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HD **PORT IN A STORM**  
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Calls for Hunter to get fairer share : **CHINA'S \$1.7 BILLION DEAL**

THE Baird government is under pressure to commit more money to infrastructure in the region after announcing yesterday it would lease the Port of Newcastle for \$1.75 **billion** - more than double its public estimate of \$700 **million**.

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Newcastle lord mayor Jeff McCloy demanded half the proceeds be handed to the Hunter, while Labor said the deal was a rip-off for the region.

The 98-year lease of the country's largest **coal** port will go to the "Port of Newcastle Investments" consortium of equal partners Hastings Funds Management and **China** Merchants, an enterprise owned by the **Chinese** government.

Announcing the deal in Sydney, Premier Mike Baird, left, declared it a "monumentous result", which the ACCC and Foreign Investment Review Board already approved.

The successful bid represents about 27 times the port's earnings and comes ahead of the June state budget.

The \$1.5-**billion** net proceeds will be invested in new infrastructure.

Newcastle would receive its promised \$340-**million** share for light rail and be transformed into "the jewel of the Asia Pacific".

"Newcastle will be renewed. This is an incredibly exciting day for

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Calls for Hunter to receive larger share

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Newcastle. It was always a pipe dream. It is now going to happen," the Premier said.

Mr Baird previously said the city's share represented a good result out of the expected proceeds for the port of \$700 **million**, and it should not expect any further funds to flow its way.

However, as the Newcastle Herald has reported, the government had privately anticipated from the outset that the lease could fetch more than \$1 **billion**.

Yesterday, Mr Baird indicated a larger share of spending for the Hunter was no longer ruled out.

"In terms of Newcastle and the Hunter, watch this space," he said.

"We are surprised obviously by what we've seen in terms of the final result. So we will be in position, we may have more to announce later."

But with no **firm** promise of extra spending, critics quickly labelled the result a rip off for the region.

"The Port of Newcastle is a rolled **gold** high-quality asset - and Mike Baird deliberately talked down the **sale** price to make himself look like a genius when it turned out to be worth more," Labor's treasury spokesman Michael Daley said.

"The Hunter is a region awash in unfinished transport projects, struggling hospitals and school grounds blighted by demountable buildings.

"It is offensive that Mike Baird has left the Hunter with barely a sliver of the proceeds to meet these serious infrastructure needs."

Greens MP John Kaye said the higher-than-expected result meant the lease holder would be seeking to extract "even larger profits from the port", which would "now be half-owned by a foreign power".

Mr Baird said there would be no changes to existing commercial arrangements for the **coal** chain, and the state would retain control of maritime functions.

"The only thing that has really changed today is the shareholder has shifted from being the state to a new partner," he said.

The consortium members were "well-known, long-term global infrastructure investors", and would unlock new opportunities at the port, he said.

Asked when work would start on light rail, Mr Baird said Transport and Hunter minister Gladys Berejiklian would make announcements shortly.

"But we are both determined to get cracking as soon as we possibly can," Mr Baird said.

"You know a lot of work's been done. But you will see progress, significant progress made this year in relation to that."

The government had already committed - but is yet to spend - \$120 **million** to covering over the heavy rail and building a new interchange in the city, prior to announcing last year its plans to lease the port and build light rail.

Ms Berejiklian has refused to give cost estimates for the transport project, but said in February all light rail options being considered as well as the interchange were within the \$460 **million** total budget.

The state government has previously announced 85 Newcastle Port Corporation staff would transfer to the lessee with two-year job guarantees, and the government would generally retain contamination liabilities for the state-owned land under the lease.

<b>CO</b>	hasfml : Hastings Funds Management Limited   wstpac : Westpac Banking Corporation Limited
<b>IN</b>	i5020017 : Harbor Construction   i502 : Heavy Construction   iconst : Construction   icre : Real Estate/Construction   i81502 : Trusts/Funds/Financial Vehicles   i8150211 : Unit Trusts/Mutual Funds   ifinal : Financial Services   iinv : Investing/Securities
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