billion to Gross State Product and over 10,000 jobs per annum.

Newcastle and the Hunter Region is on the rise. It is not just going through a significant period of revitalisation and growth, but is also reinventing itself. There is a palpable and positive energy in the region and with that, a strong motivation and momentum for change and opportunity.

Port of Newcastle is not only committed but driven to grow and diversify trade. Last year the Port's trade was over 167 million tonnes with a trade value of more than \$24 billion, which places us third in Australia. The Port not only has the capacity to double its existing trade to over 328 million tonnes per annum, it also enjoys world class connectivity by sea, rail and road to support New South Wales as a global gateway.

The Port's channel and land capacity and its enviable road and rail connectivity are an enormous opportunity for the region and the NSW economy, and this needs to be recognised in the NSW Freight and Ports Plan (FPP).

As the population grows and the Greater Sydney Metropolitan area becomes more congested, the NSW Government needs to look at a wider range of measures, including the Port of Newcastle, to address these issues. The Port already supports the growth of Sydney, receiving project cargo imports such as trains, tunnel boring machines and construction materials for CBD projects, and it can do much more.

Port of Newcastle has embarked on an ambitious diversification strategy, driven by the need to grow and diversify all the Port's cargoes to meet the demand of our customers and the containerisation of some trades. In 2018 Port of Newcastle will publish a Master Plan which will outline the key economic development opportunities that PON sees for the

Port and the region, including:

- A Newcastle Container Terminal
- An Automotive & Ro-Ro Hub
- Expanded ship and small vessel repair facilities within the Maritime Precinct at Carrington
- The construction of a Cruise Terminal at Carrington
- The construction of the Newcastle Bulk Terminal at Walsh Point
- The continuation and growth of existing large bulk trades including coal, fuel, fertilizer, wheat and mineral concentrates across the Port's Precincts

Government freight, transport and land use plans need to protect existing trade while supporting growth projects, such as those listed above, which will deliver investment and employment opportunities across NSW.

In particular, there is considerable support for a Newcastle container terminal throughout our NSW catchment area. NSW exporters and Local Government Areas throughout the Hunter, central west, north and north west recognise that there is a real opportunity to reduce their supply chain costs by using the Port of Newcastle rather than sending their cargo further afield to Sydney or Brisbane.

Port of Newcastle would appreciate the NSW Government providing a level playing field so that it can compete for container trade with other privately-owned ports in NSW and Queensland. NSW exporters and importers could then choose the most efficient supply chain for their cargo. This would also result in substantial cost savings for the NSW Government.

Port of Newcastle would be very supportive of a dedicated TfNSW resource for the Port of Newcastle, comparable with services provided to Port Botany and Port Kembla, to ensure that Government and industry remain aligned in meeting the growing NSW freight task.

Port of Newcastle is committed to working with all stakeholders to grow and diversify the Port's trade and to maximise the use of this strategic and nationally significant asset.

Geoff Crowe
Chief Executive Officer

PORT OF NEWCASTLE MASTER PLAN



The Port of Newcastle is a global gateway for the Hunter Region and New South Wales. It is the largest port on the east coast, and Australia's third largest port by trade volume. It is well placed to support the predicted doubling of Australian freight over the next 20 years and beyond.

By 2040, the City of Newcastle will be home to 200,000 people, with New South Wales' population growing to over 10 million people. The Port, through coal export trade, will continue to provide a stable foundation for the Regional and State economies. Trade volumes of fuels and dry bulk such as wheat, grains and fertiliser will continue to grow.

The Port of Newcastle's trademark for the next 20 years however, will be its diversification. The Port has abundant capacity to grow trade volumes and establish new, efficient, and cost-effective supply chains for buyers and producers. It is a Port ready to host the latest technologies, industry innovation and a step change in the way freight is moved in, out and through New South Wales and Australia.

Many of Australia's ports, including the Port of Newcastle, now operate in a commercial environment, in which port owners and managers are focused on utilising the full capacity of their assets to deliver greater efficiency and shareholder value.

A requirement of the Government's privatisation of the ports was that each port is required to produce a five yearly Port Development Plan to assist the State, government agencies and the local community to understand the Port Lessee's intentions in relation to the development of the Port.

Port of Newcastle is currently preparing its Master Plan to be published in mid 2018. It will articulate the vision for the development of the Port of Newcastle to 2040. It is a vision for the Port of Newcastle to become Australia's first choice east coast port, able to accommodate, attract and grow a diverse trade base in an efficient, sustainable, profitable and innovative manner.

As Port of Newcastle's Master Plan is a key input into the NSW Freight and Ports Plan, an excerpt of the Plan's goals is provided below. The development of

the NSW Freight and Ports Plan offers the opportunity to reexamine road and rail freight infrastructure plans which were developed prior to the lease of the state's ports. It is an opportunity to reflect market realities not apparent in 2013-14. Port of Newcastle would like to see its Master Plan referenced within the Freight and Ports Plan and within Transport for NSW materials¹ comparable to how TfNSW currently references the NSW Ports Master Plan.

Port of Newcastle Master Plan 2018-2040

The Port Master Plan provides a broad and strategic approach, identifying current projects and future opportunities including:

- the Newcastle Bulk Terminal in Walsh Point;
- the Newcastle Container Terminal in Mayfield;
- a specialized Automotive and Ro-Ro Hub;
- supporting the Maritime Precinct in Carrington; and
- construction of the Newcastle Cruise Terminal in Carrington.

The Port will continue to support the growth of existing trades, including its major bulk trades coal, wheat, fuel, fertiliser, concentrates and steel, alongside new trades.

To achieve this vision Port of Newcastle has identified the following goals:

1. Promote the capacity of the Port and the supply chain to support the New South Wales economy

The Port of Newcastle, with its central geographic location on the eastern seaboard, existing capacity and supply chain infrastructure, is well placed to support the New South Wales economy. The Port handled over 167 million tonnes of trade and 4,700 ship movements in 2017. Modelling of the shipping channel has shown that over 10,000 ship movements per year can be accommodated.

This, together with planning approval for additional berths, investment in new port infrastructure, and a significant quantity of available, serviced and zoned

¹ <https://www.transport.nsw.gov.au/operations/logistics-network/nsw-port-network>

PORT OF NEWCASTLE MASTER PLAN (CONTINUED)

port land, provides for future growth.

The Port Master Plan will demonstrate how trade growth can be accommodated by the existing Port capacity (channel and land) and supply chains (road and rail).

For every dollar spent in the Port of Newcastle a flow-on benefit for the local, state and national economies of between \$0.84 and \$1.32 is generated. For every million dollars of output generated by the Port of Newcastle, 5.2 jobs are created (Source: EconSearch, *Economic Impact of the Port of Newcastle 2016/17*).

2. Utilise existing road and rail transport assets to improve freight efficiency

By 2031, the freight task in New South Wales is projected to nearly double to 794 million tonnes. Ports outside of capital cities, together with their road and rail supply chains, offer significant capacity and avoid duplication of expensive infrastructure elsewhere. Ensuring that existing road and rail transport infrastructure is being utilised and optimised to its full capacity is critical to supporting and improving the efficiency of the NSW freight task.

The Port of Newcastle has excellent access and connectivity to the national highway and rail networks to link to capital cities, and its hinterland. Strategic transport analysis undertaken as part of the master planning process has demonstrated that both the immediate port road network and the broader highway system has capacity to accommodate the current and forecast vehicle growth without the need for major infrastructure upgrades. Similarly, the Hunter Valley rail network has capacity to accommodate the contracted coal volume, as well as latent capacity to move non-coal trade including bulk grain and containers from regional New South Wales to Newcastle without the need for significant capital investment. To this end a freight and ports policy framework that supports the utilisation of the existing freight networks in New South Wales is essential.

3. Facilitate new trades and supply chains

Growing, attracting and facilitating new trade and new supply chains is a key focus for the Port of Newcastle. The export of coal will continue to be a core trade. Non-coal trades including fuels, project cargo and bulk exports like wheat and grains will continue to grow.

The introduction of new import and export trades and new supply chains will however be what drives innovation, efficiency and value for the Port, its shareholders and the community. Facilitating the

establishment of new trades and supply chains can address infrastructure bottlenecks and capacity constraints in capital city ports and respond to changing technology such as automation, modal shifts and bulk containerisation.

The Port Master Plan will outline the rationale for the development of a Newcastle Container Terminal, as well as identifying other opportunities such as the establishment of a Ro-Ro Automotive Hub, within the next 20 years.

4. Support the development of new facilities and enabling infrastructure

The Port Master Plan will support the development of new transport infrastructure and logistics facilities such as intermodals. These facilities can leverage on the proximity to existing and proposed transport corridors. This includes smaller enabling projects that can utilise, improve and enhance the existing road and rail networks for greater efficiency and productivity.

Major projects, such as the Inland Rail provide an opportunity to further enhance Newcastle's connectivity, consolidating rail access to an extended area of New South Wales and potentially Southern Queensland and Northern Victoria as well as improved alternatives to road freight. This modal shift will provide greater benefit to growers and producers, more efficient use of the transport network and ensure that the economic benefits are retained in New South Wales.

5. Protect the Port and transport corridors from urban encroachment.

Urban encroachment describes the potential conflict that can arise between adjoining land uses and freight operations at the Port or along transport corridors. These operations are required to operate on a 24 hour, 7 day a week basis to provide efficiency, manage congestion and promote sustainability. These activities may however, have a range of noise and amenity impacts on sensitive land uses and residents.

Protecting the Port and its transport corridors from urban encroachment to safeguard continuous and sustainable port operations, as well as ensure appropriate amenity for nearby communities, is a key goal of the Port Master Plan. As both the Port and the Greater Newcastle metropolitan areas grow, the identification and protection of future transport corridors will become increasingly important.

