

HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON  
TRANSPORT AND REGIONAL  
SERVICES

**Inquiry into integration of  
Regional Rail and Road  
networks and their interface  
with Ports**

Submission by

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## **Introduction**

The Board and members of HunterNet thank you for the opportunity to present to the “Inquiry into the integration of regional and road networks and their interface with ports”.

HunterNet’s mission is to support its membership and the Hunter’s Manufacturing/Engineering Industry, with particular emphasis on SME’s and their role in the growth and development of this important segment of the Hunter’s economy.

Manufacturing is one of the largest employers in the Hunter, accounting for nearly 14% of the workforce, and more than 15% of the regions GDP. The current workforce of some 25,000 is significantly less than 20 years prior, when at its peak there were more than 40,000 people employed in the industry.

Over this time, production has never-the-less risen, through increased productivity levels and on-going investment, while the extent of employment is disguised somewhat through outsourcing and labour hire, (which is a large supplier of labour to manufacturing), being included under “services” employment statistics.

Also, the structure of the industry has changed dramatically over the last two decades, moving from heavy industry (iron/steel, large ship building) to a focus in areas of the mining industry, manufacture of rail/rolling stock, aerospace, defence, infrastructure and new shipbuilding opportunities (including defence and leisure).

The contribution from the electricity generation/distribution, steel production/fabrication and aluminium smelting sectors remain important contributors to the wealth and infrastructure support for manufacturing in the Hunter.

## **Key Issues**

Within HunterNet’s brief in promoting the region as a centre of excellence for manufacturing, we would offer the following comments and observations regarding the inquiry and Terms of Reference as issues which would have a positive impact on future growth and productivity of manufacturing in the Hunter.

## **1. Shipping from Newcastle Port Containers**

Despite the Hunter being Australia's largest regional manufacturing centre, its access to containerised general export container cargo is extremely limited, with only 12000 TEUs handled per year compared to Sydney's 1.16 million.

The greater majority of locally manufactured goods are shipped from Sydney following road or rail transport from the Hunter simply because regular shipping is not available from the Port of Newcastle.

This situation also applies to major large scale manufacturers of products such as aluminium ingots (Tomago Aluminium and Hydro), iron and steel products (OneSteel, Smorgon), wine (Wyndham Estate, Rosemount and many others) and various commodity producers as well as to small and medium producers.

However, a study by the Newcastle Port Corporation shows that there are at least 160,000 TEUs of contestable exports where there is a competitive advantage for using Newcastle Port over the Sydney basin.

Clearly benefits would flow to local manufacturers in terms of reduced shipping times, lower costs and greater efficiencies generally, as well as reducing traffic volumes on the road/rail network to Sydney if some or all of this volume could be shipped through Newcastle itself.

Newcastle Port has much of the infrastructure support systems to accommodate significant increases in volume, and has the capacity to increase shipping movements by a factor of 3 before all "time spots per day are utilised to meet future growth."

The development of the proposed Multi Purpose Terminal, which has now been put on hold, would have helped significantly in overcoming this issue, and would have opened up Newcastle as an even more significant trading port, and not as reliant on coal and other bulk commodities over the longer term.

HunterNet, in conjunction with the NSW Department of State and Regional Development and Department of Transport and Regional Services (with the Hunter Area Consultative Committee) has undertaken a number of programs to develop successful export strategies for manufacturer's in the Hunter as part of their "Innovate the Hunter" program. This program was designed, in particular, to raise innovation levels amongst small to medium enterprises. Export capability has a high correlation factor with levels of innovation within an organisation, so that HunterNet is committed to working closer with its members and other Hunter based SME's to develop their export potential over time.

It is our contention that consideration be given, therefore, to the establishment of specialised export shipping facilities within the precincts of the Multi Purpose Terminal to assist current exporters, facilitate export endeavours of smaller or prospective exporters, and reduce traffic loads for road/rail and port facilities within Sydney and environs.

Such a facility would also add to the attraction of the region for the entry of new or transferred businesses from other regions, while the increased level of shipping movements would create greater levels of opportunities for the local ship repair/servicing support industry.

## **2. Intermodal Freight Hub**

Intermodal freight hubs can be a valuable tool in developing competitive advantage and efficiencies. The combination of cheaper land on which to consolidate cargoes (rather than at the port/airport), the aggregation of logistic companies on these sites; together with increasing use of intelligent information and management systems has helped transport operators to increase efficiency and maximise their use of infrastructure.

Such a hub in the Hunter is needed, and would certainly lead to increased productivity and ultimately improve levels of customer service in terms of timing and costs.

This need is identified in the "Draft Lower Hunter Regional Strategy", and would be an important element within the infrastructure support system for the fast growing Thornton//Beresfield industrial estates.

Much manufacturing activity has and continues to move from the inner suburbs of Newcastle to other parts of the Hunter, particularly the Thornton/ Beresfield and Rutherford area. This trend also applies to new start up business, as well as the transfer of others from the Sydney suburb.

This site is well situated in terms of proximity to the Port as well as to the F3, New England and Pacific Highways. While required roadworks to service this site are planned, no such commitment has been made for rail transport to support this fast growing region.

The identification of a suitable rail corridor to service the proposed freight hub could also be a vehicle for the freight rail by-pass on the western side of the existing rail link from Fassifern to the Main Northern rail line near Hexham. The need for this corridor has been well documented, and it is as critical that appropriate planning be undertaken as soon as possible to ensure that suitable land requirements can be reserved for the long term.

## **Summary**

Australia faces a major gap on its trade account for manufactured goods to the extent of more than 1 Billion Dollars per week; this trend indicates figures will continue to expand into the future.

HunterNet sees an opportunity for the development of the Hunters own manufacturing infrastructure and further expansion in production from this base with a particular focus on export marketing.

To this end, an expansion of the capabilities of Newcastle Port and its container facilities, combined with the benefits from a dedicated rail corridor for western Newcastle, and a commitment to commence planning for an intermodal hub, would be a great boost for economic activity and employment opportunities for the Hunter region as a whole.

It would also demonstrate a commitment at Federal level, to the development of a regional manufacturing strategy and the promotion of export capability, which, in itself, would receive strong support from the community in general.