

A Submission in Response to the Freight Policy Review Consultation Paper.

Introduction.

Business Hunter welcomes the opportunity to provide a submission on the Consultation Paper for the Freight Policy Reform Program. We commend the Minister for Transport, the Freight Policy Reform Program Advisory Panel members, and Transport for NSW for producing the Consultation Paper which is refreshingly open and honest in its details and approach.

As the peak business organisation for the Hunter region of NSW, Business Hunter is the voice of Australia's largest regional economy, with a membership and affiliates spanning more than 4,400 businesses across the ten local government areas that make up the Hunter region in NSW. We represent the perspectives of businesses across all sectors and all sizes of business, including those involved in freight, logistics and transport services. We also have an affiliate agreement with Business NSW and form part of their network of regional and metro offices across NSW.

Our interest in this consultation and reform stems from the strong alignment that businesses and the community of the region hold in relation to matters around the terms of reference of the Reform. The region has a high productive capacity and there is every reason why this will grow. It's blessed with two significant international gateways in the deep water port of Newcastle and Newcastle airport both of whom hold strong interests in freight and logistic matters.

The region also boasts a world class rail freight network servicing the port of Newcastle. The rail network extends north and south to link with recognised freight paths. The regional road system highlights national, state and regional linkages that service a massive hinterland to the south (Central Coast), west, northwest and mid north coast regions of NSW.

Policies, strategies, and actions made and taken by governments that influence the investment in, development of and subsequent utility across these networks is consequently of vital importance to the region, state and national economies.

Furthermore, there are currently some significant regional shaping changes occurring or planned for the region that will also impact and rely on the freight and logistic networks providing support. These include the following.

1. diversification of trade at the port of Newcastle.
2. the international terminal and associated air links for the Newcastle airport.
3. the transition to renewable energy and the growth of industry in support.

4. development in defence industry and support.
5. diversification and the transition to a zero carbon economy.
6. the eventual adaptive re-use of former mine and power station sites.

Each initiative and strategy will depend on and look for support from contemporary and forward looking freight and logistic networks. In our region, ambitions for 'A Future Made in Australia' will greatly rely on our ability to move the products involved in making, as well as the people making them. These forward looking opportunities will shape the region and allow it to make a more significant contribution to state and national objectives in the realms of economic, social and environmental outcome and we commend these to the Panel.

Response

This response has addressed the principal matters of concern and interest to Business Hunter and its membership. We will be happy to expand on any of the matters if required.

Discussion question 1 – Policy and Guiding Principles

In relation to *embedding freight considerations into transport planning, prioritisation and investment*, we contend the Panel should be considering the opportunities in air freight at the soon to be internationally linked [Newcastle Airport](#).

Both the federal and state governments have invested in the development of Newcastle Airport, understanding growth will bring economic and social benefits to the region and beyond. It is important and should be a priority to maximise the return from this investment as the airport looks to adding an international dimension to its civil capacity and capability in 2025 and onwards.

Whilst we understand air freight is a small proportion of the overall freight effort of the state, it is understood to be high value, and more efficient links for business and industry will accrue significant flow on benefits. The region already boasts industries and institutions that would provide a basis for support for more efficient and accessible air freight services.

The airport is also home to the [Williamstown RAAF Base](#), which in and of itself is generating substantial economic and defence related activity. RAAF Base Williamstown is Australia's premier fighter pilot training base and houses most of the F-35A Joint Strike Fighters and operational and support elements of Hawk 127 and PC-21 aircraft.

The base is also home to Surveillance and Response Group's Air Surveillance and Battlefield Management command and support elements and the E-7A Airborne Early Warning and Control aircraft. Investment in the defence industry over the next ten years, as outlined by the federal government, is going to drive industry development around the airport

that requires proximity to civil and defence facilities. There is no doubt a freight need will accompany this activity.

The relative high proportion of research institutions, a strong manufacturing sector (second highest contributor to regional output after mining) and discrete sectors such as the internationally linked equine and agricultural sectors, all point to a basis of further support for a regionally based air cargo operation.

The Panel should note the ambition of Newcastle Airport to realise the opportunity air freight can bring. In this context, Business Hunter is calling on the Panel to include and plan for Newcastle Airport to host and operate international airfreight capacity and ensure planning and policy settings are established to allow an air freight facility at Newcastle Airport.

What role do you see for land use planning for port activity and managing the rapidly growing and changing freight task?

Newcastle and its port have some relatively unique characteristics compared to other ports on the east coast of Australia. Not only is the port operating at around 50% capacity, but there are also large parcels of vacant or underutilised land adjacent to and close to the port. Of the areas with, or adjacent to deep water port access, the majority is controlled by a single entity being the Port of Newcastle (PoN) saving for part of the former BHP main site at Mayfield known as the [Intertrade site](#).

The PoN [Port Master Plan 2040](#) allocates the land they control into various precincts. These clearly allow for the intended future diversification of trade being pursued and foreshadowed for the port. This Plan is supported by Business Hunter and a range of other stakeholders from within and beyond the Hunter region.

