



Mike Baird MP

NSW Treasurer
Minister for Industrial Relations

MEDIA RELEASE

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NSW GOVERNMENT WELCOMES SUCCESSFUL OUTCOME OF PORTS TRANSACTION

Treasurer Mike Baird today announced the NSW Government has successfully leased Port Botany and Port Kembla, delivering an outstanding result for the people of NSW.

Following a six-month competitive bidding process, the 99-year lease of State-owned port assets Port Botany and Port Kembla has been awarded to the NSW Ports Consortium for \$5.07 billion, with net proceeds of around \$4 billion to be invested in the NSW Government's infrastructure fund – Restart NSW.

"This is an outstanding result for the people of NSW, which has exceeded our expectations," said Mr Baird.

"It is the largest ever NSW government transaction, in terms of net proceeds." The transaction has delivered an outstanding financial return for the state, including over \$4.31 billion from the Port Botany transaction package and A\$760 million from the Port Kembla transaction package.

"This is a massive boost to our delivery of our record infrastructure program across the State," said Mr Baird.

Net proceeds from the two leases will be invested in the Government's infrastructure fund, Restart NSW, with 30 per cent of funds reserved for project in regional areas and a further \$100 million dedicated for infrastructure projects in the Illawarra.

Mr Baird said, "There are now vital funds for the delivery of WestConnex, Bridges for the Bush, the Pacific Highway and the Princes Highway. The Government has now funded its commitment to WestConnex and there is \$100m for spending on new infrastructure projects in the Illawarra region."

Mr Baird said the transaction attracted a strong field of bidders from Australia and around the world.

"This is a huge vote of confidence in the NSW economy and reinforces that NSW is an increasingly attractive place to do business under the O'Farrell Government."

"The success of this transaction builds on the confidence we restored with the international investment community through the refinancing of the Sydney Desalination Plant last year," Mr Baird said.

"In stark contrast to what happened under State Labor, this has been a orderly, transparent, and highly competitive transaction process, which has delivered the best result for the State.

"This is a vote of confidence in the NSW economy and an endorsement of our fiscal strategy, but there is much work left to do.

"The financial challenges facing NSW are clear, given the decision by Standard & Poor's to change our triple-A credit rating outlook to negative. We inherited \$55 billion of net debt, a \$30 billion infrastructure backlog, and before the last Budget, NSW lost \$5.2 billion in GST revenue.

"While this win is a great start, it doesn't solve our problems. We are in the middle of a financial balancing act. We must continue to look at our balance sheet and take the responsible decisions necessary to return our state's finances to a sustainable position."

"Releasing mature assets so that we can re-invest in new ones is the responsible approach."

NSW Ports Consortium comprises Industry Funds Management ("IFM"), Australian Super, QSuper and Tawreed Investments Limited, a wholly-owned subsidiary of the Abu Dhabi Investment Authority ("ADIA"). QSuper's investment in Port Botany and Port Kembla will be managed by Global Infrastructure Partners ("GIP").

Mr Baird said each member of NSW Ports is a highly experienced asset owner who will ensure the operational integrity of the ports and will bring greater access to capital to ensure the ongoing development of the critical trade gateways of NSW.

"I congratulate NSW Ports on their successful bid and, on behalf of the NSW Government, look forward to a long and successful working relationship" he said.

As previously announced, the NSW Government will retain regulatory oversight of the ports as well as responsibility for a range of important maritime safety and security functions, including the role of Harbour Master, the dangerous goods function and pilotage.

Mr Baird said a small number of Sydney Ports Corporation and Port Kembla Port Corporation employees would transfer to the port lessee.

"Enterprise agreement employees will receive a two-year employment guarantee, a transfer payment of up to 30 weeks pay, continuation of current superannuation arrangements, transfer of all sick leave and the ability to transfer or cash out annual and long service leave. These employees will transfer on the same terms and conditions.

"Remaining Sydney Ports Corporation and Port Kembla Port Corporation employees will continue to manage and administer those important maritime functions which will remain with the State," Mr Baird said.

The transaction is expected to close on 31 May 2013.