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REFINANCING OF PORT KEMBLA TO BOOST FUNDS FOR MAJOR INFRASTRUCTURE PROJECTS

Treasurer Mike Baird and Ports Minister Duncan Gay today announced the NSW Government's plans to refinance State-owned assets at Port Kembla to fund priority infrastructure projects across NSW.

"After a decade and a half of underspend on infrastructure by Labor, we are facing an immense challenge to fund the backlog of critical infrastructure across our State.

"While we have already started the process of releasing funds through the successful long-term lease of the desalination plant, undertaking a scoping study for the long term lease of Port Botany, and the planned sale of the electricity generators announced last month, more needs to be done to free-up vital funds for critical road, school and hospital projects across NSW.

Mr Baird said the scoping study for the long-term lease of Port Botany has revealed strong bidder interest. In addition, the advisors have highlighted the significant value that Port Kembla could bring to the transaction, prompting the Government to undertake additional scoping work to review its potential inclusion in the Port Botany transaction.

"Port Kembla is already the entry point for imports of all passenger motor vehicles and located only 80 kilometres from the proposed development of the new intermodal terminal at Moorebank," said Mr Baird.

"As a regional port, Port Kembla has significant growth potential that we believe can be more appropriately managed and financed by the private sector.

"The successful lease of the desalination plant demonstrates the strong private sector interest in quality infrastructure assets in NSW and we think that both Port Kembla and Port Botany can deliver significant value for NSW taxpayers.

"Not only will releasing the value held in these businesses increase the NSW Government's capacity to invest in priority infrastructure, private sector involvement in these ports also has the potential to enhance efficiency of port operations, which will provide a broader benefit to our State's economic development."

Mr Gay said private management allows port businesses to focus on efficiency and service outcomes such as enhancing the operation of the supply chain.

"Given the growth in trade and freight, it is appropriate to consider the mix of long run port facilities that will best service the growing freight demand in NSW in the decades to come," Mr Gay said.

"Like the proposed Port Botany transaction, additional scoping work will be undertaken which will provide recommendations on the best way forward and ensure key public interest outcomes are protected."



Budget 2012-13

Building for the Future

Mr Baird said proceeds from the transaction will be invested in Restart NSW (with 30 per cent of funds reserved for projects in regional areas), while \$100 million is earmarked for infrastructure projects in the Illawarra which will be determined by Infrastructure NSW later this year.

“The combined proceeds of these transactions, together with the \$2.3 billion recently received for the Sydney Desalination Plant, will provide a significant boost in funds for the critical roads, hospitals and schools needed in communities across our State.”

Mr Gay confirmed the Port of Newcastle is not included in the scoping study.

Mr Baird said the additional scoping work on Port Kembla would not delay the Port Botany transaction process. The Government will consider the scoping study recommendations during the first half of 2012, with a view to completing the transaction by mid- 2013.

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