FEEDBACK ON THE DRAFT NSW FREIGHT AND PORTS PLAN

'The State's future economic growth and prosperity are built on the safe, efficient and reliable movement of goods. Delivering a more efficient transport system that facilitates this reliably is fundamental to the economic prosperity of the State, and achieving savings for consumers of those goods. Our ports, roads, rail and aviation customers value efficient and productive networks and regulatory arrangements so that they can move high volumes of goods quickly, safely and cost effectively to markets, all the time. In the next 40 years, freight volumes are estimated to double in the Greater Sydney area and grow by a quarter in Regional NSW.' (P5)

'With a growing population and increasing freight task, we need to provide innovative solutions to the demands placed on the freight transport network to address issues such as congestion, journey and access times and safety risks.' (P5)

'This Plan will be guided by the 2013 NSW Freight and Ports Strategy, which was to be reviewed at five year intervals. The Plan will recognise the significant infrastructure changes that have occurred and are in the pipeline across NSW, recognise the advancements by industry in investing and implementing greater efficiencies across their transport operations, update industry trends and expectations and link in to the NSW Government's broader Future Transport 2056 Strategy and the State Infrastructure Strategy.' (P6)

The Plan also needs to take into account the privatisation of the ports. The three major NSW ports are now privately operated (the Port of Newcastle was leased to Port of Newcastle Operations Pty Ltd in 2014 and Port Botany and Port Kembla were leased to NSW Ports in 2013) and compete for trade within NSW and with the Port of Brisbane.

In an environment where commercial owners are seeking to maximise the potential of each port, there is an opportunity for the NSW Freight and Ports Plan to take a broader view of the ports within New South Wales and how their combined capacity might be leveraged to increase competition and efficiency for NSW exporters and importers, maximise return on government investment, and position NSW to retain trade that may otherwise be lost to Queensland (the Port of Brisbane) or Victoria (the Port of Melbourne) when the Inland Rail is complete.

Importantly, it should be noted that a requirement of the Government's privatisation of the ports was that each port is required to produce a five yearly Port Development Plan with the express purpose of assisting the State, government agencies and the local community to understand Port Lessee's intentions in relation to the development of the Port. In this regard we note that Port of Newcastle

The three major NSW ports are now privately operated (the Port of Newcastle was leased to Port of Newcastle Operations Pty Ltd in 2014 and Port Botany and Port Kembla were leased to NSW Ports in 2013) and compete for trade within NSW and with the Port of Brisbane.

is currently preparing its Port Master Plan to be published in mid-2018. It is critical that there is policy alignment between Port of Newcastle's development plans and the broader NSW Freight and Ports Plan.

The development of the NSW Freight and Ports Plan offers the opportunity to re-examine road and rail freight infrastructure plans which were developed prior to the lease of the state's ports. It is an opportunity to reflect market realities not apparent in 2013-14.

'This Draft Plan is a more detailed issues-based plan that will help to implement the Strategy across NSW. It will reinforce the importance of freight and ports in NSW to the national economy and will ensure that NSW's freight and port system needs are well positioned to respond to emerging national and international markets and opportunities.' (P8)

PON supports the approach. Engagement and education with regards to the importance of freight and ports, especially local councils and the community, is essential to ensuring issues such as urban encroachment are understood and planned for.

'These Plans are central to delivering strategic priorities for NSW, including the Premier's stated priorities:

- grow the economy, accelerating major project assessments and delivering strong budgets
- build infrastructure and deliver better services, improving road travel, reliability and on time public transport running
- create safer communities, reducing road fatalities by at least 30% by 2021 based on 2010 levels.' (P9)

'With a growing population and increasing freight task, we need to provide more innovative solutions to the demands placed on the freight transport network to address issues such as congestion, journey and access times and safety risks.' (P11)

We agree that innovative thinking is needed. The strategy needs to take into account existing port, road and rail supply chain infrastructure at the Port

FEEDBACK ON THE DRAFT NSW FREIGHT AND PORTS PLAN

of Newcastle which could save the NSW Government billions, compared with the draft FPP.

'The NSW Freight and Ports Plan will: provide a strategic planning approach to freight investment – helping identify appropriate modes and routes • provide clarity to industry – allowing them to plan their transport operations and investments • ensure the implications of emerging technologies are recognized and accommodated accordingly to maximise the benefits of such changes • identify areas where efficiencies can be obtained – reduce red tape • facilitate safe and reliable operations of the port, road and rail networks - to meet our state's transport freight needs • manage projected population growth and intensive urbanisation – which will place pressure on the current transport network • set targets agreed with industry to measure performance – provide regular reports against key performance indicators • deliver on the Future Transport 2056 Strategy – synchronising transport planning with environmental and urban planning to support robust sustainable growth.' (P13)

The Plan needs to be reset to include the Port of Newcastle in the container freight solution and recognise the important trades and cargoes facilitated by PON that support the NSW economy i.e. coal, fuel, wheat, fertiliser, concentrates, steel etc.

The current plan is metro-centric and appears to be centred around the initial destination of imports, rather than a state-wide view.

'Freight in Greater Sydney is expected to double over the next 40 years and increase by 25% in Regional NSW over the same period. Therefore, it is important that we get the Plan right – it is vital to our consumers and our freight industry operators and employees.' (P15)

'...with the aim of providing a network to move goods in an efficient, safe and environmentally sustainable manner, providing successful outcomes for communities and industry.' (P15)

Providing importers and exporters with a choice between Newcastle and Botany would enable them to choose the most efficient, central and cost effective supply chain for their cargo. Currently, many cargo owners are paying more to send their cargo further afield.

'Establishment of a specialised freight and servicing team to work with all relevant industries and businesses accessing key urban centres.' (P19)

'The Cargo Management Co-ordination Centre (CMCC) was established in 2014 and works with road carriers, rail operators, stevedores and related supply chain stakeholders to maximise use of existing network capacity and continuously improve the efficiency of cargo movement through Port Botany, Port Kembla and regional NSW. The CMCC focuses on key supply chain interfaces – ports, roads, rail and intermodal terminals – for bulk commodities (such as grain and coal) and container freight. It is working to reduce cargo movement costs and lift productivity at all key supply chain interfaces.' (P21)

A container terminal is key to the diversification of the Port and will enable the cost effective and efficient movement of NSW freight.



FEEDBACK ON THE DRAFT NSW FREIGHT AND PORTS PLAN

PON would welcome closer engagement with the NSW Government including the establishment of a cargo coordination centre as it grows the Port's container freight, as exists for Port Botany and Port Kembla.

It is essential that Transport for NSW (TfNSW) establishes a locally based Freight, Strategy and Planning team to:

- provide planning and coordination resources within the Hunter region to oversee the implementation of the Newcastle Future Transport Plan; and
- work with other TfNSW teams and other agencies to coordinate, ensure integration of projects and ensure protection of transport corridors from urban encroachment.

'Better country roads result in more efficient, faster and safer freight movements. This has led to lower transport costs to markets making NSW a more attractive location to do business.' (P21)

The Port of Newcastle's close proximity to central west, north and north west NSW provides an opportunity for more efficient and shorter journeys.

'Figure 14: More containers on rail mean fewer trucks on the road' (P22)

The Port of Newcastle's existing national rail connection would enable more containers to be railed rather than transported by truck.

Similarly, providing cargo owners with the choice of importing containers through the Port of Newcastle, would enable cargo destined for central, north and north western NSW, to be imported closer to its final destination. Currently, imports for north and north-west NSW are being trucked through Sydney, adding to congestion issues.

'Transport can account for up to 30% of final cost of commodities. More efficient freight = savings for

everyone.' (P26)

Currently, NSW exporters in the north and the north west are paying more to send their cargo further afield to Port Botany. A Port of Newcastle container terminal would deliver significant transport cost savings for NSW exporters and importers. Independent research suggests a Newcastle container terminal could deliver transport cost savings of more than 30% for north west NSW exporters. For Tamworth exporters the cost savings could be as high as 50%.

'Coal volumes are projected to grow at a slower rate than previously projected in the 2013 Freight and Ports Strategy (2% p.a. in 2013 compared to 0.5% p.a. in 2016).' (P28)

Coal will continue to be a foundation trade for the Port of Newcastle.

'These service expectations are already having an impact and will continue to have an impact on demand for freight, particularly in the last mile delivery segment. The expansion of services to 'anywhere delivery' and more flexible options will place more pressure on the cost structures and competitiveness of service providers.' (P29)

A significant portion of imports is destined for central west, northern and north-western NSW. A Newcastle container terminal would give cargo owners an alternate choice to Port Botany.

A Report by Deloitte Access Economics, *NSW Container and Port Policy*, states that the final destination of imports roughly correlates to population. The current population of the Hunter and its catchment (Hunter, Central Coast, Central West & Orana, Far West, North Coast and New England-North West) is 27% of the NSW population and is projected to grow by more than 300,000 people by 2036.



The Port and surrounding regions are well placed to accommodate distribution centres to support the cost effective and timely movement of cargo throughout central, north and north west NSW.

FEEDBACK ON THE DRAFT NSW FREIGHT AND PORTS PLAN

Urban encroachment

Planned residential and commercial developments are encroaching on key industrial freight generating precincts and corridors, resulting in restricted access to key freight corridors and limited ability to meet future demand. (P29)

In recognising the importance of freight, PON would like to see a greater emphasis on the proactive management of urban interface with the Port and transport corridors to ensure sustainable operations and protection from urban encroachment.

Recognition of the Port's economic value and operational requirements in Government strategies and plans is critical.

Planning for facilities that receive, store, distribute or transport products or materials that may be hazardous or offensive is also an emerging issue. These products however, are essential for daily life, for example the supply of fuel for the domestic market or fertilizer for the agricultural sector. In response, planning and transport strategies should ensure that sensitive receptors, residential, recreational or commercial developments are located such that they would not impede expansion of current port facilities or be located such that they could restrict facilities in the future.

The consideration of the individual and societal risk implications of sensitive receptors and increased intensification of people in the vicinity of the dangerous goods transport routes is also a critical task when rezoning land or permitting the intensification of development near the port boundary.

'There is now a greater reliance on imports, reducing the freight task for local manufactured goods but increasing the demand for containerised freight movements from the port to the warehouse facilities. The changing nature of goods produced into the future will have associated effects on the required freight task.' (P30)

It is recognised that changing consumer habits such the growth in online shopping on-demand, dubbed 'the Amazon effect', are placing additional pressure on road infrastructure. Importing goods via the closest port can help alleviate some of the pressure. For example, imports destined for central, north and north west NSW could be imported via the Port of Newcastle, reducing the number of trucks that are currently travelling through metropolitan Sydney and across NSW road networks.

'The increase in export demand for NSW agricultural products is increasing the freight access required between regional centres and gateway ports.' (P30)
However current Government arrangements place restrictions on the growth of container trade at the

Port of Newcastle.

'Access to and from freight facilities such as intermodal terminals and particularly ports are becoming constrained by both road and rail. Congestion and constraints on the supporting land transport network can reduce the performance of ports and intermodal terminals.' (P30)

This is not the case for all ports. The Port of Newcastle is not constrained by road or rail congestion. It has excellent access and connectivity to the national highway and the extensive rail networks linked to capital cities and its catchment. Within the rail network servicing the Port, there is sufficient capacity to accommodate the contracted coal volume as well as non-coal trade including bulk grain and containers.

