

Enquiries to: Mark Connolly
Direct Line: (02) 6757 3222
Email: council@mpsc.nsw.gov.au
Reference: FILE22/578



13 October 2022

Ms Julie Abramson

Commissioner
Australia's Maritime Logistics System
Productivity Commission
Locked Bag 2, Collins St East
Melbourne Victoria 8003

Via email: maritime@pc.gov.au

Dear Commissioner,

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

Thank you for the opportunity to provide a submission from the Moree Plains Shire Council on the Productivity Commission's Draft Report on lifting productivity at Australia's container ports.

The Moree Plains region is recognised as one of Australia's most productive areas growing approximately \$1 billion in produce annually.

Moree Plains Shire Council has been at the forefront of efforts to capitalise on the investment by the Australian Federal Government into the Inland Rail Project and create a foundation for more efficient flow of regional, national, and international freight. In partnership with the NSW Government, we are also committed to the development of the Moree Special Activation Precinct fostering sustainable regionally-based industries and a freight precinct capable of being scaled to deliver world class transportation infrastructure commensurate with the region's volume demand profile. We are working to grow our community over the next 40 years with some 4,000 projected new and innovative jobs.

In the interests of its constituents, Council is committed to improving resilience and dependability to benefit both industry and the wider community. The agricultural industry is a key contributor of the NSW economy, creating jobs and delivering a range of broader benefits for the state and national economy. Our region's agriculture sector is reliant on efficient supply chains to execute commodity delivery within an international orientated market.

Moree Plains 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 Productivity Commission on the Draft Report.

The Commission's draft findings 5.1 and 5.2 state it is far from clear that it is economically efficient to have a single container port in some Australian cities, and the privatisation processes in NSW have

PO Box 420, Moree NSW 2400
Telephone (02) 6757 3222
Facsimile (02) 6752 3934
council@mpsc.nsw.gov.au
www.mpsc.nsw.gov.au

ABN 45 566 790 582

conferred protection on port lessees that are impeding economically efficient outcomes in the development of the state's ports system.

The Hilmer Report (1992)¹ into Australian Competition Policy stated that the “*general conduct rules of a national competition policy should, in principle, apply to all business activity in Australia, with exemptions for any particular conduct only permitted when a clear public benefit has been demonstrated through an appropriate and **transparent process.**” It is apparent that the actions of state governments have not demonstrated a clear public benefit with regard to the restriction of trade being placed on potential competitors for sea port developments.*

Council notes the Draft Report acknowledges that 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 NSW.

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 for industries in our region and it is the broader community that is bearing these costs. Economic analysis has identified the freight from our region has a ‘choice’ of either travelling a further 170km from the Port of Newcastle to Botany by rail, or by road to Brisbane, increasing the region's freight costs by over \$10.00 per tonne or \$250.00 per container. With recent increases in fuel and road transport costs, this impost is likely to be higher in real terms and entrenched for the longer term without competition in both landside transport and selection of port.

These additional costs being incurred by our region directly impact the investment decisions being made and financial sustainability of our farmers through lower farm gate prices.

Regional NSW communities are being disadvantaged economically by having a single container port in Sydney, due to it placing limitations on options for container movements and industry growth. The creation of effective monopolies without the incentive of competitive tensions goes to the core of national productivity, restricting efficiency and economic growth.

The economic disadvantages that have been placed on regional NSW, would be lifted should a container terminal be built in Newcastle which can only occur upon the lifting of the port commitment deeds. It will result in the delivery of the Newcastle Deepwater Container Terminal, and enable businesses and communities throughout the Moree Plains to be more competitive in national and global markets through streamlined supply chain opportunities and efficiencies to promote regional population and economic growth.

We further note that significant rail and port infrastructure has been delivered and funded by successive state and federal governments with a prime objective of lifting the volume of freight being transported by rail into Port Botany. To date this expenditure has not resulted in an increase of train bound freight, Transport for NSW² has observed a decrease over the last five years of approximately ten percent.

Draft finding 7.2 states:

“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

1

<http://ncp.ncc.gov.au/docs/National%20Competition%20Policy%20Review%20report,%20The%20Hilmer%20Report,%20August%201993.pdf>

² <https://www.transport.nsw.gov.au/data-and-research/freight-data/freight-performance-dashboard/use-of-rail-freight-at-port-botany>

investment in rail to service container ports needs 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.”

Council agrees with the Draft Recommendation 7.2, however would further request that any benefit cost analysis include wider externalities on the drivers for rail freight, in particular, regional freight movements.

Lastly, we request that stakeholder groups from Moree and the wider region are consulted and represented in the report prior to the finalisation of the Final Report.

Moree Plains Shire Council looks forward to engaging and working with the Productivity Commission to address these and any further matters that would support greater productivity outcomes for our regional community.

Yours sincerely,

Cr Mark Johnson
MAYOR

cc:
Hon Mark Coulton MP
Member for Parkes

The Hon. Adam Marshall, MP
Member for Northern Tablelands