

Submission to the New South Wales Government Inquiry into Port Infrastructure

Prepared for: Standing Committee on State Development, New South
Wales State Government

Prepared by: Newcastle City Council, City Strategy Group, 30 January
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Purpose

- To submit comments on the NSW Port Growth Plan, which proposes the closure of shipping freight at Sydney harbour, the upgrade of container facilities at Port Botany and the future development of container facilities at the Port of Newcastle and Port Kembla.
- The Inquiry's terms of reference call for comments on the (a) economic, social and environmental impact, (b) employment implications and (c) current and future infrastructure needs and social impacts, including the adequacy of road and rail infrastructure.
- Comments are provided from a Newcastle perspective and deal with issues and impacts relating to the proposed container and cargo facility and associated infrastructure at the Port of Newcastle. The proposed facility would cover 53 ha of the former BHP steel works site and would ultimately have the capacity to handle 350 000 twenty foot equivalent unit (teu) containers annually.
- The comments contained in this submission should be read in conjunction with the following attachments.
 - A. "Notes on the Newcastle Port Environs Concept Proposal: An Economic Development Assessment." (undated)
 - B. "Development Application made to Dept of Urban Affairs and Planning for Approval for Proposed Site Remediation and Multi-Purpose Terminal Development on the Former BHP Newcastle Steelworks at Industrial Drive Mayfield: The City of Newcastle, Report on Matters Relating to Development and Environment." (19 December 2000)
 - C. "Port Environs Concept Proposal: The City of Newcastle, Report on Matters Relating to City Strategy." (12 August 2003)
 - C1. "Newcastle Port Environs Concept Proposal Comments"
 - C2. "Newcastle Environment Advisory Panel, Response to the Newcastle Port Environs Concept Proposal"

Impacts

▪ *Economic*

The potential economic benefits of the port development proposal could be considerable, as outlined in **Attachment A**.

The proposal could significantly strengthen Newcastle's position as a manufacturing and trade centre on the Australian eastern seaboard. This is welcomed because the closure of BHP affected the critical mass of Newcastle's manufacturing jobs and skills base. Probably for the first time in its history, Newcastle has less than a proportionate share of manufacturing employment compared to NSW. The 2001 Census shows that manufacturing makes up 11.2% of total employment in Newcastle compared to 11.5% for NSW. The proposed development could position Newcastle as a trade hub, unlock the redevelopment of the BHP steel works site, and attract port-reliant industries in the manufacturing, transport, wholesale and distribution sectors.

Employment impacts are assessed in more detail further on in this report.

▪ *Social*

As the proposed Newcastle port development is large (+ \$200 million) and it could have longer-term spin-offs (e.g. attracting down-stream industries), there could be a significant social impact, potentially positive and negative.

It could precipitate an in-migration of work-seekers and families, placing pressure on existing social infrastructure and services in Newcastle and the Hunter Region, such as affordable housing and child-care. The development application for the proposed container and cargo facility did not fully address social issues. As **Attachment B** demonstrates, the proposal did not contain a social impact statement, as is required by Newcastle City Council's social impact assessment policy. So the possible scale of in-migration and resulting demands is not known. Neither have the measures required to mitigate and manage the impact been considered.

The port development proposal could have a profound impact on local employment. It provides an opportunity to combat unemployment in Newcastle, which is still structurally higher than the NSW State average. The most recent ABS data for the City of Newcastle (September 2003) put unemployment at 7.8% compared to the NSW State average of 5.6%. Unemployment in Inner Newcastle is even higher, 11.2%. There is scope to maximise the local employment content of future development by working with Newcastle-based training providers and industry groups to train and procure appropriately skilled employees. A social impact statement and plan should be developed to maximise the potential benefits and mitigate the impacts of the development.

- ***Environmental***

Newcastle City Council has formally commented on the environmental implications of the port development proposals by way of two reports to NSW State Government. These are the Development Application for the Multi-purpose terminal (**Attachments B**) and the Newcastle Port Environs Concept Proposal (**Attachment C**).

The list of environmental issues includes the contamination / remediation of the BHP steel works site, flood and stormwater management, noise and traffic impacts, dredging in the southern arm of the Hunter River, impact on the biodiversity and conservation of the Hunter River and estuary wetlands.

In summary, on the evidence available, Newcastle City Council was not persuaded that the Development Application and Newcastle Port Environs Concept Proposal had conclusively analysed and addressed the environmental and cumulative impacts of the port development proposal.

Attachment B notes that further information needs to be provided to address Council's concerns about contamination, dredging, flood and stormwater management, acoustic treatment, visual assessment, transport and traffic impacts, social impact and landscaping.

Attachment C recommends further studies of industrial land, brown-field development opportunities, transport and infrastructure, ecological and hydrological conditions.

Employment Implications

- ***Employment***

Arguably, employment is the easiest benefit to estimate, because of the multiplier effect. The Newcastle port development proposal has a capital cost of +\$200 million. During its operation it could employ 300 people directly and result in a further 600 indirect and flow-on jobs. During construction it could employ 600 people and result in a further 1200 indirect and flow on jobs.

- ***Distribution of Benefits***

By the nature of the economy, the project's benefits would not be contained to Newcastle or the Hunter Region. Not all the jobs would flow to Newcastle or Hunter Region residents and neither would all the project spending be contained to Newcastle or the Hunter Region.

There are methods to maximise the local benefit and minimise leakage through the procurement of local workforce and supplies. It is imperative that a local procurement plan be developed in partnership with the NSW

Industry Capability Network, training providers and organised industry. Local procurement opportunities are likely to be most readily found in the capital equipment and civil construction sectors. The wide array of Newcastle-based training providers and organised industry bodies means that a broad spectrum of skills areas can be provided locally, ranging from trades-persons to IT technicians.

Infrastructure

▪ ***Needs and Impacts***

In addition to requiring a constructed cargo and container facility, the Newcastle port development proposal would also need to be serviced by a comprehensive road and rail network that is capable of seamlessly transporting up to 350 000 teu with the minimum of impact on Newcastle's residential communities.

Attachment B lists Newcastle City Council's concerns regarding the transport and traffic issues and impacts of the proposed Multi-purpose terminal. Several issues were highlighted at the Development Approval stage as requiring resolution. These included road design, site access, noise abatement and traffic volume estimates.

Attachment C notes shortcomings of the Newcastle Port Environs Concept Proposal. They include the absence of a comprehensive transport and infrastructure plan in the Lower Hunter. Such a plan is necessary to ensure the provision of transport and infrastructure is optimal.

Conclusion

- The port development proposal warrants qualified support. There are tangible benefits to be gained in the form of employment, investment and skills development, but there are also likely to be impacts on the social fabric and environment, which have not been fully quantified or qualified, so the extent is not fully known.
- It is imperative that State Government and the agencies involved in the planning, design, development and operation of the proposed port developments work with relevant Local Governments and communities to:
 - Comprehensively address the social and environmental impacts outlined in this submission at its attachments through mitigation and management plans
 - Maximise and optimise the social and economic benefits flowing to local communities through local sourcing, training and employment plans