

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

Organisation: Lock the Gate Alliance

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LOCK THE GATE ALLIANCE

AUSTRALIANS WORKING TOGETHER TO PROTECT OUR LAND, WATER, AND FUTURE

7 January 2019

Legislative Council Public Works Committee
NSW Parliament House
Macquarie Street
Sydney NSW 2000
by email: public.works@parliament.nsw.gov.au

RE: Inquiry into the impact of Port of Newcastle sale arrangements on public works expenditure in New South Wales

Thank you for the opportunity to make a submission and for the acceptance of this submission after the deadline of 6 January.

Lock the Gate Alliance supports the development of a container terminal at the Port of Newcastle as we see such a facility as a crucial component of the diversification of the economy in the Upper Hunter and an economic opportunity for agricultural producers across Northern NSW.

Lock the Gate Alliance is a network of over 250 groups and 120,000 individual members around the country who are concerned about the impacts of unconventional gas and coal mining. In NSW, we work closely with communities, primary producers and townspeople in the Hunter Valley and North West. The Hunter region is the largest regional economy in Australia. It is the state's most productive wine growing area and produces 11% of the state's milk, 20% of its olive production and 7% of NSW beef cattle for slaughter. In addition, the region has extensive skills and capabilities in manufacturing, electricity production and engineering.

The Hunter region has a large workforce of people in the coal mining industry that face considerable uncertainty given the projected decline of coal use world-wide in line with global commitments to urgently address global warming. The skills of people working in the Hunter Valley mining industry can be transferred to transport and warehousing and to manufacturing. Lock the Gate Alliance sees the development of a container terminal in Newcastle as crucial regional infrastructure to help the Hunter manage its transition away from dependence on coal mining and exports for its economic life.

Lock the Gate has commissioned research into the economic impact of the decline of coal mining in the Hunter region in line with global contraction in coal use consistent with meeting the goals of the Paris climate agreement and the Sustainable Development Goals. This research also considers options available to develop industries that can replace the jobs and income that can be expected to be lost in the coal mining and export industry in such a scenario. We would be happy to present the results of this research to the Committee when it is completed.

It is our view that the port sale arrangements have impaired diversification in the Hunter region and across the Port of Newcastle's catchment, including diversification opportunities in non-mining sectors such as manufacturing and agriculture. We are informed that the container port limitations have created additional costs for businesses within the Port of Newcastle catchment and believe that these costs are an impediment to the diversification of the region, which the Government has acknowledged is necessary by developing the Upper Hunter Diversification Action Plan.

The recently-released report by economic consultancy AlphaBeta shows that a container terminal at Newcastle will stimulate \$6 billion in economic activity. This is activity the region is missing out on. The flow on effects of the container terminal will help create 4,600 jobs across a diverse range of industries, including transport, manufacturing, agri-business, services, and construction. These are jobs desperately needed in regional NSW, particularly in the Hunter region, where lack of diversity in the regional economy is a considerable vulnerability.

We draw the Committee's attention to the *Upper Hunter Industry Scenarios Report* prepared for the Department of Premier and Cabinet to feed into the Upper Hunter Diversification Action Plan in September 2016. The issues paper for agriculture notes that "The agribusiness industries identified at a national and state level as having major opportunities in global markets include: a number of industries which are currently major activities (eg. beef and dairy) in the Upper Hunter Region; sectors which are small in the region (oil seeds, legumes) but have potential to expand; and other areas which would expand if additional food processing plants were set up." The Scenarios Report cites the intention of the Port to develop a container terminal among the opportunities for Hunter agricultural industries. It also considers containerised exports as growth opportunities for Hunter producers of hay and beef, and cites the lack of adequate container facilities as a key constraint in the further development of oil seed manufacturing in the region.

The Diversification Action Plan itself commits to supporting agricultural industries to access global food markets, and we see the development of a container terminal as a significant contribution to this access.

The port will introduce lower freight costs as Hunter and Northern NSW exporters will no longer have to bear the cost and supply chain inefficiency of Sydney congestion on both the road and rail network. Instead they will be able to take advantage of the mature Hunter rail network taking freight straight to Port of Newcastle. The lower freight costs will stimulate additional exports and imports into the region. This would create considerable opportunity for the Hunter to diversify, and for the North West, which already connected by rail to the port.

We thank the Committee for its consideration of these issues.

Yours sincerely,

Georgina Woods
NSW Coordinator