The Hunter Valley rail network has capacity to accommodate the contracted coal volume, as well as latent capacity to move non-coal trade including bulk grain and containers from regional New South Wales to Newcastle without the need for significant capital investment. To this end a freight and ports policy framework that supports the utilisation of the existing freight networks in New South Wales is essential.

The capacity of the key intersections and link roads that service the Port are currently operating well within the acceptable levels of service. The completion of key infrastructure projects such as NorthConnex will further improve access to the Port of Newcastle, providing a comparatively signal free motorway connection to the M7 and southern and western Sydney.

'Freight movement by rail is constrained on many key corridors by having to share infrastructure with passenger rail, particularly those with suburban and intercity services. Sharing of the rail corridors compromises the network's ability to fully meet customer needs, reducing the ability to deliver increased off-peak passenger frequencies, or increased freight capacity to support long-term needs.' (P31)

See above.

'Transport for NSW drives strategies to improve freight efficiency to and from NSW's ports. Through the Cargo Movement Coordination Centre, Transport for NSW works with industry to optimise how cargo moves through Port Botany, Port Kembla and Regional NSW including Port Botany road and rail access.' (P32)

We would like this assistance to also be provided to the Port of Newcastle. The three ports are now operated by privately owned companies and compete for trade.

FEEDBACK ON THE DRAFT NSW FREIGHT AND PORTS PLAN

‘Road and rail access constraints at Port Botany must be addressed and capacity must be improved to meet future needs. The NSW Government recognises the importance of the dedicated rail freight line to Port Botany.’ (P34)

A systematic approach is needed to service the freight task for all of NSW – there are three major ports in NSW.

‘The Port of Newcastle is the world’s largest coal export port, and one of Australia’s largest ports with 167 million tonnes handled in 2016. In addition to coal, other cargoes include alumina, petroleum, fertilisers, grains, cement, steel and cruise ships. The Port of Newcastle will continue to be the primary coal export facility for NSW, and will continue to diversify into other commodities including fuel. The value of cruising to the Hunter region has been estimated at approximately \$11 million per year, and is set to grow. The Newcastle cruise terminal has already been announced and is funded. Two hundred hectares of vacant port land is available for future port capacity development, representing over 25% of total land holdings at the Port of Newcastle. The growth and diversification of the Hunter region will stimulate a requirement to expand the port’s facilities. Improved road and rail connections, from regions such as the Central West and Orana and New England North West feed into the Port of Newcastle and will contribute to growth.’ (P35)

Updated trade statistics are provided at Attachment F.

The Port of Newcastle’s catchment area is much larger than described. It extends west to Parkes and north to Moree, taking in Dubbo, Tamworth, Armidale, Narromine and Walgett. It encompasses land rich in minerals and agriculture, meat, timber and the manufacture of steel and aluminium.

Current government arrangements are a disadvantage, not only to the Port’s growth, but to NSW cargo owners and ultimately, consumers.

It is important to note that significant investment has already been made by the NSW Government to remediate port land i.e. Mayfield which is now zoned, serviced, and ‘shovel ready’ for development. The Mayfield Site is a key strategic asset for Australia and now represents the single largest vacant port land site on the eastern seaboard of Australia (i.e. 80 ha of the 200ha) with frontage to the deepwater South Arm shipping channel of the Hunter River, potential for 1,400 metres of continuous quayline and direct connections to rail and the heavy vehicle road network.

There is no requirement for land reclamation within the Port to support future development or provide additional land for port facilities or infrastructure.

Diversification through the development of a container terminal must be supported by the NSW Government.

Import containers (P36)

A Deloitte Access Economics Report notes that the Port of Newcastle’s catchment area generates around 500,000 full TEU per annum. It notes that 27% of containerised imports are bound for this area after unpacking.

‘The Inland Rail project, once constructed, may encourage the development of new IMTs in regional areas where the new alignment could allow the operation of longer or heavier trains. A key focus for NSW is to ensure that Inland Rail optimises the movement of freight in Regional NSW through efficient linkages to NSW ports and the development of economically sustainable freight hubs by the private sector at appropriate locations along the route.’ (P40)

Newcastle will be the first port to be connected to the Inland Rail. This is a strategic advantage for NSW over other states. If a container terminal is not developed at Newcastle, NSW cargoes will be lost to Victoria and Queensland.

‘To meet the growth in freight demand, increased safe access to both the road and rail network between key freight facilities, gateways and corridors is essential. Current restrictions result in longer travel distances, increased journey times or a number of freight movements on the network, exacerbating existing constraints issues. Transport for NSW will: • expand the road and rail network to improve connectivity and accessibility for high productivity vehicles and efficient rail wagon loading • explore the implementation of dedicated freight lanes on key freight corridors on the strategic road network, outside of peak periods, to help to improve safety, and support efficient, reliable freight movements • pursue opportunities to provide dedicated rail networks for passengers and freight, to reduce sharing of busy rail corridors which reduces the ability to deliver increased off-peak passenger frequencies or increased freight capacity to support long-term needs • build strategic road freight networks in partnership with local government.’ (P42)

This is a costly approach compared with utilising existing facilities at the Port of Newcastle.

‘A key focus for NSW is to ensure that Inland Rail optimises the movement of freight in Regional NSW through efficient linkages to Port Botany, Port of Newcastle and Port Kembla.’ (P46)

Newcastle will be the first port to be connected to the Inland Rail via the ARTC’s Hunter Valley Network. If a container terminal at the Port of Newcastle is

FEEDBACK ON THE DRAFT NSW FREIGHT AND PORTS PLAN

not realised, NSW freight will be lost to Victoria and Queensland when the Inland Rail is completed.

‘Once constructed, the Inland Rail project may also encourage the development of new IMTs in regional areas where the new alignment could allow the operation of longer and/or heavier trains.’ (P46)
The Port of Newcastle can receive 1.5 kilometre long trains directly to the proposed container terminal site. The Port and neighbouring areas have plenty of vacant industrial land to accommodate logistics parks and other distribution facilities.

‘To ensure early benefits to NSW and its economy, Transport for NSW is providing ARTC with technical advice as it prepares to deliver its “brownfield” priority projects of Narromine to Parkes and Narrabri to North Star. The final NSW Freight and Ports Plan will reflect the final arrangements agreed with the Commonwealth and ARTC. The Plan will also consider the infrastructure investment requirements to address implications for the East-West rail implications such as network upgrades to key rail hubs and junctions.’ (P46)

Port of Newcastle supports road and rail improvements which will improve efficiency and cost savings for New South Wales exporters and importers. However, some of the investment initiatives identified could be offset by existing infrastructure and capacity such as those within the Port of Newcastle’s rail supply chain.

For example, containers could be railed from Parkes to Newcastle rather than relying exclusively on the Parkes to Botany route. The Dubbo to Newcastle section of the ARTC network has the lowest ruling grade (1:50) which means more wagons could be hauled and significant savings in terms of capital (upgrades of other lines not required) and transport costs (to exporters). This route would deliver cost savings due to removing the need to cross the Blue Mountains, resulting in a more favourable rail gradient, and reducing the number of locomotives required. Additionally, this route to the Port of Newcastle enables greater axle loads and longer train lengths than the route to Port Botany. The Port of Newcastle also provides for reduced cycle times as trains from Dubbo can be accepted at the Port of Newcastle without the need to arrive at an intermediate terminal, which would further reduce cost associated with additional dwell time.

‘There are policy and infrastructure investment opportunities to deliver modal switch, reducing freight costs and road network congestion (e.g. more containers and manufactured goods on rail, fuel pipelines).’ (P52)

A container terminal at the Port of Newcastle can deliver a greater volume of freight on rail.

‘Manufacturing (incl. Food) - Much of the manufacturing activities occur in small and medium sized facilities so the vast majority of manufactured goods are moved by road and consumed within NSW. There are opportunities over time for improved rail share once efficient intermodal terminals are in place supporting major, future city hubs.’ (P53)

‘Wholesale and retail distribution - Road currently dominates the transport of products for wholesale and retail distribution. The end delivery points for these products are too highly dispersed to make rail a viable option for the current supply chain. There are opportunities over time for improved rail share once efficient intermodal terminals are in place supporting major, future city hubs.’ (P53)

Councils within the Port of Newcastle’s catchment area are supportive of a container terminal at the Port of Newcastle as they recognise its geographical proximity and the opportunity to realise cost savings for their local exporters and importers.

‘Coal is the largest freight supply chain in NSW’

The Port’s capability in handling a globally significant export task, and its established rail and road networks, are positioned to handle container freight growth. There is capacity beyond contracted coal volumes.

Wholesale and Retail Distribution

‘The increased freight demand is compounded by an increase in the complexity of the transport task with changing buying patterns of consumers and businesses causing an increase in the frequency of smaller deliveries, as well as increased demand through reverse channel logistics ... Long term trends away from local manufacture to IMEX (Imports and Exports) flows through ports are resulting in changes to pathways’ (P58)

Changing consumer habits will place more pressure on metropolitan road networks. The development of a container terminal at the Port of Newcastle will help to alleviate this by providing an alternative for central, north and north west importers to Port Botany.

Adjacent to the Port’s container terminal site is the Intertrade Site, a 52 hectare site which can be developed as an integrated freight and logistics precinct. An integrated multimodal freight and logistics hub offers enormous opportunities for customers to streamline their supply chains. The hub would include direct rail access and could accommodate dedicated facilities for container unpacking, sorting, warehousing and distribution, temporary container storage and empty container storage parks. A private road network operating between the port gates and the terminal and distribution or sorting centres would allow for the seamless and quick shunting of cargo. Land is also available for Border Control and quarantine facilities.

FEEDBACK ON THE DRAFT NSW FREIGHT AND PORTS PLAN

The M1 provides road connectivity between Sydney, the Central Coast and Newcastle. The Port is connected to existing Central Coast and Western Sydney Freight Distributions Centre hubs which service the north, north-west Sydney and Central Coast markets. The completion of NorthConnex will further improve the effectiveness of the M1 connection to the Port providing a comparatively signal free motorway connection to the M7 and southern and western Sydney.

The large parcels of industrial land that exist within the Port and throughout the Hunter region, serviced by national road and rail supply chains, are a strategic advantage for NSW.

This will enable the establishment of new distribution centres for cargo unpacking and consolidation, handling cargoes closer to their NSW export origin or import destination point.