It is important that land use planning protects this land for port related uses into the future. It should not be assumed that uses can or should be surrendered because of potential changes to the use or mix of trade in the port, particularly relating to the bulk export of coal.

Furthermore, the 52 ha Intertrade site is vested in the ownership of the NSW government. For the most part, it sits vacant. Land contamination remediation has taken place and for all intents and purposes, the land is ready to be reused.

Recognising the strategic location of the land relative to other port lands, the site should be preserved for port related use and not be fettered for small lot subdivision or rezoned for urban services or light industrial use. It has a clear and obvious capacity to be earmarked for intermodal purposes, which has been outlined in plans that date back to the late 1990's when BHP were advancing plans to the state government in consideration of land use after the steel works closed.

The Panel could do well to accelerate the deliberations of the state government as to their future plans for the former BHP site land given it is now more than 20 years since the steel works closed and the land was assigned to the government.

The Port of Newcastle has also been constrained under previous planning policies that restricted or did not recognize its ability to conduct container trade. Moving forward, any semblance of operating restrictions that stymie or restrict competition based on planning policies or strategies, should be removed. The Port of Newcastle should be recognised as an internationally significant asset and designated container terminal consistent with its Master Plan.

The freight and trade policy objectives for NSW must be to provide a level playing field across ports in NSW and not be shackled by historical remnants of former arrangements which openly restricted container trade in Newcastle.

What role do you see for both NSW and Australian Governments in transport planning and investment? What principles should apply to the planning process and in prioritising investments?

Both levels of government are concerned with planning and investment imperatives when it comes to transport infrastructure. They are intrinsically involved with the planning, development and operation of most rail networks in NSW, likewise with regional and national roads and the ports. They are therefore a key stakeholder in advancing planning frameworks, development strategies and investing in the outcomes.

In the process to prioritise, improving productivity must be at the heart of considerations.

Discussion question 2 – Rail Freight policy

Do you have recommendations of issues to note about rail freight policy?

Business Hunter has long called for the identification and construction of the [Lower Hunter Freight corridor](#). Transport for NSW have identified the key benefits of delivering the rail bypass as follows:

- *Separate rail freight and passenger rail services between the congested Fassifern and Hexham sections.*
- *Support growing demand as freight and passenger rail services in Northern Sydney, Newcastle, and the Sydney-Newcastle corridor continue to grow.*
- *Remove most rail freight from Newcastle's urban area.*
- *Reduce network congestion and improve travel times and reliability for both rail freight and passenger rail services.*
- *Support economic growth across the Lower Hunter region.*
- *Relieve congestion and journey delays to road and active transport users around level crossings at St James Road, Adamstown and Clyde Street, Islington*

- *Relieve pressure on regional roads and highways by moving more freight via a dedicated freight rail corridor.*
- *Reduce the number of heavy vehicles on the roads.*
- *Enable freight to move efficiently and safely.*

The benefits this project could generate have never been in question. A preferred corridor has been identified and it is our view that the acquisition of the corridor should be a priority for governments.

Urban development to the west of Newcastle and Lake Macquarie is moving closer to the identified corridor, potentially constraining the opportunity to plan for and construct the bypass. This need not be the case. Furthermore, significant parcels of land in the vicinity of the corridor are currently in NSW government ownership and dealing with it should be more streamlined than if it were owned privately. The potential for the Port of Newcastle to diversify and extend business into container trade places a greater emphasis on the development and commissioning of the freight corridor. This also supports the desirable objective to facilitate a higher proportion of overall freight being carried on rail within NSW given the existing and underutilized rail links that service the Port of Newcastle.

What should the NSW government do to harness the benefits Inland Rail will deliver?

There are key projects in the context of the Hunter region that can unlock significant opportunity to improve productivity in the freight industry and bring other broader benefits to business and community interests in and beyond the region.

The proposed rail track upgrading of approximately 35 km of track between **Turrawan and Narrabri** to improve reliability and capacity for grain, cotton, freight and passenger services is also an important piece of infrastructure. This link will provide the capacity for the Port of Newcastle to connect to the Inland Rail via the Narrabri to Narromine link.

In relation to the project, the [ARTC](#) had noted *“by completing the ‘missing link’ between the Hunter Valley network and Inland Rail, it will increase efficiency between Northern NSW, Inland Rail and the port of Newcastle – and allow an increase in the freight volumes carried by rail”*.

This project will have a demonstrable capacity to lower freight costs for producers in the northwest region of NSW and beyond. The cost to complete this project is relatively small in comparison to the commitments made along the route of the inland rail.

The other project of note in this context is construction of the incomplete **Maryvale – Gulgong** rail line and upgrade of the Gulgong – Ulan and Dubbo to Narromine line to 25 TAL to allow carriage of containers and bring these lines capacity to specification of adjacent rail networks. The Maryvale to Gulgong rail line and Gulgong to Ulan upgrade was the subject of a Business Case completed by Regional Development Australia - Orana in March 2024. From this report, the benefit cost ratio of the project is 1.86.

