

# Chinese ownership shuffle for the Port

BY IAN KIRKWOOD

THE Chinese government's half stake in the Port of Newcastle is being transferred to a company that specialises in container ports, although it will need Foreign Investment Review Board approval.

The putative new owner is arguably the biggest operator of container ports in the world, but the Port of Newcastle's local management have played down the importance of the transaction, calling it "a not uncommon practice".

The latest twist in the recent history of the privatised port was unveiled earlier this month when a company called China Merchants Port Holdings Company Limited announced to the Hong Kong stock exchange that it intended to buy a 50 per cent stake in the Port of Newcastle from two related companies - China Merchants Union Limited and Gold Newcastle Property Holding Pty Ltd - for \$607.5 million.

China Merchants Port Holdings said its half stake in Newcastle was its first investment in "Oceania".

It has expanded dramatically in the past decade, buying into ports in Belgium,



**SUBSTANTIAL ASSET:** Aerial view of the Port of Newcastle, used by China Merchants Ports Holdings to announce its intention to buy China's half share in the port from a related company.

Djibouti, France, the Ivory Coast, Malta, Nigeria, South Korea, Sri Lanka, Taiwan, Togo, Turkey, and the United States.

The Port of Newcastle was privatised in 2014 for \$1.75 billion to a 50/50 joint venture between Chinese and Australian interests. Soon afterwards, the new owners revalued the business to be worth \$2.4 billion - a figure noted in this month's statement from China.

The *Newcastle Herald* asked the Port of Newcastle's management why a half-share in a business valued at \$2.4 billion was being sold for \$607.5 million, but received no direct answer.

Instead, a spokesperson said: "The proposed transfer, which will be reviewed by the Foreign Investment Review Board, is a transfer of shares from one company to another within the China Merchants Group. This is not an

uncommon practice in the global infrastructure sector."

As the *Herald* has reported at length, the Coalition state government privatised Newcastle in such a way that effectively prevents it from building a container terminal to challenge Port Botany. In an important move in December, Port of Newcastle signalled its discontent with the situation, with new chair Roy Green saying the company wanted "a level playing

field for the development of a viable and competitive container terminal."

The Chinese statement said buying the half share in Newcastle gave the new owners an opportunity to use their "port and park" development model. This has been described as the way China Merchants Group has built "purpose-built port-cities" in Shekou, Shenzhen, and other Chinese cities since the 1980s.

## NEWS

# A terminal or tourism

## Port Waratah Coal in dark on planning

BY JOANNE MCCARTHY

PORT Waratah Coal Services has reacted strongly to signs the NSW Government could back moves to close Carrington coal terminal and "renew" the historic precinct for tourism.

Port Waratah will lodge a lengthy submission with the Department of Planning on Wednesday after confirming it was "very surprised and concerned" to see a draft Greater Newcastle Metropolitan Plan proposal to investigate relocating coal export facilities and bulk fuel storages from the Carrington site and explore options for alternative uses, including tourism.

"We did not know that statement within that draft would be there," a PWCS spokesperson said of the investigation, which the draft plan said would be conducted by the Port of Newcastle, "working with Newcastle City Council and the Department of Planning".

The draft plan did not refer to Port Waratah Coal Services, which operates the Carrington terminal on a lease with the Port of Newcastle that expires in 2024. The two groups have been in talks about the lease renewal for several years. PWCS also operates a larger Kooragang terminal with capacity to handle 120 million tonnes of coal per year. The older Carrington terminal has capacity for 25 million tonnes per year but processed less than 15 million tonnes in 2017, or less than 70 per cent capacity.

While PWCS would not respond to questions about the

symbolic significance of the NSW Government at least considering reducing export facilities at the world's biggest coal port, environment groups including Lock the Gate said closing Carrington coal terminal "would be a profound symbol of change for Newcastle".

Tighes Hill Community Group spokesperson Charlotte McCabe said the community was "delighted" the NSW Government was open to exploring closing the city's oldest and most urban export coal terminal and concentrating all coal exports on Kooragang Island, further away from residential areas.

"This investigation is consistent with the decision by the Port of Newcastle to promote diversification. Relocating the Carrington coal terminal and stockpiles will free up prime real estate that could much more beneficially be used for new export or tourism industries such as the proposed Carrington Cruise Ship Terminal, uses that are compatible with a residential area," Ms McCabe said.

The first-ever draft Greater Newcastle Metropolitan Plan, released by the NSW Government in November as a document to guide planning until 2036, aimed to "capitalise on investment through a collaborative approach".

But in a statement on Tuesday in response to questions from the *Newcastle Herald*, a Port of Newcastle spokesperson said the section of the draft plan about relocating Carrington terminal facilities was an error and "We have written to the Department of



**LOADING UP:** The Port of Newcastle with Port Waratah Coal Services' Carrington coal terminal in the foreground. A draft NSW Government plan for Newcastle has proposed an investigation into relocating the terminal's facilities.



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### Port Waratah Coal Services

Planning to seek a correction in the final plan".

The Department of Planning was preparing a response.

The Port of Newcastle said it "supports the continuation of coal exports at the PWCS Carrington Coal Terminal".

"This land is part of Port of Newcastle's landholdings under its 98 year lease with the NSW Government which commenced on 30 May 2014," a spokesperson said.

Parliamentary secretary for the Hunter, Scot MacDonal, said the Department of Planning and Planning Minister Anthony Roberts were well aware of PWCS's concerns after the group made immediate representations to government after the draft

plan's release.