Import and Export Containers

'Over 80% of import flows are de-containerised in Sydney before distribution as they contain items such as food and beverages or consumption goods, such as clothing and electronics. Export flows are dominated by commodities such as cotton from Narrabri/Moree and the Riverina; meat and wine from the Riverina and Central West, and grains from across the state.' (P59)

'Continued future investments in the metropolitan rail network, particularly through the early delivery of the Western Sydney Freight Line and parts of the Outer Sydney Orbital, will ensure development of urban centres (in particular Western Sydney) are supported by both road and rail infrastructure.' (P59) Currently, all container freight is handled through Port Botany, with imported goods unpacked in Sydney. A large portion is trucked through busy metropolitan roads to reach cargo delivery destinations throughout regional NSW.

A container terminal at the Port of Newcastle would offer a convenient alternative for import cargo destined for central, north and north-west NSW.

There are large parcels of zoned industrial land within the Port and throughout the Hunter region which are serviced by national road and rail networks.

PON supports the early investment in identifying and planning for future corridors including the Outer Sydney Orbital. It recommends that improvements to the Main North Line through the Northern Sydney Freight Corridor (NSFC) Program be made to improve freight train capacity and reliability between Strathfield and Broadmeadow (Newcastle Junction).

The NSW Freight and Ports Plan identified Stage 2 of the NSFC Program as an initiative for investigation in the 0-10 year period.

Fuel (P61)

'Imported fuel arrives primarily through Port Botany, Gore Bay (Greenwich) and Port Kembla.'

'TfNSW are already investigating a pipeline corridor from Port Botany to Western Sydney Airport and for the Hunter (Port of Newcastle) to Orana in Central Western NSW.'

This statement is an error. The Port of Newcastle is also a major fuel importer.

Fuel imports at the Port of Newcastle started in April 2009 and have grown significantly since then. Fuel imports are now the Port's second largest trade with fuel imports totalling 2,380ML in 2017.

Newcastle's fuel imports (not including other bulk liquids) are forecast to increase to 4,100 ML by 2040. This is almost twice the volume of bulk liquids that Port Kembla is forecast to import in 2045 (2600ML, *NSW Ports Master Plan).

PON is supportive of the Hunter-Orana fuel pipeline concept. A fuel pipeline from Newcastle would ensure a reliable supply in significant volumes to the Central West. The Port has sufficient channel, berth and tankage capacity to supply such a pipeline.

Priority Action Areas (P64)

The Plan is very metro-centric. The growth of Regional NSW and the competitiveness of NSW exporters also needs to be recognised.

'Current restrictions result in longer travel distances, increased journey times, or number of freight movements on the network, exacerbating existing constraint issues. Transport for NSW will: • expand the road and rail network to improve connectivity and accessibility for high productivity vehicles and efficient rail wagon loading • explore the implementation of dedicated freight lanes on key freight corridors on the strategic road network, outside of peak periods, to help to improve safety and support efficient, reliable freight movements • pursue opportunities to provide dedicated rail networks for passengers and freight, to reduce sharing of busy rail corridors which reduces the ability to deliver increased off-peak passenger frequencies and increased freight capacity to support long-term needs.' (P65)

The Northern Sydney Freight Corridor Stage 2 project would significantly improve freight rail capacity on the Main North line, resulting in the full separation of freight and passenger trains from the Hawkesbury River to Flemington Yards, which is a substantial portion of the route. This could provide an additional

FEEDBACK ON THE DRAFT NSW FREIGHT AND PORTS PLAN

freight train to the timetable in each hour of service outside the peaks which equates to approximately six services in each direction each day.

‘These corridors include those between intermodal terminals, international gateways, and links to regional areas.’ (P66)

Refer to comments on North Connex and Northern Sydney Freight Corridor.

‘Transport for NSW will: • work with industry to identify where specific regulations can be eased without impacting on safety or amenity, reducing the cost of moving goods in NSW’ (P68)

Providing a level playing field for a Port of Newcastle container terminal would reduce the cost of moving goods in NSW.

Ensure safe, efficient and sustainable freight access to places (P69)

‘The direction for this Priority Action Area is to ensure an efficient, safe and effective freight network to meet the need of our three growing cities, balancing the expected growth of the freight task with the broader safety, environmental and amenity objectives for the transport network.’

Investigations and improvements need to include the Port of Newcastle.

Initiatives for Investigation (P76-77)

The Port of Newcastle is serviced by existing national road and rail supply chains with considerable capacity for freight growth. Similarly, the Port already has an 80 hectare vacant site, serviced by a deepwater shipping channel. A container terminal at the Port of Newcastle could save the NSW Government billions.

Regional NSW Initiatives (P78-80)

Fixing Country Rail

In order to fully capture the benefits of investment in the country rail network, the establishment of a new supply chain between the export catchment area and Newcastle, as the closest port, is pivotal. The development of the Newcastle Container Terminal will drive network efficiency across the New South Wales rail network and bolster cost benefits to growers and cargo owners.

Lower Hunter Freight Corridor (P82)

The identification and protection of the Lower Hunter Freight Corridor is an important task to be completed in the next 10 years.

This corridor will link the Main North Line between Hexham and Fassifern, providing a bypass of the Newcastle metropolitan area. Importantly it will alleviate current urban amenity issues in Newcastle and allow the separation of passenger and freight trains for a small portion of the route.

However, PON notes that on its own this project does not create any additional capacity on the Main North Line for either freight or passenger services, and will not address pinch points for congestion.

Port of Newcastle supports this initiative of the NSW Government, as it addresses urban amenity issues, but stresses that this is not a project that supports economic development.

THE BUSINESS CASE FOR A NEWCASTLE CONTAINER TERMINAL



COST SAVINGS FOR THE NSW GOVERNMENT, IMPORTERS & EXPORTERS

NSW EXPORTERS in the central west and northern NSW can benefit from TRANSPORT COST SAVINGS OF MORE THAN 30%, making NSW more internationally competitive.

The ability to BRING LONGER TRAINS DIRECTLY TO THE PORT will save growers time and money.

MORE COMPETITION among shipping companies and stevedores could reduce prices for all exporters and importers in NSW.

LESS NSW GOVERNMENT SPENDING - a Newcastle container terminal requires minimal Government investment. By contrast, the Government has identified that billions of dollars in new supply chain infrastructure is needed to facilitate container growth at Port Botany and Port Kembla.

USING THE PORT OF NEWCASTLE AND ITS EXISTING SUPPLY CHAIN COULD SAVE THE GOVERNMENT BILLIONS.



EXISTING CAPACITY

AVAILABLE LAND – The 80 hectare Mayfield Site has the capacity to handle in excess of 2 million TEU per annum. Ample industrial land nearby to establish distribution centres for convenient imports to central, north and north west NSW.

EXISTING NATIONAL RAIL AND HEAVY VEHICLE ROAD CONNECTIONS with huge capacity for growth. Newcastle will be one of the first ports to be connected to the Inland Rail via the ARTC's Hunter Valley Network.

DEEP DRAFT VESSELS – Newcastle's shipping channel accommodates deep draft vessels (15.2 metre deep channel). It can accommodate vessels up to 10,000 TEU and the capability of even larger vessels with some ancillary channel modifications. The Port of Newcastle's channel has capacity for more than 328 million tonnes and over 10,000 ship movements per annum.



CLOSER CONNECTIVITY

The Port of Newcastle is closer to north and north west NSW exporters than other NSW ports. REDUCED TRAVEL TIMES will deliver efficiency gains and cost savings.

Located in CLOSE PROXIMITY TO CENTRAL, NORTH AND NORTH WEST NSW, the Port of Newcastle can offset some of the metropolitan congestion by receiving imports destined for Regional NSW rather than trucking this freight through Sydney.

The Port of Newcastle can build a container terminal now with minimal government investment. It just needs the NSW Government to create a level playing field.



COST SAVINGS FOR NSW EXPORTERS

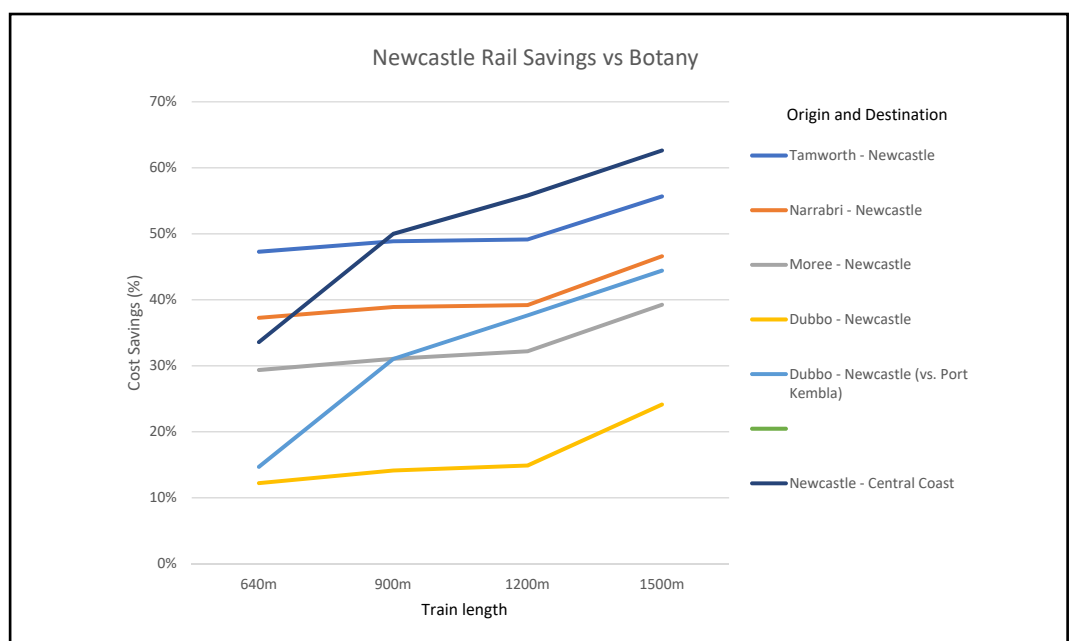
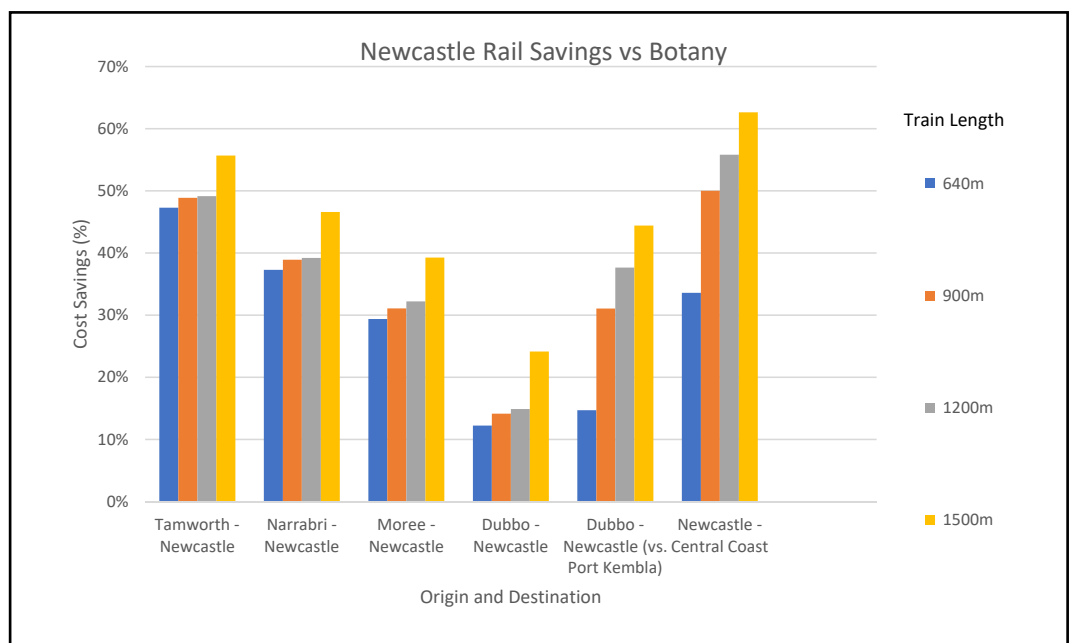
The close proximity of a Newcastle container terminal would deliver NSW exporters in the central west, north and north west significant transport cost savings, as well as efficiency gains.

