

**Submission  
No 10**

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

**Organisation:** GrowerCo

**Date Received:** 9 January 2019

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Hon Robert Brown MLC  
Chairman  
Legislative Council Public Works Committee  
NSW Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Mr Brown

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

Grower Co-operative Limited, (GrowerCo), supports the development of a container terminal at the Port of Newcastle as we believe it will be a major economic driver for our region and for Northern NSW.

GrowerCo is a co-operative whose members produce in excess of 1,250,000 tonnes of grains in an average year. Our members produce many types of grains and pulses, some such as chickpeas are exported via containers. Due to the proximity of packing facilities to the Port of Brisbane most of the chickpeas are trucked north to Brisbane at a significant cost penalty than if they were exported from the PON.

It is our view that the port sale arrangements have impaired productivity growth and competition in the Hunter region and across the Port of Newcastle's catchment, including growth opportunities in trade and infrastructure.

More specifically, in relation to 1 (c) of the Terms of Reference, it is our view that the container port limitations have created additional costs for businesses within the Port of Newcastle catchment.

Regional NSW comprises close to 40 per cent of the state's population, with the Hunter region making up approximately 9 per cent. It is expected that the population in the Hunter region alone will grow to over 1 million by the mid-2040s.<sup>1</sup>

The recently released report by economic consultancy AlphaBeta shows that a container terminal at Newcastle will create a \$6 billion uplift in economic activity.<sup>2</sup> This is activity the region is currently 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.

Additionally, the port will introduce lower freight costs as Hunter and Northern NSW exporters will no longer have to wear 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.

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<sup>1</sup> RDA, The Hunter Region <http://rdahunter.org.au/hunter-region/hunter-region>

<sup>2</sup> AlphaBeta, 'Global Gateway for NSW: the economic impact of a container terminal at the Port of Newcastle, pg 35, 2018

AlphaBeta found the *'driver of export growth in the region will be increased competitiveness from lower freight costs.'*<sup>3</sup> Exporters will save \$1.3 billion in freight costs by accessing a less-congested and more efficient port closer to production and equipped with world-class stevedoring capability.

It is our expectation from work undertaken by the PON that grains and pulses such as chickpeas would benefit from savings of as much as \$20 per tonne if they were exported via container from the PON. A study undertaken by Agripath on behalf of GrowerCo showed chickpeas represented 33% of the North West region's production over the ten year period 2007-2017. Should savings of \$20/tonne be achieved, the return to farmers in our region alone would equate to \$28/ha or \$4.8M for the region's farmers in an average year.

NSW currently has an underutilised rail network that has the ability to not only assist in reducing freight costs to port but also increase the safety of our road network and reduce costs to maintain it.

In conclusion, GrowerCo appreciates the opportunity to support the development of a container terminal at Newcastle. It is our view that the Port Commitment Deed has increased unnecessary public works expenditure by inhibiting competition in our ports and contributed to higher freight costs for regional businesses in the Hunter and Northern NSW.

If you require further information in relation to this submission please contact

Yours sincerely,

Tim Grellman  
Chairman Grower Co-operative Limited

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<sup>3</sup> IBID, pg 35