"We're aware of PWCS concerns over the draft plan and implications for its operations at Carrington and NSW Planning is considering the issue," Mr MacDonal said.

In its submission to be lodged on Wednesday Port Waratah Coal Services said closing the Carrington facility was inconsistent with other recently-released NSW Government strategic planning documents for the region, including the Hunter Regional Plan 2036 and Transport for NSW's draft Freight and Ports Plan.

The proposed investigation also came after PWCS spent millions of dollars over the past few years modernis-

ing and upgrading environmental infrastructure.

PWCS acknowledged Kooragang and Carrington terminals have operated considerably below full capacity for a number of years.

PWCS saw its shipments fall from 109.6 million tonnes in 2016 to 104.7 million tonnes in 2017, a decline of almost 5.5 per cent.

In contrast, NCIG, which runs the newer loader on Kooragang Island and has a capacity of 66 million tonnes per year, saw its throughput rise from 51.5 million tonnes in 2016 to 55.2 million tonnes last year, an increase of 7 per cent.

Combined coal exports from the three Newcastle terminals in 2017 was 159.9 million tonnes, down from 161.1 million tonnes in 2016. Closing Carrington would leave the port with 186 million tonnes per year capacity, or more than 26 million tonnes per year more capacity than total exports in 2017. But a

PWCS spokesperson said Carrington, which has been handling smaller vessels, was "an important part of maintaining delivery at a rate that our customers expect".

"On average over the year it's true the tonnage appears to require only Kooragang but there are periods of time where we need capacity to support Kooragang. There are certainly times where we're loading ships at a very rapid rate," a PWCS spokesperson said.

In January the NSW Department of Planning acknowledged a slowing of coal exports from Newcastle by confirming PWCS was not required to complete pre-construction works for the proposed T4 terminal site until it decided to proceed with the project.

Energy analyst Tim Buckley said the global thermal coal export market peaked in 2014 and was "flat-lining" as the world shifts to renewable energy.

## NEWS

# Council supports port play

BY DONNA SHARPE

MAITLAND City Council has thrown its weight behind a plan to develop a container terminal at the Port of Newcastle, which would have the capacity to create hundreds of jobs through warehousing and distribution centres.

Council received a letter from the Port of Newcastle's CEO, Geoff Crowe, asking council to make a submission to the Draft NSW Freight and Ports Plan supporting the development of a container terminal.

Fairfax Media reported late last year how the private operators of the port said they wanted to see a "viable and competitive" container terminal on site.

The draft NSW Freight and Ports Plan, currently on exhibition, sets out the NSW government's approach to handling container freight up to 2056.

At this stage the plan does not contemplate a container terminal at the Port of Newcastle.

In a letter to Maitland mayor Loretta Baker, Mr Crowe said the Port was a



**JOBS:** Maitland City Council will make a submission to the state government, pushing for a container terminal to be developed at the Port of Newcastle for jobs growth.

key economic driver for the Hunter Region, with port activity contributing about \$1.6 billion to the economy and 9000 jobs.

Cr Baker said Maitland would benefit from the con-

tainer terminal in a number of ways.

"Certainly jobs and further diversification of employment opportunities along the transport route," Cr Baker said.

"Jobs in road and rail transport, which I imagine will be upgraded, but also we have the land to create storage to support the increased trade from regional areas which will benefit our farm-

ers and those further out in the regions.

"It will be a huge boost to the economy with the flow-on effect from the increased import/export trade."

Member for Maitland



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**Loretta Baker, Maitland mayor.**

Jenny Aitchison has been advocating on the issue since the then Baird government sold-off the Newcastle Port and entered into a secret agreement to cap the growth of the container business at Newcastle Port.

"This has negative impacts on our whole economy across the Hunter, and limits our ability to grow new jobs," she said.

"The Berejiklian government pretends to support investment in infrastructure and jobs in our region, but they don't actually deliver in practice."

# COMMERCIAL PROPERTY

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## Freehold industrial land a rare offering

THE first freehold subdivision on Kooragang Island in over 30 years has been released.

Trent Robertson, of Colliers International, is marketing Port Link Estate at 43 and 45 Greenleaf Road and said there were 12 lots available.

Lots start from one hectare in size and can be combined to create larger properties.

The estate is located within the Port of Newcastle and within close proximity to a number of common user deep water berths and rail networks.

Mr Robertson said it has the added benefit of access to major road links, located less than 15 minutes from Newcastle Airport.

"It's been some time since there's been a freehold industrial land release there," Mr Robertson said.

"The rest of Kooragang Island is held by the NSW Government and a lot of it now is under leasehold arrangements to the Port of Newcastle.

"We already have interest from some port logistics

groups. So it would appeal to logistics ... bulk products because Kooragang Island has historically been a bulk products type of industrial area.

"We're expecting there will be a number of uses that might wish to invest in a site near berths K1 and K2, which are being upgraded, and we're getting interest from a lot of parties."

### BEAUMONT STREET OPPORTUNITY

Raine and Horne Commercial's Jason Morris is selling a two-storey building at 37 Beaumont Street in Hamilton with vacant possession.

The building has 316 square metres of floor space and is set on 449 square metres of land.

It has a bar and restaurant premises, outdoor entertaining area with an external bar and a liquor licence. It is set for auction on November 8.

"Properties are tightly held in Beaumont Street and the liquor licence is a big plus," Mr Morris said.

— RENEE VALENTINE



LARGE SITE: Colliers International are marketing lots from one hectare in size in Port Link Estate at Kooragang.