Currently, exporters within the Port of Newcastle's catchment are paying more to send their freight further afield to Port Botany. In many cases, the freight is going right past the Port of Newcastle's doorstep.

Compared with the current option of Port Botany:

- Narrabri - It is nearly 40% cheaper to rail freight from Narrabri to the Port of Newcastle and it is 13% cheaper to truck freight from Narrabri to the Port of Newcastle.
- Tamworth - It is nearly 50% cheaper to rail freight from Tamworth to the Port of Newcastle and it is 15% cheaper to truck freight to the Port of Newcastle.
- Dubbo - It is 12-15% cheaper to rail freight from Dubbo to the Port of Newcastle and it is 3% cheaper to truck freight from Dubbo to the Port of Newcastle.
- it is up to 32% cheaper to rail freight from Moree to the Port of Newcastle and it is 12% cheaper to truck freight from Moree to the Port of Newcastle.

This would go a long way towards making NSW exporters more internationally competitive.



An independent analysis of rail cost savings that a Newcastle container terminal could deliver for NSW exporters compared with using Port Botany.

Comparisons are against Port Botany unless otherwise stated.

EFFICIENT EXPORTS WILL HELP AUSTRALIAN COMPANIES COMPETE GLOBALLY

Many NSW exporters are located in close proximity to the Port of Newcastle, but are currently paying more to send their goods further afield to Port Botany.

A Newcastle container terminal would give them the choice of export and import port and could deliver significant cost savings that would boost their international competitiveness and free up funds to invest in growing their business.

Weathertex is an Australian company which manufactures and supplies timber weatherboards for homes in Australia and around the world. It is located on the Port of Newcastle's doorstep at Heatherbrae and employs 100 people, with plans to grow.

It currently exports and imports containers through Port Botany, and is facing a growing freight task as its international sales grow. Export activities, which comprise nearly 20% of its business, are growing at 20% per annum.

Weathertex recognises that every dollar saved in transport costs can be reinvested into the business to improve profitability, as its Managing Director, Paul Michael explains.

"It costs \$1,400 to send a container to Port Botany. The empty container needs to be sent to Newcastle by rail, packed and railed back," said Paul.

"Based on the number of containers that we move, the additional, direct cost of using Port Botany is equivalent to the salary of an extra staff member.

"Trucking containers to Sydney adds further problems. The waiting time at Port Botany adds costs and it can be challenging to complete the delivery within the safe drive window. If you miss your slot you get charged.

"We are supportive of a Newcastle container terminal which would deliver greater efficiencies, less waiting time and more cost savings," said Paul.

"We are supportive of a Newcastle container terminal which would deliver greater efficiencies, less waiting time and more cost savings."

Paul Michael,
Weathertex



EFFICIENT EXPORTS WILL HELP NSW FARMERS COMPETE GLOBALLY

One of Australia's most productive agricultural areas could save up to 40% on transport costs via a Newcastle container terminal.

Narrabri Shire is the main freight hub in the northern inland region of NSW for containerised agricultural commodities which account for 33.2% (by weight) of containerised freight leaving the region. Containerised cargoes include pulses, beans and cotton.

The town has two intermodal terminals (Narrabri North and Narrabri West), a major GrainCorp receival and storage site, a number of trucking and freight forwarding companies and a range of transport and logistical service providers.

While bulk agricultural and coal cargoes from the region are railed to the Port of Newcastle via the ARTC's Hunter Valley Network for export, the absence of a Newcastle container terminal means container freight is sent an extra 140 kilometres south to Port Botany, adding extra costs and delays.

Independent modelling notes that it is nearly 40% cheaper to rail Narrabri freight to the Port of Newcastle than to Port Botany, and it is 13% cheaper to truck freight from Narrabri to the Port of Newcastle than to Port Botany.

The ability to send longer trains, up to 1.3 kilometres direct from Narrabri to a future Newcastle container terminal, is an advantage as the region's freight task grows to meet Asian demand. By comparison, trains need to be split into 600 metre lengths before entering Port Botany, adding costs and time.

"The more competition in the market, the more you save on freight. This means more in farmers' pockets and more spent locally. Agriculture-related commerce is very important to our community - it's still the biggest employer in the Shire," said Tony Meppem, Director of Development and Growth for Narrabri Shire Council.

Recognising global demand for Narrabri's exports, Narrabri Shire Council is developing a business case for an Intermodal Terminal and has identified a 500 hectare site.

In March 2016 the Council made a submission to the NSW Government's Regional Intermodal Terminal Taskforce which noted "limitations with capacity and operational inefficiencies at Port Botany impact on the performance to the Intermodal Terminals in Narrabri Shire and increases transport and handling costs".

The Council also noted that "Narrabri Shire Council and stakeholders support the upgrading of port infrastructure at Port Botany and the Port of Newcastle" and called for the State Government "to assess options to provide a container wharf and facilities at the Port of Newcastle".

The Council recognises that now is the time to build a Newcastle container terminal, before the Inland Rail is operational, to retain trade in NSW: "It makes sense to keep as much of the economic stimulus for the product in NSW. If NSW export options aren't cost competitive, trade may go to Queensland," Tony said.

Narrabri exporters could save up to 40% in transport costs with a Newcastle container terminal.



REDUCING SYDNEY CBD CONGESTION

Currently, the majority of containers imported for NSW arrive at Port Botany and are moved through the CBD to an intermodal or distribution facility. They are then unpacked and put on a truck.

Imports destined for central, north and north-western NSW are then driven through Sydney and across NSW to their final destination. This adds congestion to the already stretched Sydney road networks and means a longer truck journey, carrying additional risks for road users.

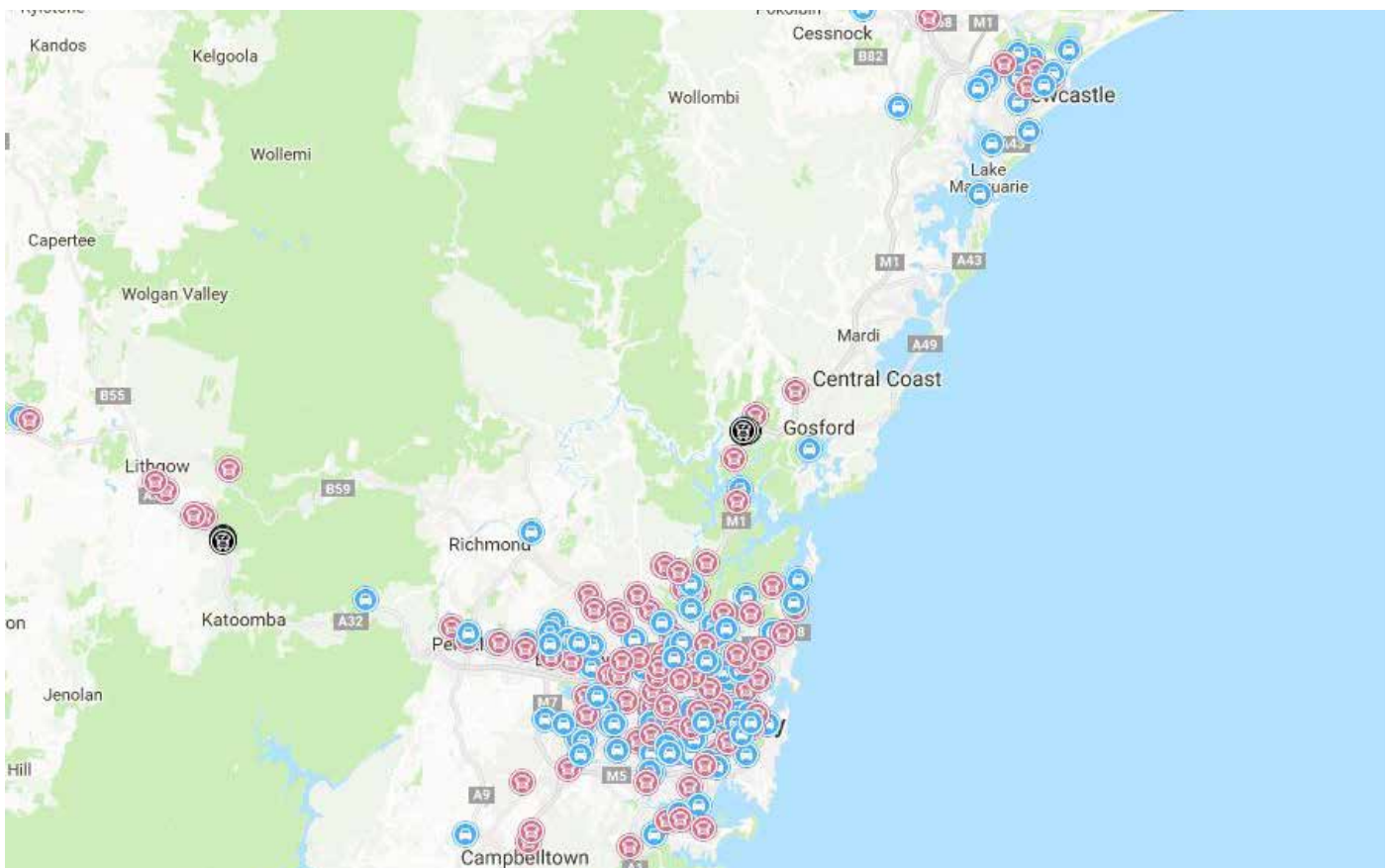
A Newcastle container terminal would provide a convenient alternative to this supply chain, enabling containers to be imported closer to their end destination. This would reduce some of the pressure on the Sydney road and rail networks and create additional capacity for Port Botany to handle more Sydney-destined imports.

