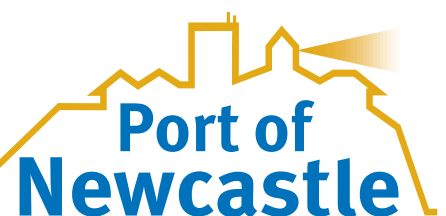




THE PORT OF NEWCASTLE

ECONOMIC IMPACT REPORT 2016/17



THE STUDY

An independent study by EconSearch (a division of BDO) concluded the Port of Newcastle is well placed to support the predicted doubling of Australian freight over the next 20 years and beyond.

The study illustrates the Port's significant contribution to local, state and national economic growth and employment. It examined the way growth in the Port leads to growth in other sectors of the economy such as infrastructure and hospitality, ownership of dwellings, and employment opportunities. The flow-on effects of port-related activity on other sectors in the economy are also highlighted.

The study noted that the Port has the capacity to handle more than 328 million tonnes of trade and more than 10,000 shipping movements per annum – more than double its current trade. This can be delivered via the existing deep water shipping channel and 200 hectares of vacant port land which presents a huge opportunity for state and national economic growth, without major government investment.

The Port of Newcastle has direct access to the national Australian Rail Track Corporation (ARTC) rail network and the Sydney metropolitan rail network which offers improved alternatives to road freight. This also provides the opportunity for the establishment of market-led supply chains through increased choice and competition between modes (road vs rail) and choice of export ports. Rail freight infrastructure to the Port of Newcastle allows Australian grain producers to make significant transport cost savings by railing their freight to the Port. This increases the global competitiveness of Australian farmers.

The study concluded the direct impact of port-related activity on NSW output was valued at \$1.8 billion, value added \$914 million, household income \$529 million and employment over 4,700 jobs.

It also concluded that for every dollar spent in the Port of Newcastle a flow-on benefit for the local, state and national economies of up to \$1.32 is generated. For every million dollars of output generated by the Port of Newcastle,

5.2 jobs are created.

The Port of Newcastle is well known as the world's largest coal export port, but its diversity (25 cargoes) and untapped capacity (200 hectares of vacant port land and a shipping channel that can double the current ship numbers) is not well known or understood. Similarly, the Port and its road and rail supply chains are positioned to facilitate the growth not only of the Hunter region, but of its entire catchment area, as well as Sydney.

Port of Newcastle acknowledges the key stakeholders who contributed to the study including port terminals, service providers within the Port and the supply chain and government agencies.

N.B. Port impact figures do not include the production and consumption of port trades. For example, the coal mining and agricultural sectors would contribute billions more and many thousands of additional jobs.

THE PORT OF NEWCASTLE

In 2016/17 the Port of Newcastle handled

170.4 million

tonnes of trade valued at nearly

\$23 billion



Australia's

3RD LARGEST

port & the largest port on the east coast.

CAPACITY
to more than
DOUBLE
its current trade.



The port's channel has been modelled at more than

10,000

ship movements and more than

328 million

tonnes of trade.

200 ha

of portside land available for development.



20 operational berths.

The Port of Newcastle is a global gateway, facilitating trade throughout Asia and the Pacific. It provides New South Wales coal and agricultural producers with an efficient and economic means of reaching growing Asian markets.

The Port also handles the import of containers, fertiliser, pitch and tar, and machinery and building materials to support the construction and operation of farming, mining and infrastructure projects throughout New South Wales.

In 2016/17 the Port of Newcastle handled 170.4 million tonnes with an estimated value of \$23 billion. This positions the Port of Newcastle as Australia's third largest port and the largest port on the east coast by trade volume.

The Port has significant capacity for future growth and diversification

of trade. It has the capacity to more than double its current trade and it has 200 hectares of vacant land available for port-related development.

The Port's channel has been modelled at more than 10,000 ship movements and more than 328 million tonnes of trade.

The Port of Newcastle is centrally located between Melbourne and Brisbane. Its catchment area extends west to Parkes and north to Moree, taking in Dubbo, Tamworth, Armidale, Narromine and Walgett. This area encompasses land rich in minerals and agriculture, meat, timber and the manufacture of steel and aluminium.

The Port is directly connected to national rail and road transport networks extending through regional New South Wales and out to Sydney and Brisbane.

The Port's 25 cargo types span a variety of modes including dry bulk, bulk liquids, break bulk, project, Ro-Ro, passengers and containers.



TOTAL IMPACT



The Port of Newcastle generated direct and flow-on benefits of \$1.8 billion to the NSW economy in 2016/17. The estimated total impact on the regional (Lower Hunter) economy alone was \$1.6 billion.

This was equivalent to approximately 0.35 per cent of New South Wales's gross state product, or 9 per cent of gross regional product.

Household income generated by the Port was \$1 billion state wide (\$900 million in the Lower Hunter region).

The number of jobs created via port activity and flow-on impacts was estimated at just over 10,000 full time jobs across New South Wales or 9,000 within the Lower Hunter.

There were 2,320 ship visits to the Port of Newcastle by commercial cargo vessels during 2016/17.

The average impact per ship visit state-wide was \$1.5 million of business turnover and 4.3 full time jobs. Regionally, this equated to \$1.4 million of business turnover and 4 full time jobs.

