

OFFICE OF THE MAYOR

WALGETT SHIRE COUNCIL

Our reference: MU:JK 10/236-02

Thursday, 13 October 2022

Julie Abramson
Commissioner
Australia's Maritime Logistics System
Productivity Commission
Locked Bag 2, Collins St
East Melbourne Vic 8003, Australia
Via email: maritime@pc.gov.au

Dear Commissioner,

Submission - Lifting productivity at Australia's container ports: between water, wharf and warehouse.

Thank you for the opportunity to provide a submission from the Walgett Shire Council on the Productivity Commission's Draft Report into the performance of Australia's Maritime Logistics System.

Walgett Shire Council is often recognised for its wool, fat lambs, sheep studs, beef cattle, chick peas, barley, lucerne, cotton and wheat and a highly productive region in New South Wales. In the interests of landholders the agricultural and broader industries, Walgett Shire Council is committed to improving the capacity, the resilience and dependability of supply chain logistics to benefit both industry and the wider community.

The agriculture industry is a major contributor to the New South Wales economy, creating jobs and delivering a range of significant broader benefits for the state. Walgett Shire Council is generally supportive of the Draft Report and our submission contains responses to information requests, noting we look forward to ongoing consultation with the Commission on the Draft Report.

I note the Draft Report acknowledges that the Port privatisation processes have entrenched power in Sydney by combining the ownership of Port Botany and Port Kembla and penalising any development of container capacity at the Port of Newcastle. This effectively limits the possibility of the most likely competitor (Newcastle) entering the container market in New South Wales. As a result, the port commitment deeds are proving to contain limitations on container movements for our region, which has impaired productivity growth and competition for both industry and the wider community. The container port limitations are contributing to additional costs, inefficiency and uncertainty for industries in our region and it is the broader community that is bearing these costs.



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Economic analysis has identified that freight from our region is travelling a further 117km from the Port of Newcastle, increasing our freight costs by \$347 per container. Draft Finding 5.1 states it is far from clear that it is economically efficient to have a single container port in some Australian cities. We are in agreeance with this finding. Regional NSW communities are being disadvantaged economically by having a single container port in Sydney, due to it placing significant limitations on options for container movements and industry growth.

The economical disadvantages that have been placed on regional NSW, by their government, will be removed upon the lifting of the port commitment deeds. Its removal will result in the delivery of the Newcastle Deepwater Container Terminal, a timely development and an enabler to the businesses and communities within Walgett Shire Council and allowing them to be more competitive in the national and global markets. The streamlined supply chain opportunities and efficiencies it will create will promote regional economic and population growth.

Draft finding 7.2 states that most container ports are planning substantial investments in rail infrastructure. Container port operators in Brisbane, Sydney, Melbourne and Fremantle plan to increase the share of freight travelling to and from those ports by rail over the coming decades. Any further government investment in rail to service container ports will need to be accompanied by a clear cost-benefit analysis, including analysis of the relevant externalities and including alternative scenarios for the development of truck technology, over the full economic life of the project.

Successive state and federal governments have committed significant funds to infrastructure aimed at increasing rail share of freight volumes into Port Botany. Walgett Shire Council understands that this investment so far has not resulted in forecast increases in rail freight and in fact the percentage of total volumes carried by rail has fallen over the last five years.

Walgett Shire Council supports the Commissions finding and would further recommend that any benefit cost analysis include wider externalities on the drivers for rail freight - in particular regional freight movements.

It is important that stakeholder groups within the Walgett Shire Council LGA are consulted and represented, prior to completion of the Final Report.

If you have any questions, please do not hesitate to contact me and I will be pleased to assist you.

Yours Faithfully,

Clr. Jane Keir OAM
Mayor of Walgett Shire Council

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