The Moorebank Intermodal Company has identified that the volume of freight moving through Port Botany is predicted to more than double by 2031, “significantly increasing the pressure on the Sydney road network, given the high proportion of containers currently transported by truck rather than train” (Source: <http://www.micl.com.au/the-project-1/>)

The Company has also noted that “About 80–85 per cent of Port Botany throughput is transported to and from the port by road. However, the road network and precincts around the port cannot handle the forecast growth in Port Botany’s throughput, so rail must become a more significant component of the port logistics chain.” (Source: Moorebank Intermodal Company, Statement of Corporate Intent 2017-21, P6).

Shorter journeys are better for the environment and are safer for road users. As NSW imports grow, it makes sense to utilise all ports and supply chains to meet the container freight task.

The Port of Newcastle’s catchment area includes major centres that are both exporters and importers including Newcastle and the Hunter region, Tamworth, Dubbo, Moree and Narrabri. The ‘Amazon effect’ that is disrupting the retail industry is not confined to Sydney. All populations are demanding on-time imports from consumable goods to building equipment and furniture. This is reflected in the large retail centres located across NSW.



A Newcastle container terminal can help alleviate road congestion in Sydney

Source: RMS Traffic Volume Viewer. www.rms.nsw.gov.au.

DELIVERING COST SAVINGS FOR THE NSW TAXPAYER

The draft FPP identifies a number of infrastructure upgrades required to meet container growth through Port Botany and Port Kembla. This includes the duplication of the Port Botany rail freight line, the Great Western Highway/Bells Line of Road improvements, a new rail line to Port Kembla and land reclamation of Port Kembla's Outer Harbour. A report by Deloitte Access Economics notes that there is currently around \$27.6 billion in planned investment to support port freight in NSW.

Alternatively, a Newcastle container terminal can be built now, providing a complementary import and export option to Port Botany and helping to address some of the infrastructure and congestion issues that the draft plan identifies.

There is existing land, channel, road and rail infrastructure ready to service a Newcastle container terminal. This can deliver significant cost savings to the NSW Government in deferring some of the infrastructure spending that the draft plan has identified for other NSW ports.

Port of Newcastle estimates that a Newcastle container terminal could save the Government billions. It would also enable solutions to be delivered earlier than the draft plan contemplates.

GROWING & DIVERSIFYING THE REGIONAL NSW ECONOMY

A Newcastle container terminal would have a flow on benefit for its Regional NSW catchment area, contributing to the growth and sustainability of communities.

The Port's catchment area is home to more than 27% of the State's population.

The Port of Newcastle's natural catchment area extends west to Parkes and north to Moree, taking in Dubbo, Tamworth, Armidale, Narromine and Walgett. It encompasses land rich in minerals and agriculture, meat, timber and the manufacture of steel and aluminium.

This area includes the Hunter region, which is the largest growth centre in NSW outside the Sydney basin.

Efficient, accessible and cost effective transport options are crucial to the growth and success of NSW exporters. Efficiency gains and cost savings can give them the edge in international markets, as Wayne Diemar of HunterNet explains:

"To have the option of exporting through the Port of Newcastle to do export direct is a huge advantage to the Hunter region."

"It means exporters are not weighed down by additional overheads before they leave the Port. If they can reduce the transport costs, it reduces the shelf price, which means more product gets sold to those markets they are trying to embrace."

Wayne Diemar, HunterNet

"HunterNet is working to expand NSW exports (including food and beverage, advanced manufacturing and defence) into the growing ASEAN market including South Korea, Japan, China and Vietnam. To have the option of exporting through the Port of Newcastle to do export direct is a huge advantage to the Hunter region."

"It means exporters are not weighed down by additional overheads before they leave the port. If they can reduce the transport costs, it reduces the shelf price, which means more product gets sold to those markets they are trying to embrace."

The need to provide diverse, skilled employment across NSW is well acknowledged. An independent report by EconSearch (*Economic Impact of the Port of Newcastle 2016-17*) showed that a dollar of output in the Port of Newcastle sector leads to a flow-on effect in other sectors of the NSW economy of \$1 dollar, giving a total effect of \$2.

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) and a further 27 cents to workers in associated industries.

GROWING & DIVERSIFYING THE REGIONAL NSW ECONOMY (CONTINUED)

Similarly, each dollar of output results in 57 cents in value added in the port sector and a further 49 cents in value added in other sectors of the economy.

The Report, *Economic Impact of the Port of Newcastle 2016/17*, also showed that port-related activity has the largest impact on the manufacturing, finance and insurance services, ownership of dwellings, transport and warehousing, and the professional, scientific and technical services sectors.

Available industrial land within the Port of Newcastle and in neighbouring local government areas can attract more investment and employment opportunities to NSW, from startups to the scaling up of activities in advanced manufacturing, renewable technologies, agribusiness and many more.

For example, the development of a container terminal will help to activate industrial lands within the Hunter Valley and the Central Coast due to the flow on demand for cargo storage and consolidation. This will enable the establishment of new distribution centres for cargo unpacking and consolidation, handling cargoes closer to their NSW export origin or import destination point. The availability of A Grade commercial office space and the skilled regional workforce could also entice companies to establish head offices or regional offices in the Hunter region.

This aligns with the Regional Development Australia Hunter *Smart Specialisation Strategy* which recognises that: “The Hunter is challenged to identify new sources of growth and productivity in a post-mining boom economy. It is not a matter of finding alternatives, but building on the strong knowledge base in mining, energy, agriculture and medical research...”

“The Hunter must be able to respond to and capture the opportunities of changing patterns of international trade. The close economic ties with the USA, European Union (EU) and Japan have been joined by stronger trade relationships with China, India, South Korea and the Middle East.

“The overall goal of smart specialisation is to grow through trade and participation in global value chains. International trade, to tap into large and growing international markets, has always been at the centre of economic growth and development.”



A Newcastle container terminal would help increase the international competitiveness of the Hunter Valley wine industry.

HOW A NEWCASTLE CONTAINER TERMINAL WILL HELP DELIVER THE STATE PRIORITIES



STATE PRIORITIES

Right now, there are great things happening in NSW.

The 18 state priorities being actioned by the NSW Government will make this state of ours even better.

NSW GOVERNMENT PRIORITIES

A PORT OF NEWCASTLE CONTAINER TERMINAL WILL DELIVER

STRONG BUDGET AND ECONOMY

MAKE IT EASIER TO START A BUSINESS

“Make NSW the easiest state to start a business ... To create a business-friendly environment for NSW entrepreneurs, the government will focus on reducing or removing barriers, costs and complexity and make regulatory obligations easier to understand and implement.”

By providing a level playing field for a Newcastle container terminal, the NSW Government would enable competition, allowing NSW exporters and importers to choose the supply chain that is the most convenient and cost effective for their cargo.

ENCOURAGING BUSINESS INVESTMENT

“Be the leading Australian state in business confidence ... we will aggressively position the state as Australia’s prime location for business growth and investment.”

Delivering cost savings and efficiency gains (in excess of 30% to NSW exporters in the north and north west) would make NSW exporters and importers more internationally competitive.

BOOSTING APPRENTICESHIPS

The Port of Newcastle currently delivers more than 10,000 jobs to NSW per annum. A container terminal and associated supply chain businesses would deliver additional jobs including opportunities for young people in Regional NSW.

ACCELERATING MAJOR PROJECT ASSESSMENT

The container terminal site already has concept approval.

PROTECTING OUR CREDIT RATING

“NSW is one of only two states to currently retain a triple-A credit rating. It is critical that the government continues to implement comprehensive financial management strategies to maintain our strong fiscal position.”

A Newcastle container terminal would save the NSW Government billions, as it has existing road and rail connections.

DELIVERING STRONG BUDGETS

“Expenditure growth to be less than revenue growth ... effective expense growth management will be key to delivering strong budget results into the future.”

Utilising the significant capacity that exists within the Port of Newcastle and its road and rail supply chains will save the NSW Government billions which can be spent elsewhere.

HOW A NEWCASTLE CONTAINER TERMINAL WILL HELP DELIVER THE STATE PRIORITIES (CONTINUED)

NSW GOVERNMENT PRIORITIES	A PORT OF NEWCASTLE CONTAINER TERMINAL WILL DELIVER
BUILDING INFRASTRUCTURE IMPROVING ROAD TRAVEL RELIABILITY “Congestion across metropolitan Sydney is estimated to already cost up to \$5 billion per annum, and will rise to \$8 billion by 2021 if nothing is done. To ensure consistency of journey times on key roads continues to improve, we are working to make better use of existing road infrastructure, build extra road capacity and encourage commuters to use public transport and to undertake off-peak travel more often.”	A Newcastle container terminal would alleviate pressure on metropolitan Sydney road and rail networks. Currently, the vast majority of NSW imports are sent to Port Botany, unpacked and trucked through Sydney and all over NSW. Newcastle can handle imports for central, north and north west NSW, helping reduce the number of trucks on Sydney roads and providing a shorter road or rail journey.
BETTER SERVICES ENSURE ON-TIME RUNNING FOR PUBLIC TRANSPORT “Maintain or improve reliability of public transport services over the next four years. Public transport services in Sydney are crucial in getting customers to their destinations.”	By providing a second container terminal for NSW, the Port of Newcastle would help alleviate the Sydney road and rail congestion issues that the draft plan identifies.
SAFER COMMUNITIES REDUCING ROAD FATALITIES “Reduce road fatalities by at least 30 per cent from 2011 levels by 2021”.	A Newcastle container terminal can assist with the goal of moving more freight via rail rather than road. A container port closer to central, north and north west NSW export and import centres provides an opportunity for shorter journeys.

