

SE News  
HD **We're in the dark about port sale to syndicates**

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opinion THEIR SAY

IF you set out to design the perfect city you'd ask for four things.

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First, you'd look for a site perched on the coast, somewhere around 30 degrees latitude, adjacent to a wide tidal estuary.

Second, you'd pick somewhere with a river valley stretching for a couple of hundred kilometres, with a rich floodplain for intensive cultivation and dairying, rolling hills for vines and orchards, and grazing and dryland farming and forests off in the distance.

Third, you'd plan for a city of modest size, say 500,000 people, surrounded by another 100,000 in the hinterland, growing steadily but not too fast, and then with large cities to the north and south. And you'd want good transport links to these cities with quality roads and a railway that ran right into your city's centre.

Fourth, you'd build a downtown where every street had its own charms, a surprise around every corner, glimpses of the ocean, and a delightful mix of architectural styles, especially from the Victorian and Edwardian eras, when British architecture triumphed at the height of an empire.

And if you could have these things, you'd never destroy them would you?

Buried deep in the Financial Review last week was an account of progress in the sale of the Port of Newcastle. A healthy group of bidders is reported to be poring over 6000 documents and 30 contracts in a reading room in downtown Sydney. The bidders are syndicates of investors, infrastructure operators and super funds. They all want a stable, long-term investment contract.

In 2012 the Port of Newcastle earned \$57 million in "navigation charges", the fees levied on vessels for the right of passage through the Hunter estuary. Overwhelmingly, these vessels carry black coal: coking coal for Chinese and East Asian steel mills, and steaming coal for their power stations.

It seems that for \$1 billion the rights to these earnings will go to one of the syndicates, plus the rights to develop portside land for the next 99 years.

To pay \$1 billion means a buyer will be confident that coal vessels will arrive at Newcastle to pick up their loads year in, year out for decades hence; that the Hunter Valley coal chain will continue to deliver.

The buyer will have been made confident that the giant quarries in the upper Hunter will persist, one replacing another as coal is won and seams exhausted. That coal trains will continue to snake down the valley, and dust their way through Hexham and around Kooragang's giant loops. And that the coal-loaders with their handful of workers will hum night and day filling deep hulls for burning in furnaces 8000 kilometres away.

We will not be told what is in the contract of **sale** until after it is signed and lodged with the NSW titles office. Until then, we won't know what has actually been sold, what guarantees have been given, and what restrictions have been placed on any future uses of our land or water.

All we can reasonably infer is that the buyer and the seller will be happy that Newcastle's role as the world's biggest exporter of black **coal** will continue for another century, and that the giant quarries and the **coal** trains and the stockpiles are here to stay.

The last time the Port of Newcastle was so dramatically affected by the NSW government was a century ago. On November 27, 1912, the Parliament passed the **Iron** and Steel Works Act. This decision formalised an agreement between the miner BHP Ltd and the NSW government to develop a site for the establishment of a steelworks. The state handed over land that had been previously been dedicated as "The Botannical Gardens at Waratah" on May 16, 1868. Those "87 acres and 3 roods, more or less" ran from the eastern side of Ingall Street to the southern side of Bull Street in Mayfield.

The government also agreed to maintain a dredged safe harbour for BHP's use.

Intriguingly, the 1912 decision was a setback for the **coal** industry. One **company** in particular, Caledonian Collieries, had its claims for port access at Waratah revoked, and it sulked publicly for many a day.

A century later, the steelworks is gone, but the dredged channel has become the basis of a rich deal to tie the Hunter's **coal** chain firmly to East Asia for the century to come, and all that this means for what **coal** does to our valley.

Treasurer Baird's promise is to spend \$350 **million** of the proceeds of the **sale** to rip up Newcastle's downtown heavy rail link to Sydney and run a local tramline instead.

I wonder how this deal will be judged in a hundred years time?

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