



**The Hon. Andrew Constance MP**  
Minister for Transport and Roads  
Leader of the House

Mr David Blunt  
Clerk of the Legislative Council  
NSW Legislative Council  
6 Macquarie Street  
SYDNEY NSW 2000

Dear Mr Blunt

Please find attached the NSW Government response to the Public Works Committee's inquiry into the impact of Port of Newcastle sale arrangements on public works expenditure in New South Wales.

Yours sincerely

8/7/19

**The Hon. Andrew Constance MP**  
Minister for Transport and Roads  
Leader of the House

*Received on behalf of the Clerk  
of the Parliament at 10.30 a  
on Tuesday 9 July 2019*



**Transport  
for NSW**

# **NSW Government response**

Legislative Council Public Works Committee

*Inquiry into the Impact of Port of Newcastle sale  
arrangements on public works expenditure in New  
South Wales*

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# Introduction

Since 2011, the focus of the Government's policy, planning and infrastructure agenda for freight and logistics has been on making the freight system and its assets more efficient and capable.

Proceeds from the Government's asset recycling program are supporting the Government's unprecedented infrastructure program. Many of the projects that will improve the movement of people and goods in NSW have been planned for some time but only now have been able to be delivered due to asset recycling.

Our policy, planning and infrastructure agenda is in the interests of customers and producers – and reflects the opportunities and realities of current supply chains.

The NSW port policy first released in 2012<sup>1</sup>, and reinforced in the NSW Freight and Ports Plan 2018-2023, recognised investments in and around Port Botany over the past two decades which have been coordinated through a consistent and bipartisan approach by the NSW and Australian governments. This provides confidence and certainty that encourages continued investment in the freight industry to support economic growth.

NSW freight and port policy:

- Is based on evidence which considers broader market forces and population growth and demand forecasts;
- Benefits NSW customers, producers and workers through the accumulated effect of targeted infrastructure investment close to where they live, work and trade – and where these activities are most likely to grow over the next 20 years; and
- Is guided by industry investment and providing certainty for investment which is key to growing the NSW economy.

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<sup>1</sup> Transport for NSW (2012) NSW Freight and Ports Strategy (draft)

## **Recommendation 1**

That the Legislative Council consider establishing an inquiry into the ports transactions, and specifically container limitations and associated financial obligations contained within the Port Commitment Deeds, at the conclusion of the Federal Court proceedings involving the Australian Competition and Consumer Commission and NSW Ports or at such time as the House determines.

### **NSW Government response**

Noted. This recommendation is a matter for the Legislative Council.

## Recommendation 2

That the NSW Government conduct a detailed investigation of freight rail options between Ports Botany, Newcastle and Kembla, including options for line duplication and dedicated freight-line construction, to ensure strategic future corridors are preserved, to optimise rail modal share of freight transport, to better align capacity to meet future demand and to improve the rail service reliability.

### **NSW Government response**

The NSW Government has investigated and committed to strategic freight rail priorities for New South Wales, as outlined in the NSW Freight and Ports Plan (FPP), published in September 2018. The development of the FPP involved extensive industry consultation.

The FPP sets out the Government's evidence-based priorities and commitments to the movement of rail freight, as well as initiatives for the broader rail freight industry, including the following key projects: Lower Hunter Freight Corridor, Western Sydney Freight Line, Outer Sydney Orbital between the Illawarra region, Western Sydney and the Central Coast (road and rail corridor), Maldon to Dombarton rail line, Northern Sydney Freight Corridor stage 2 and Port Botany rail line duplication.

Other priorities identified include maintaining rail freight capacity on the Sydney Trains shared network, investigating higher performance rail freight train operations and supporting the ARTC's Hunter Valley and Sydney Metropolitan network strategies.

In line with the clear and consistent Government policy, private industry has also been investing to support the growing rail freight task and to improve rail service reliability.

The NSW Government submission provides a timeline of freight policy and investment in NSW and demonstrates the consistent policy of maximising the use of rail for the movement of freight over the past two decades. The NSW Government has a target to increase the share of rail freight at Port Botany to 28 per cent by 2020.

The current FPP outlines key rail freight policy, planning and infrastructure priorities, based on evidence and analysis. We do not believe that there is a case for conducting additional detailed investigations of rail freight options between Ports Botany, Kembla and Newcastle at this time. Any future revisions and updates to the FPP will be evidence-based, considering factors such as any changes to broader market forces, population growth and demand forecasts.

## **Recommendation 3**

That the NSW Government conduct a review of the State's ports policy, including the potential for a container terminal at the Port of Newcastle, at the conclusion of the Federal Court proceedings involving NSW Ports, or at such time as the House determines.

### **NSW Government response**

The Government's ports policy for meeting the State's future container trade needs is to realise the full capacity of Port Botany before investing in another port, to maximise benefits to users and taxpayers. This has been a consistent position in strategies including the draft NSW Freight and Ports Strategy 2012, NSW Freight and Ports Strategy 2013, NSW Freight and Ports Plan 2018-2023, State Infrastructure Strategy 2018-2023 and Future Transport 2056.

Investments in and around Port Botany over the past two decades have been coordinated through a consistent and largely bipartisan approach by the NSW and Australian governments. Successive NSW Governments have invested in creating capacity for container freight through Port Botany. Fully using this capacity, before building additional capacity at another port, will maximise benefits to industry, consumers and taxpayers.

For these reasons the economic drivers recognised in the State's ports policy are unlikely to change in the foreseeable future. The NSW Government is of the view that there is no case for a change in policy at the current time.

Nevertheless, as part of the future updates and revisions to the Freight and Ports Plan (2018-2023), Transport for NSW will continue to review evidence including monitoring broader market forces, population and demand forecasts and any developing or changing freight conditions. Any impacts on the effectiveness of policies would be considered, with a view to revising policies if and when the need arises.