HOW A NEWCASTLE CONTAINER TERMINAL WILL HELP DELIVER TRANSPORT FOR NSW'S PRIORITIES



TRANSPORT FOR NSW PRIORITIES (SOURCE: DRAFT FREIGHT AND PORTS PLAN, P10)	A PORT OF NEWCASTLE CONTAINER TERMINAL WILL DELIVER
CUSTOMER FOCUSED Customer experiences should be seamless, interactive and personalised, supported by technology and data.	By providing a level playing field for a Newcastle container terminal, the NSW Government would provide customers with the choice of the most efficient and cost effective supply chain for their cargo.
SUCCESSFUL PLACES By having a local focus across New South Wales, we support the growth of communities, places and the economy.	A Newcastle container terminal would have a flow on economic benefit across its NSW catchment area.
GROWING THE ECONOMY A transport system that powers our State's \$1.3 trillion economy and enables economic activity across the State.	A Newcastle container terminal would provide an economic boost across NSW through supply chains savings and the capital development, while saving the NSW Government billions in infrastructure spend elsewhere.
SAFETY AND PERFORMANCE The transport network will provide every customer with efficient, safe and secure travel across a high performing network.	The Port of Newcastle is close to central, north and north western NSW regions, providing for more efficient and shorter journeys.
ACCESSIBLE SERVICES Making it possible for everyone to get the most out of life, wherever you live.	Cost savings in excess of 30% for exporters in north west NSW will benefit local communities and help them to compete internationally.
SUSTAINABLE By building a more efficient network we deliver benefits for our environment, economy and wellbeing.	Moving more freight via rail and shorter journey times are good for the environment. Cost savings for NSW exporters and importers will deliver economic benefits which will also benefit the wellbeing of Regional NSW communities.

HOW A NEWCASTLE CONTAINER TERMINAL WILL HELP DELIVER THE NSW FREIGHT AND PORTS PLAN



Source: <https://future.transport.nsw.gov.au/draft-plans/draft-nsw-freight-and-ports-plan/1-introduction/1-4-about-this-draft-plan/>

NSW FREIGHT AND PORTS PLAN PRIORITIES (SOURCE: DRAFT FREIGHT AND PORTS PLAN, P12)	A PORT OF NEWCASTLE CONTAINER TERMINAL WILL DELIVER
STRENGTHEN FREIGHT INDUSTRY AND GOVERNMENT PARTNERSHIPS	The Port of Newcastle is only 50% utilised. This presents a significant opportunity not only for the NSW Government, but for the industry including NSW exporters and importers.
INCREASE ACCESS FOR FREIGHT ACROSS THE ROAD AND RAIL NETWORK	The Port of Newcastle has existing connections to road and rail supply chains with huge capacity for container freight growth, alongside growth in bulk cargoes.
PROTECT EXISTING FREIGHT PRECINCTS AND ENSURE SUFFICIENT FUTURE LAND USE	The Port of Newcastle has an 80 hectare site which can accommodate a 2 million TEU container terminal. It is already connected to national heavy vehicle road and rail networks.
FACILITATE INTRODUCTION OF TECHNOLOGIES THAT REDUCE FREIGHT COSTS AND IMPACTS	Utilising the Port of Newcastle and existing road and rail infrastructure can save exporters in the central west and northern NSW more than 30%.
REDUCE THE REGULATORY BURDEN ON INDUSTRY	By providing a level playing field for a Newcastle container terminal, the NSW Government would deliver greater competition, efficiency and cost savings for NSW exporters and importers.
ENSURE SAFE, EFFICIENT AND SUSTAINABLE FREIGHT ACCESS TO PLACES	The Port of Newcastle is closer to central, north and north west NSW, and can reduce the pressure on Sydney road and rail networks as an alternate choice for cargoes from or destined for these areas.

5. CONCLUSION

It is important that the NSW Freight and Ports Plan recognises the economic value of the Port of Newcastle and its road and rail supply chains to the NSW economy. In particular, the plan needs to:

- Accurately define port land and key road and rail supply chains that feed into and out of the port, recognise their value to the regional and NSW economies, and protect these nationally significant assets from urban encroachment.
- Recognise the current port activities and protect these businesses and trades from urban encroachment.
- Align with the Port Master Plan including the key growth projects that Port of Newcastle has identified for the Port over the next 20 years and beyond including a container terminal, an automotive and Ro-Ro Hub, and the growth of existing and new trades.
- Provide a state-wide freight strategy that meets the needs of exporters and importers throughout NSW.
- Recognise the Port of Newcastle's capacity to more than double its current trade, and the capacity that exists within the road and rail supply chains that will help deliver this task.
- Support a Port of Newcastle container terminal and recognise that it is part of the container freight solution for NSW.

We request that the NSW Government:


- Establishes a level playing field for a

We request that the NSW Government establishes a level playing field for a Newcastle container terminal to allow the Port of Newcastle to compete with the other privately owned ports in New South Wales and Queensland.

Newcastle container terminal to allow the Port of Newcastle to compete with the other privately owned ports in New South Wales and Queensland.

- Work with NSW Government agencies and local government to ensure that there is a broad understanding of the Plan, particularly the economic importance of the port and its growth potential.
- Allocate resourcing to support the growth opportunities outlined (e.g. allocating a local Transport for NSW resource and planning for future transport upgrades, as outlined in Port of Newcastle's Submission re: the Newcastle Future Transport Strategy).
- Regularly engage with the Port of Newcastle and its customers to ensure that the Plan remains in step with the plans and growth opportunities.

Port of Newcastle looks forward to further engagement with the NSW Government as it finalises and implements the Freight and Ports Plan.



The Port of Newcastle imports cargoes for Sydney CBD developments such as trains for the Sydney Metro (pictured) and tunnel boring machines.

ATTACHMENT A - OVERVIEW OF THE PORT OF NEWCASTLE

OUR ROLE

Port of Newcastle is the commercial manager of the Port and has a 98-year lease with the NSW Government. We manage:

- Trade and port development.
- 792 hectares of port land.
- Wharf and berth services.
- Maintenance of major port assets.
- Vessel scheduling.
- Dredging and survey services.
- Cruise shipping.
- Legal, planning and environmental services.
- Community and stakeholder relations.

Port of Newcastle works in partnership with the Port Authority of NSW, customers and port and supply chain service providers to run a safe and efficient port.

Newcastle is the second largest city in NSW and is part of the Hunter region. The Hunter region is the largest regional economy in Australia and is the largest regional contributor to New South Wales' gross domestic product.

The Port of Newcastle is Australia's third largest port and the largest on the east coast by tonnage. It makes a significant contribution to New South Wales trade, handling more than 167 million tonnes per annum, valued at \$24 billion.

Port activity alone contributes around \$1.6 billion and around 9,240 full time equivalent jobs per annum to the Hunter region's economy. This does not include the substantial additional economic contribution of the coal mining and agricultural industries.

Close to major centres (kilometres)

- Sydney - 161 kms
- Brisbane - 781 kms
- Dubbo - 377 kms
- Convenient heavy vehicle and rail transit times to Sydney and major NSW rural centres.



Shareholders with global expertise

Port of Newcastle's shareholders are The Infrastructure Fund (TIF) and China Merchants Group.

China Merchants Group was established in 1872 as the first commercial corporation in China and now has more than \$1,000 billion in global assets under management across 18 countries.

TIF investors include industry superannuation funds representing more than 2 million members, as well as other institutional investors. It has a portfolio of Australian and overseas assets worth more than \$2.4 billion.

Port of Newcastle operates under a 98-year lease with the NSW Government which commenced in May 2014.

THE PORT OF NEWCASTLE AT A GLANCE



200 hectares of vacant port land ready for development.



Superior national road and rail network connections. Direct heavy vehicle access to the berth.



Berth side rail connection.



15.2m deep shipping channel can handle more than 10,000 ship movements and more than 328 million tonnes of trade per annum.

OVERVIEW OF THE PORT OF NEWCASTLE (CONTINUED)

The Port of Newcastle has direct road and rail connections throughout central, west, north and north-west New South Wales.

For exporters, it provides a gateway to growing international markets. For importers, it provides a cost effective and efficient way of reaching major regional and metropolitan NSW centres.

The Port of Newcastle's natural catchment area extends west to Parkes and north to Moree, taking in Dubbo, Tamworth, Armidale, Narromine and Walgett. It encompasses land rich in minerals and agriculture, meat, timber and the manufacture of steel and aluminium.



ATTACHMENT B - THE PORT'S CONTRIBUTION TO THE NSW ECONOMY



\$1.8 BILLION PER ANNUM
TO GROSS STATE PRODUCT

ECONOMIC IMPACT

of the Port of Newcastle, 2016/17

	Turnover (\$m)	Employment (FTE)	Household Income (\$m)	Gross Regional Product (\$m)
LOWER HUNTER				
Direct	1,763	4,722	529	914
Flow-on	1,479	4,519	371	695
TOTAL	3,242	9,240	900	1,609
NSW				
Direct	1,763	4,722	529	914
Flow-on	1,763	5,306	472	864
TOTAL	3,526	10,028	1,001	1,778
AUSTRALIA				
Direct	1,763	4,722	529	914
Flow-on	2,333	6,386	595	1,100
TOTAL	4,096	11,108	1,124	2,014

LOWER HUNTER FLOW-ON EFFECTS

for the Port of Newcastle by industry sector, 2016/17

INDUSTRY SECTOR	Output (\$M)	Employment (FTE)	Household Income (\$M)	Contribution to GRP (\$M)
Agric, forestry and fishing	7	20	1	3
Mining	7	16	1	3
Manufacturing	290	780	67	92
Electricity, gas, water and waste services	106	161	11	44
Construction	157	469	38	53
Wholesale Trade	47	145	17	23
Retail trade	74	616	35	45
Accommodation and food services	59	458	22	31
Transport, postal and warehousing	98	409	26	43
Information media and telecommunications	23	56	5	12
Financial and insurance services	115	204	27	69
Ownership of dwellings	176	0	0	136
Rental, hiring and real estate services	124	162	23	46
Professional, scientific and technical services	104	530	50	52
Administrative, public and other services	92	493	46	43
TOTAL	1,479	4,519	371	695

Source: EconSearch analysis

EVERY DOLLAR

spent in the Port of Newcastle generates a

FLOW-ON BENEFIT

for the local, state and national economies of

\$0.84 to \$1.32

TOP 5

sectors that benefit most from port-related activity were:



- 1 Manufacturing
- 2 Finance and insurance services
- 3 Ownership of dwellings
- 4 Transport and warehousing
- 5 Professional, scientific and technical services

2016/17 JOB GENERATION

REGIONAL (Lower Hunter)	9,000
STATE (NSW)	10,000
NATIONAL (Australia)	11,000



Over the next five years this is forecast to increase to 10,000—12,000 jobs.

