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Commissioner  
Australia's Maritime Logistics System  
Productivity Commission  
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Via email : [maritime@pc.gov.au](mailto:maritime@pc.gov.au)

14 October 2022

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 Regional Development Australia - Northern Inland on the Productivity Commission's Draft Report into the performance of Australia's Maritime Logistics System.

Regional Development Australia - Northern Inland is responsible for sustainable economic development in the Northern Inland Region. Our region is recognised for its ability to establish and grow strong, healthy pastures and produce high quality meat products and is a highly productive region in New South Wales. In the interests of the agricultural and broader industries, Regional Development Australia - Northern Inland 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. Regional Development Australia - Northern Inland 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.



Economic analysis has identified that some of the freight from our Northern Inland Region are travelling a further 209km from the Port of Newcastle, increasing our freight costs by \$564 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 economic 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 Regional Development Australia - Northern Inland 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. Regional Development Australia - Northern Inland 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. Regional Development Australia - Northern Inland 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 Northern Inland Region are consulted and represented in the report prior to the finalisation of the Final Report. If you have any questions, please don't hesitate to contact me and I will be pleased to assist you.

Yours sincerely,

Russell Stewart  
Chair