

Our Reference: ID 2020217 DA:da
Your Reference: Maritime Review
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Ms Julie Abramson
Commissioner
Australia's Maritime Logistics System
Productivity Commission
Locked Bag 2, Collins St East
Melbourne VIC 8003

Via email: maritime@pc.gov.au

Tuesday, 1 November 2022

Re: Productivity Commission's Draft Report into the Performance of Australia's Maritime Logistics System – Narrabri Shire Council Submission

Dear Commissioner,

Thank you for the opportunity to provide an organisational submission on the Productivity Commission's Draft Report into the performance of Australia's Maritime Logistics System. An extension to accommodate Council's programmed meeting cycle and in recognition of Council's current Natural Disaster declaration is appreciated.

Narrabri Shire Council is recognised for its cotton, wheat, beef cattle, sheep and pulse crops and is a highly productive region in New South Wales. In the interests of the agricultural and broader industries, Narrabri 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 both the New South Wales and Australian economy, creating jobs and delivering a range of significant broader benefits for the nation. Narrabri Shire Council is generally supportive of the Draft Report, and 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.

Economic analysis has identified that freight from our region is travelling a further 191km from the Port of Newcastle, increasing our freight costs by \$567 per container. It is acknowledged that 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 and Council concurs 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.



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The economic disadvantages that have been placed on regional NSW by government, will be removed upon the lifting of the port commitment deeds. It is understood that this removal will ultimately result in the delivery of the Newcastle Deepwater Container Terminal, a timely development and an enabler to the businesses and communities within Narrabri Shire 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. Narrabri 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. Narrabri Shire Council therefore 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.

The Commission is also encouraged to consider the outcomes of the recently announced independent Review into the Inland Rail project given the interconnectivity of issues and current freight investment commitments and opportunities.

Thank you for the opportunity to provide comment in relation to this important matter. Should you require any additional information or clarification in relation to this submission you are invited to contact Council's Director of Planning and Sustainability Ms Donna Ausling

Yours faithfully,

Rob Williams
General Manager