The Port's impact has a multiplier effect. Every dollar spent in the Port of Newcastle generates a flow-on benefit for the local, state and national economies between \$0.84 and \$1.32.

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

Source: EconSearch analysis

REGIONAL

Lower Hunter

\$1.6
BILLION

STATE

New South Wales

\$1.8
BILLION

NATIONAL

Australia

\$2.0
BILLION



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 **10,000**

NATIONAL (Australia) **11,000**



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

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

AVERAGE IMPACT PER SHIP CALL

for the Port of Newcastle, 2016/17

INDUSTRY SECTOR	LOWER HUNTER	NSW	AUSTRALIA
Turnover (\$)	1,391,000	1,513,000	1,758,000
Employment (fte)	4.0	4.3	4.8
Household income (\$)	386,000	429,000	482,000
Contribution to GRP (\$)	690,000	763,000	864,000

Source: EconSearch analysis

In 2016/17 each

SHIP VISIT

contributed nearly:



CASE STUDY

THE NSW COAL INDUSTRY



Coal exports represented 96% of the Port of Newcastle's trade in 2016/17, providing a stable platform for the port's continued growth and diversification.

Coal mining accounts for around 80% of mineral mining production in NSW. In 2015/16, the NSW coal mining industry produced 191 million tonnes of saleable coal worth around \$14.6 billion (NSW Department of Planning and Environment 2017).

The economic contribution of coal mining to NSW and the Hunter region was estimated assuming that 80% of mineral production in NSW is attributable to coal mining and 100% of mineral production in the Hunter region.

The results indicate that in 2015/16, total GRP associated with coal mining was estimated to be \$13 billion in NSW, of which \$7.8 billion was attributable to the Hunter region.

Total coal mining related employment in NSW was around 51,000 fte of which 36,000 were from the Hunter region.

Together, port activity and the Hunter valley coal industry contributed \$9.4 billion to the region's economy and \$15.0 billion to the NSW economy.



Economic Impact of
COAL MINING
in the Hunter region:

\$7.8 billion

**36,000
JOBS**



THE FORECAST

The Port's existing cargoes are forecast to increase to 204 million tonnes by 2020/21. It is estimated that this will generate 10,000 direct and indirect full-time jobs in the Lower Hunter alone.

This study provides a baseline for the port to measure its future economic impact as it attracts new trades and tenants.

Significant further growth is anticipated given the significant capacity that exists within the Port and the Port's road and rail supply chains and the value that this offers to NSW exporters and importers.

For example, the development of a container terminal would have a substantial additional benefit throughout the Hunter region and NSW.

PORT USERS

Data was collated from port terminals, service providers within the Port and the supply chain and government agencies.

The companies reported \$796 million in expenditure. Of this total direct expenditure 73% was spent in the Lower Hunter, 12% in NSW, 8% elsewhere in Australia and 7% overseas.

Port businesses

INVEST

More than

\$2.2 million

per annum in

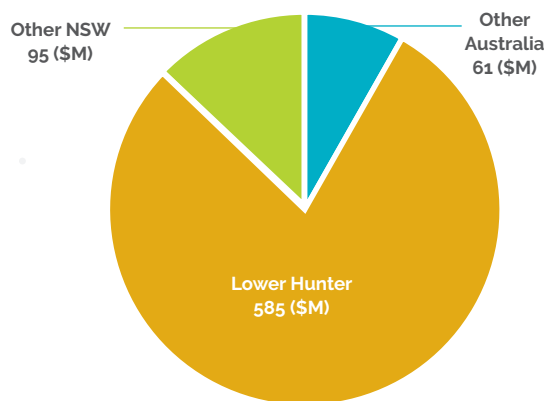
COMMUNITY SPONSORSHIPS & GRANTS

in support of educational, environmental, welfare and arts and cultural projects.



DIRECT EXPENDITURE

By region 2016/17



INDUSTRY SECTOR	LOWER HUNTER (\$M)	NSW (\$M)	AUSTRALIA (\$M)
Manufacturing	127	146	152
Construction	122	140	140
Rental, hiring and real estate services	75	87	89
Business support services	70	81	81
Transport, postal, warehousing	42	48	56
Professional, scientific and technical services	33	39	45
Electricity, gas, water and waste services	32	37	37
Trade services and accommodation	19	22	24
Finance and insurance services	10	16	19
Other expenditure	56	65	98
TOTAL	585	680	741

Source: EconSearch analysis

CASE STUDY PORT COMPARISON

The Port of Newcastle is the

LARGEST PORT

on the east coast by trade volume, and is one of three major ports in NSW.

The Port of Newcastle represents:

70% OF NSW TRADE VOLUME

The Port has

CAPACITY TO DOUBLE

more than current trade

CARGO

Traded through the Port of Newcastle, 2014/15 to 2016/17 (mass tonnes)

PORT	VESSEL VISITS			TOTAL TRADE (MILLION TONNES)		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
Newcastle	2,207	2,216	2,320	165.7	165.7	170.4
Port Kembla	807	870	883	22.8	24.4	26.4
Port Botany ^a	1,674	1,700	1,774	39.6	44.8	46.7
TOTAL	4,751	4,786	4,977	228.1	234.9	243.5

^a Volume traded in 2014/15 was estimated based on half-year volume (January–June).

Source: EconSearch analysis

**Published by
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and EconSearch**

Thank you to the organisations
who participated in this study.

