

Barilaro publicly backs Newcastle container terminal, despite policies

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Deputy Premier John Barilaro says the state's farmers would "absolutely" benefit from being able to export through a container terminal in Newcastle – an outcome made more difficult by his own government's policies.

The NSW Nationals leader's public support for a container terminal in the Hunter pitches him into a long-standing controversy over the terms under which his government privatised the operation of Sydney's Port Botany and the Illawarra's Port Kembla.

The terms of that 2013 privatisation include a clause entitling the lease holders to compensation from the Port of Newcastle if more than 30,000 containers were transported through the Hunter.

According to the operators of the Port of Newcastle, itself privatised in 2013, this clause prohibits investment in port facilities at Newcastle capable of mass-handling containerised freight.

The clause, currently under the microscope of competition regulators, forces more traffic on the M1 motorway between Sydney and Newcastle, as well as driving up the cost of farming exports, advocates for a Newcastle terminal argue.

"Absolutely," Mr Barilaro replied last month at a Committee for the Economic Development of Australia forum, when asked if western district farmers and primary producers would "benefit from a container port at Newcastle".

The question was met with muted laughs from the audience, recognising that it touched upon a controversial topic.

"Absolutely. We have opportunities right across the eastern seaboard and you look at Newcastle, of course container port but that would be one that's got to have a conversation piece broader than just this room tonight," the Nationals leader said.

Mr Barilaro then referred to an expansion of the Port of Eden on the south coast.

"Here in Newcastle you could do exactly the same in the same area," he said.

In a statement, the chief executive of the Port of Newcastle, Craig Carmody, said the organisation "welcomed Mr Barilaro's comments in support of regional development and the lowering of freight costs".

Mr Carmody said private investors had already approached the port interested in committing funds to building a container terminal "if the current financial penalty is removed".

"As a world-class port already servicing many of Australia's leading commodity exporters, PoN is certain a Newcastle container terminal is commercially viable in the context of the current economic environment."

The Port of Newcastle this year commissioned analysis from Deloitte Access Economics that argued exporters in the state's central west and north-west would spend 32 per cent less on their rail transport costs and 18 per cent less on road costs if they were able to export through Newcastle.

Government MPs have argued that the Port of Newcastle is not prevented from developing a container terminal by the terms of the Botany privatisation, and container trade at Newcastle does not approach the 30,000 per year threshold.

"It is not within a bull's roar of that trigger," the former ports minister, Duncan Gay, told Parliament in 2016.

Advocates of a terminal at Newcastle, however, say that trigger would be easily met if a container terminal was developed – but the financial penalties prevent such a terminal being developed.

The *Herald* asked Mr Barilaro's office if the Deputy Premier was attempting to alter the commercial restrictions on the Newcastle port's expansion.

A response from a spokeswoman did not address the question.

"The Port of Newcastle is the largest coal terminal in the world," the spokeswoman said. "Despite this, the NSW government is supportive of the diversification of this port into new markets, especially if it results in greater outcomes for businesses and communities within NSW. Any future decision of Newcastle Port to diversify would need to be made with respect to commercial arrangements entered into by that operator."

The Australian Competition and Consumer Commission is expected to conclude an investigation into whether the terms of the Port Botany and Port Kembla privatisation breaches competition law this year.

The government's latest freights and ports strategy, released last month, offers no support for a Newcastle container terminal.

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