

PUBLIC WORKS COMMITTEE

INQUIRY INTO IMPACT OF PORT OF NEWCASTLE SALE ARRANGEMENTS ON PUBLIC WORKS EXPENDITURE IN NEW SOUTH WALES

LEGISLATIVE COUNCIL

Responses to Supplementary Questions

Question 1

Does the NSW Treasury still predict that coal mining volumes will “grow by 1.2 per cent a year” to 2056 as stated in the 2016 Intergenerational Report?

- a. What is this assumption based upon?
- b. Is this assumption consistent with the NSW Government policy to reach net- zero emissions by 2050?
 - i. If so, how?

Answer

The 2016 Intergenerational Report projects that **mineral volumes** will grow by 1.2 per cent a year in the long term. This projection remains unchanged. Treasury will review this projection as part of the next Intergenerational Report in 2021.

This projection is in line with estimates from the Commonwealth Department of Industry, Innovation and Science (*Office of the Chief Economist, 2014. Australian Energy Projections 2049-50*).

If emissions in New South Wales continue to fall at the same rate they have in recent years, they will almost reach net-zero by 2050. Although NSW’s recent emissions trends put us on the pathway to coming close to net-zero emissions by 2050, action will be needed to keep this momentum.

Through the Climate Change Fund, the NSW Government is investing \$1.4 billion between 2017 and 2022 to reduce emissions, improve energy reliability and affordability and improve the resilience of communities across NSW to climate change.

Question 2

What modelling does NSW Treasury use regarding the long term outlook for coal to the Port of Newcastle?

- a. When was this modelling commissioned?
- b. Who paid for this modelling?
- c. What does this modelling suggest?
- d. What specific emission trajectories or scenarios (for instance, IPCC scenarios) were used for this modelling?
- e. What are the assumptions these scenarios are based on, including trends in global coal demand?
- f. What is the projected share of coal tonnage to other commodities at Newcastle Port in 2030 and 2050?

Answer

Treasury does not model the long term outlook for coal to the Port of Newcastle.

Question 3

What modelling does NSW Treasury use regarding the long term outlook for coal to the Port of Newcastle?

- a. When was this modelling commissioned?
- b. Who paid for this modelling?
- c. What does this modelling suggest?
- d. What specific emission trajectories or scenarios (for instance, IPCC scenarios) were used for this modelling?
- e. What are the assumptions these scenarios are based on, including trends in global coal demand?
- f. What is the projected share of coal tonnage to other commodities at Newcastle Port in 2030 and 2050?

Answer

See answer to Question 2.

Question 4

In his evidence to the committee, the CEO of the Port of Newcastle Mr Craig Carmody said it will be “devastating” for the port and the economy of the Hunter if the Port of Newcastle is not able to diversify as a result of the inevitable global reduction in the demand for coal.

- a. Do you agree with Mr Carmody’s evidence?
- b. What is the NSW Treasury doing to ensure that the port and the economy of the Hunter are not devastated by the inevitable global reduction in demand for coal?

Answer

As detailed in the NSW Government’s submission to the Inquiry, the NSW Government has made significant investments into the Hunter region. These include:

- \$150.0 million committed and reserved towards building the Newcastle Inner City Bypass missing link between Rankin Park and Jesmond
- More than \$470 million committed and reserved under the Regional Road Freight Corridor program including:
 - \$200 million towards the Pacific Motorway extension to Raymond Terrace
 - \$92 million towards the Singleton Bypass
 - \$85 million for the New England Highway upgrade between Belford and the Golden Highway
 - \$68 million towards the Muswellbrook Bypass
- \$24.0 million committed to redevelop the Muswellbrook Hospital
- \$18.0 million committed to update the John Hunter Neonatal ICU
- \$17.0 million committed to the Water Security for Regions program including
- \$11.5 million committed for the Pipeline from Scone to the Murrurundi
- \$10.0 million committed for the Newcastle International Hockey Redevelopment
- \$7.0 million committed for the Singleton Hospital (Imaging, Ambulatory & Primary Health Care Redevelopment).

All these investments are geared toward boosting the Hunter economy and improving livability for its people.

Question 5

Has the NSW Treasury conducted or commissioned any study or modelling of the economic impact of allowing the Port of Newcastle to become a significant container port?

- a. If so, can the study be provided to the committee?
- b. When was the study conducted?
- c. What were the conclusions of the study?

Answer

No.

Question 6

Has there been any study conducted or commissioned by the NSW Government of the benefit of a freight rail bypass of Sydney?

- a. If so, can the study be provided to the committee?
- b. What was the cost benefit of the project?

Answer

Please refer to Transport for NSW's response.

Question 7

Has a study ever been conducted or commissioned by the NSW Government to examine the alternatives to expanding the container capacity at Port Botany?

- a. If so, can the study be provided to the committee?
- b. What alternatives were considered?
- c. What was the cost-benefit ratio of these alternatives?

Answer

Please refer to Transport for NSW's response.

Question 8

What financial modelling has been conducted to determine the optimal arrangements for container transport using all three ports?

Answer

Please refer to Transport for NSW's response.

Question 9

Has a review been conducted to assess or evaluate an integrated rail freight system that takes into consideration all three ports?

Answer

Please refer to Transport for NSW's response.

Question 10

Are there targets for modal share of container movements for each of the Ports?

- a. What is the target for rail freight for containers overall?

Answer

Please refer to Transport for NSW's response.

Question 11

What proportion of traffic congestion in Sydney is attributable to the container terminal at Port Botany?

- a. How much of this is container trucks?
- b. How much of this is non-heavy vehicle congestion?

Answer

Please refer to Transport for NSW's response.

Question 12

Rod Sims, Chair of the Australian Competition and Consumer Commission, said on 10 December 2018 in a media release that: "I have long voiced concerns about the short-term thinking of state governments when privatising assets and making decisions primarily to boost sales proceeds, at the expense of creating a long-term competitive market. These anti-competitive decisions ultimately cost consumers in those states and impact the wider economy in the long term."

- a. Do you agree with his assessment? If not, why not?
- b. In the case of the NSW Ports sale, was it primarily about boosting sales proceeds at the expense of creating a long-term competitive market?

Answer

The objectives of the Ports leases were consistent with the NSW Government's Freight & Ports Strategy 2013. As detailed in Treasury's witness evidence during the Inquiry hearing, the NSW Government engaged the ACCC throughout the course of the Port lease transactions dating as far back as 2012.
