

PORT OF NEWCASTLE: MYTHS BUSTED

MYTH 1: POTENTIAL FOR EMPLOYMENT OPPORTUNITIES (12,000) ARE FALSE BECAUSE IT WILL BE AN AUTOMATED CONTAINER TERMINAL

The employment opportunities arise in three ways:

1. The significant investment in the container terminal will drive significant construction, design and project management job opportunities. This is not a 'one-off' opportunity, because the project is intended to be phased over 6 stages and a period of 30 years. Over that period, there will be intense phases of construction.
2. The initial container terminal will be more conventional, requiring staff to operate cranes and manage the container terminal operations. Once sufficient volumes are reached, investment in automation technology will shift those jobs to more highly skilled maintenance activities, to ensure the 24 hour operations of the terminal.
3. Significant job opportunities are expected from the reorientation of supply chains following the Newcastle Container Terminal investment. Complementary investment in trucking / rail operations, warehousing, packing, etc in the region are expected to be substantial as Newcastle becomes a significant gateway for the NSW economy.

MYTH 2: NSW IS AN IMPORT-DOMINANT STATE, WHICH MEANS THAT CONTAINERS LANDED IN NEWCASTLE WOULD NEED TO BE TRUCKED/RAILED OVER 200KM AWAY TO SYDNEY / WESTERN SYDNEY. NEWCASTLE WON'T BE COST COMPETITIVE ON THIS

- The Newcastle Container Terminal is expected to be a positive disruption to existing supply chains. Through increased choice and competition, shippers will reorient supply chains such that we expect not all containers will continue to transit to Western Sydney before unpacking and transport to end-point destinations throughout the state.
- Distance to Sydney/Western Sydney is not the driver of transport costs. Travel time is. It follows that increasing road congestion in and around Botany means that the travel time for a container from Newcastle to Western Sydney compared to Botany to Western Sydney is comparable and so Newcastle can be cost competitive on the transport leg of the journey.
- Newcastle Container Terminal is also expected to lower costs and improve reliability through:
 - Facilitating larger container vessels, which lowers shipping costs
 - Automation over time, which lowers terminal fees and improves reliability
- By shifting trucks away congested Sydney roads, to roads in Newcastle / M1 which is less congested, the Newcastle Container Terminal will actually lower congestion overall in Sydney.



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 +61 2 4908 8200

 info@portofnewcastle.com.au

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MYTH 3: NO CONSIDERATION HAS BEEN GIVEN TO THE MASSIVE ROAD AND RAIL INFRASTRUCTURE INVESTMENT THAT WILL BE NEEDED TO SUPPORT 2 MILLION CONTAINER MOVEMENTS PER ANNUM

- PoN has already undertaken preliminary assessment of the implications on road and rail infrastructure, and our preliminary analysis indicates that existing rail/road infrastructure can readily accommodate the container movements expected.
- Remember that the Newcastle Container Terminal will reduce the movements currently heading north from Port Botany
- We estimate that up to 60 per cent of containers would be transported by rail. This would increase the proportion of all containers on rail, further decreasing impact on roads compared to the current use of trucks at Port Botany.
- We estimate at its peak, there will be an additional 200 containerised trucks traversing the M1 each day by 2046. This would represent an increase of approximately 10 per cent in freight truck movements. Currently there are around 40,000 daily vehicle movements. The increased truck movements will be imperceptible.

MYTH 4: ANY RAIL SOLUTION WILL REQUIRE BILLIONS OF DOLLARS OF ADDITIONAL PUBLIC INVESTMENT TO ENHANCE THE CURRENT NETWORK

- This is not supported by the evidence. There is publicly available information that there are rail path slots currently available to support the Newcastle Container Terminal.
- Rail capacity is based on current available rail slots on the Northern and Western lines (this can be seen at <https://www.transport.nsw.gov.au/data-and-research/freight-data/freight-performance-dashboard/rail-freight-access>). We will only need a few trains a day to do the volumes anticipated.
- In addition, inland rail is expected to increase the number of available slots on the line.
- There is no evidence to support a conclusion that significant road/rail infrastructure investment is needed.

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MYTH 5: THERE IS NO DEMAND FOR A CONTAINER TERMINAL IN NEWCASTLE AS THE REGION IS ADEQUATELY SERVICED BY BOTANY WHICH IS LESS THAN HALF FULL

- The Newcastle Container Terminal will put competitive pressure on Port Botany. Local Hunter region importers and exporters will face significantly lower costs.
- Improved performance and lower costs will benefit everyone in NSW.
- Reliability problems at Botany means that there is considerable interest from shippers on a PoN Container Terminal.
- Also there are significant problems managing empty containers at Botany due to land constraints, which won't be a problem at the Mayfield site.

MYTH 6: GIVEN THAT THE NEWCASTLE CONTAINER TERMINAL WON'T GROW TRADE, THE COST WILL NEED TO BE RECOVERED FROM EXISTING TRADE THEREBY INCREASING EXISTING SUPPLY CHAIN COSTS

- This point demonstrates a lack of understanding about how competition works.
- The Newcastle Container Terminal will service new trade that might have otherwise gone to Botany. This might lower Botany's profits, but will not ultimately increase supply chain costs to shippers.
- In contrast, the competition can only mean that shippers will benefit, because Newcastle will have strong incentives to charge lower fees, and Botany will likely retaliate through lowering its fees.
- Existing trade can only benefit from the competition.



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WHEN WILL WE SEE A CONTAINER PORT IN NEWCASTLE?

We expect to start moving containers through the port with our new mobile harbour cranes in September.

Amending the PCD will allow us to expand that activity, kick-starting a six-phase, 30-year construction project that will bring jobs into our region and help Newcastle reach its full economic potential.

IF THE PCD IS AMENDED WHEN WILL YOU START CONSTRUCTION?

We've already made a soft start with the arrival of our two mobile harbour cranes.

Over the coming weeks and months we hope to announce further projects that will support a deepwater container port at Newcastle.

If the PCD is amended we'll start to escalate those preparations.



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