The assessment of the benefits within the report noted a series of positive impacts the project construction and upgrade would generate. These include:

- *Improved transit time for freight between Dubbo and Newcastle.*
- *Improved competitiveness of international exports.*
- *Improved capacity for freight services.*
- *Reduced distance, cycle time, and improved train configuration, making Dubbo to the Port of Newcastle favourable over Dubbo to Port Botany.*
- *Reduced road accidents and fatalities consequent of freight diversion from road to rail.*
- *Reduced road maintenance and vehicle operating costs consequent of freight diversion from road to rail.*
- *Environmental benefits such as lower carbon emissions from freight diversion from road to rail and shorter travel distances for freight.*
- *Induced demand, particularly growth in rail freight usage driven by enhanced infrastructure efficiency and capacity.*
- *Increased commercial viability of mining projects with dedicated rail access for mining inputs and non-coal mineral exports.*

In view of the likely increase in future demand for freight services based on population growth, and increase in the intensity and level of industrial activity related to renewable energy and agriculture, there is a demonstrable case for supporting these projects.

Discussion point 4

Do you have recommendations or issues to note about road freight?

The Hunter region sits at a very strategic point when it comes to road networks. At the junction of the M1 (Pacific Highway), New England Highway and the Golden Highway, the access offered to the north, west and south are premium. Consequently, the region is relatively well served by road links and furthermore, state and federally funded projects in progress will deliver improvements in years to come. These will directly benefit freight and logistics efforts internal to and external of the region.

Parts of the region have responded to the favourable links and there is a relatively strong representation of businesses in the transport and logistics sectors centred around Beresfield, Cameron Park, Tomago and emerging at Morisset. With future intermodal activity and improvements in the road networks, this situation will be strengthened. There are efficiencies and cost benefits that will accrue and continue to do so given the ambitions across the region in industries like renewable energy, Defence, mining and resources, and manufacturing, all of which have a significant reliance on road transport as part of the freight and logistic effort.

Planned and road project improvements are in place for the following.

- M1 (Pacific Highway) link from Black Hill to Heatherbrae.
- Newcastle Inner City Bypass and upgrade to the Hexham Straight (Pacific Highway)
- New England Highway - Singleton Bypass ((planning and construction) and Muswellbrook Bypass (Planning).

These projects will improve road freight access to and from the Port of Newcastle and Newcastle Airport. Some local road improvements are likely to be addressed particularly in relation to the M1 extension and regional stakeholders are watching these developments closely.

Clarity on the progress of the delivery of the Muswellbrook Bypass is also important and the increased intensity of servicing and delivering goods for the inland based renewable energy industry is placing increased emphasis on the need for this link.

The Golden Highway is an important connector for Newcastle and the Central West region of NSW. The freight task emanating from and into the Central West has been forecast to increase significantly over the next decade. In this context, Regional Development Australia – Orana prepared a Business case in relation to road corridor improvement for the Golden Highway in March 2024. The Business case showed the project works would produce a benefit cost ratio of 2.3.

The assessment highlighted the following main benefits of the project.

- *Tangible and intangible economic benefits through increased productivity and improved traffic flow.*
- *Social benefits including increased road safety and improved access to service centres for residents.*
- *Environmental benefits such as lower carbon emissions from improvements in freight efficiency and improved likelihood of timely construction of renewable energy projects in the Central West Orana Renewable Energy Zone.*

Over time, improvements have been made to the Golden Highway. However, the timing imperative has changed, and the manner of works is now more pressing. When completed, this would improve productivity and efficiency in the road freight network serving the Central West and Hunter regions.

Summary of Recommendations

1. Recognise and plan for the capacity and capability of the Newcastle Airport to operate international air freight.
2. Ensure planning and policy settings are established to allow the development of air freight and logistics facilities at Newcastle Airport

3. Ensure planning and policy settings support the ambitions set out in the Port of Newcastle Port master Plan 2040
4. Ensure planning settings preserve the vacant Intertrade site at Mayfield for port related uses and ideally set it aside for Intermodal purposes.
5. Eliminate all discriminatory freight, trade, planning and policy settings that do not allow a level playing field for ports in NSW.
6. Prioritise productivity as the driver for considerations in freight planning, strategies, and projects.
7. Prioritise final planning and delivery of the Lower Hunter Freight rail corridor.
8. Continue with planning and delivery of the upgrade of the Turravan to Narrabri rail link to enable the Hunter Vally line to connect into the Inland Rail network.
9. In the medium to long term, prioritise the construction and upgrade of the Maryvale to Gulgong rail line and upgrade to the rail capacity of the link from Gulgong to Ulan and onto Dubbo.
10. Complete the planning and commence delivery of the Muswellbrook bypass.
11. Program and deliver road improvements to the Golden Highway to better link by road the Hunter and Central west Orana regions.

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