CARRINGTON PRECINCT

- 4 West Basin 3 Berth
- 5 West Basin 4 Berth
- 6 East Basin 1 and 2 Berths
- 7 Towage services
- 8 Channel Berth
- 9 Dyke 1 Berth
- 10 Dyke 2 Berth
- 11 Dyke 4 and 5 Berths

MAYFIELD PRECINCT

- 12 Mayfield 4 Berth
- 13 BHP 6
- 14 Mayfield 7 Berth

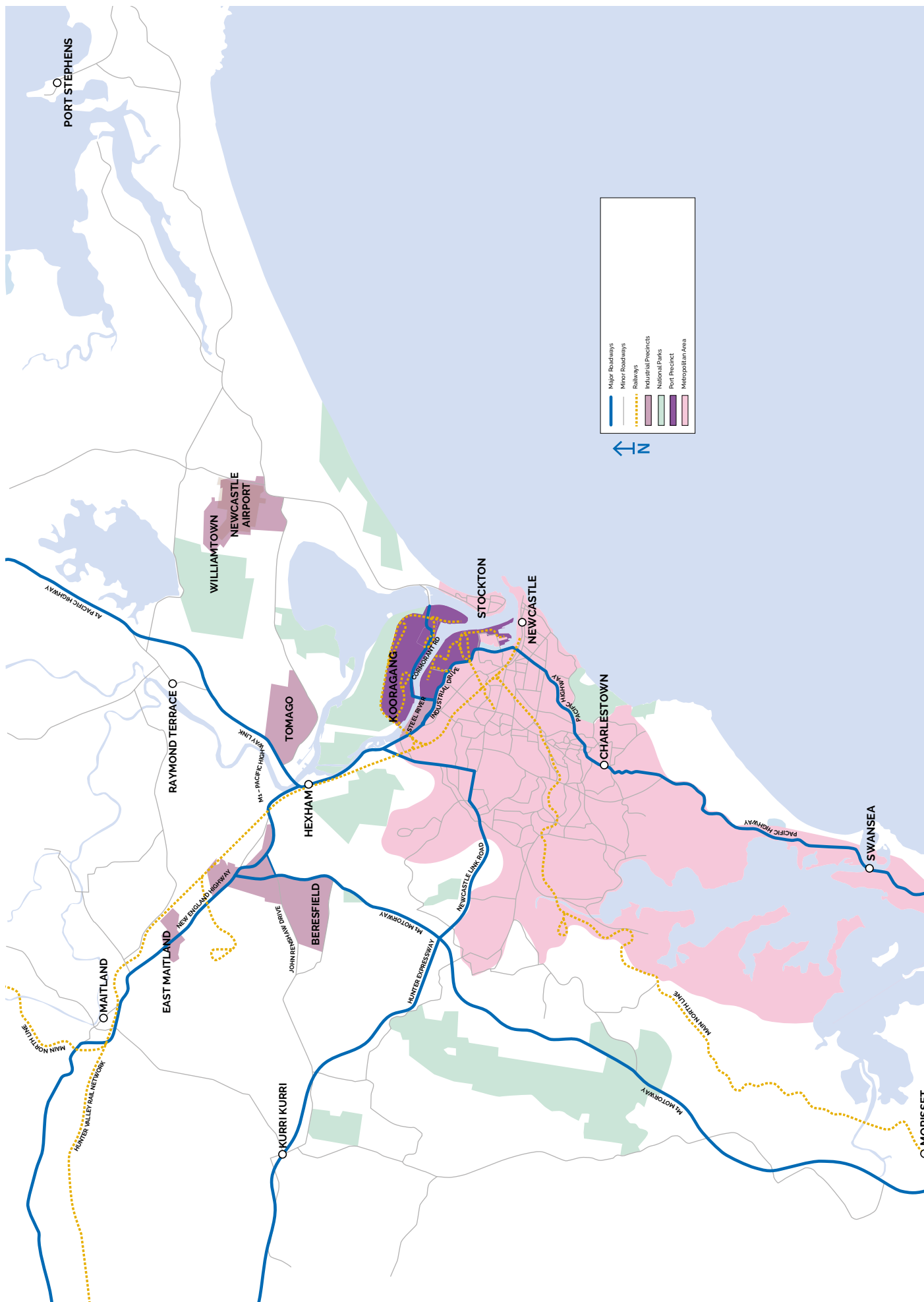
KOORAGANG PRECINCT

- 15 Kooragang 4, 5, 6, 7 Berths
- 16 Kooragang 8, 9, 10 Berths

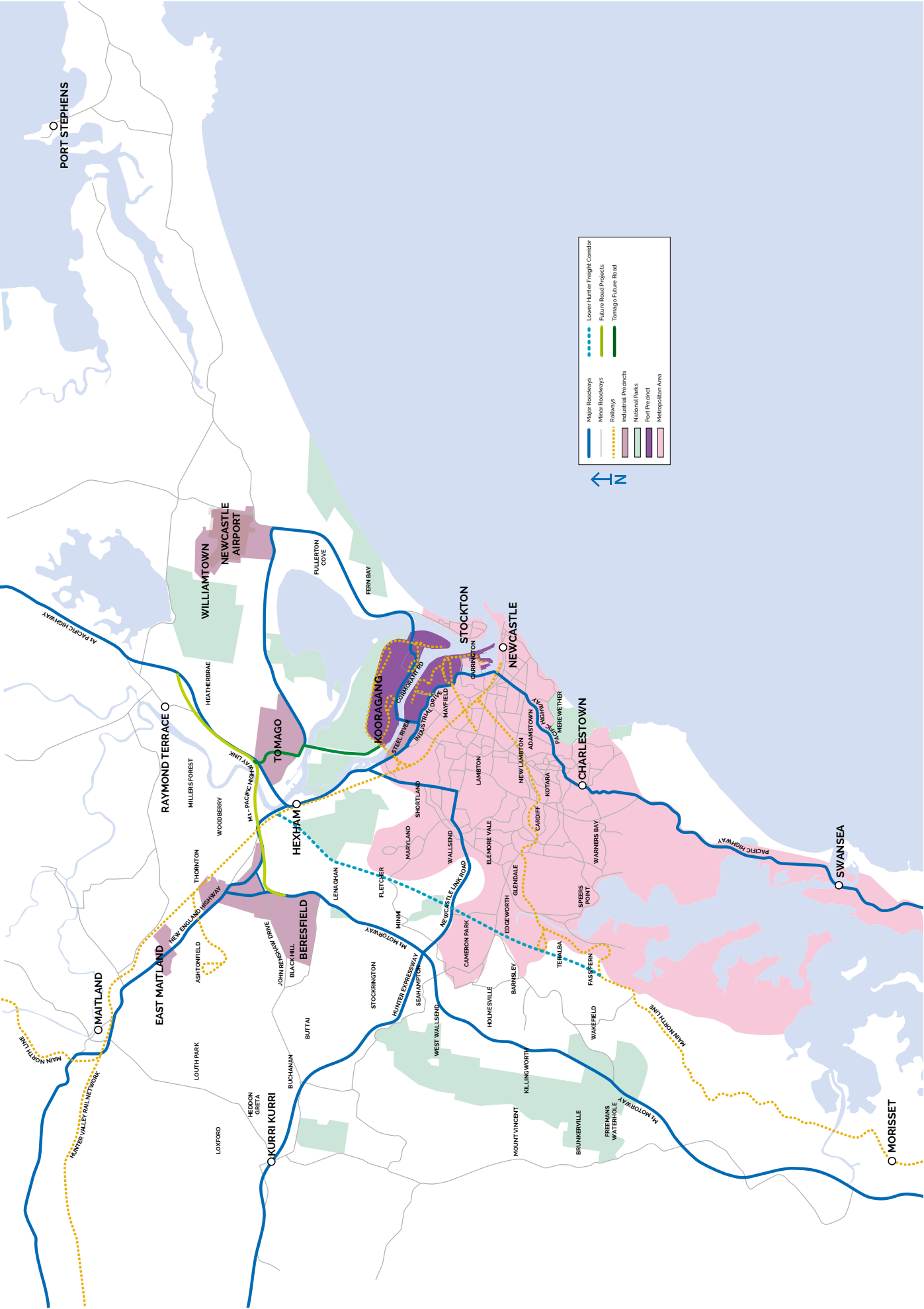
WALSH POINT PRECINCT

- 17 Kooragang 2 Berth
- 18 Kooragang 3 Berth

ATTACHMENT D - CURRENT TRANSPORT LINKS



ATTACHMENT E - FUTURE TRANSPORT LINKS



ATTACHMENT F - PORT OF NEWCASTLE TRADE 2017

COMMODITY EXPORTS	MASS TONNES	TEUs	TRADE VALUE (\$ MILLION)
Aluminium	61,131	0	\$151.0
Coal	159,014,038	0	\$19,437.2
Concentrates	468,543	0	\$693.2
Machinery, Project Cargo & Vehicles	16,407	697	\$164.1
Meals & Grains	236,899	482	\$42.6
Pitch & Tar Products	103,096	0	\$71.6
Steel	104,039	290	\$22.6
Wheat	1,834,303	95	\$359.9
Other Trade	287,698	2,394	\$168.5
TOTAL EXPORTS	162,126,154	3,958	\$21,110.6
COMMODITY IMPORTS	MASS TONNES	TEUs	TRADE VALUE (\$ MILLION)
Alumina	1,106,282	0	\$285.3
Cement	251,074	0	\$18.8
Fertiliser	587,852	0	\$209.3
Fuels	1,856,427	0	\$1,131.6
Machinery, Project Cargo & Vehicles	75,087	180	\$750.7
Meals & Grains	186,176	0	\$85.2
Petroleum Coke	215,383	0	\$80.5
Pitch & Tar Products	146,724	0	\$116.3
Steel	232,102	107	\$50.4
Other Trade	253,037	5,251	\$173.2
TOTAL IMPORTS	4,910,144	5,538	\$2,901.2



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