

EVERALD @ LARGE

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Everald at Large is published monthly as a personal commentary by Everald Compton on the **Politics of Infrastructure**.

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In his community life, Everald is Chairman of National Seniors Australia which represents 300,000 financial members in 180 branches across Australia. He is also Chairman of the Everald Compton Charitable Trust and an Honorary Senior Fellow of the University of the Sunshine Coast. He became a Member of the Order of Australia in 1993.

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The comments that he makes in *Everald at Large* are not necessarily the opinions of the Directors of the above mentioned companies or their joint venture partners.

1. THE RETURN OF Y2K

On New Year's Eve of the Year 2000, I sat on Coolum Beach in Queensland with my family, watching the fireworks and waiting for the clock to reach midnight. Another family sat near us and one of them said to me "This is real scary isn't it?" She had been brainwashed to believe that all computers would go crazy at midnight, aircraft would fall out of the sky and the planet would fall apart.

In similar fashion, the proponents of Climate Change are assuming that we are gullible enough to believe that the end of the world will occur very quickly if we delay carbon trading beyond 2010. We should all object to being treated as impressionable children.

Scientists and the computer industry made zillions out of the Y2K panic. It was one of the great hoaxes of history as not a single computer blew up anywhere in the world. Yet, our leaders are hell-bent on recreating another panic situation less than a decade later.

More scientists will make a lot of money by fostering a Climate Change crisis and financial market brokers will make zillions out of buying and selling carbon permits, the same geniuses who started the sub prime property loan debacle. I cannot understand why our government wants these greedy and incompetent people to gain great wealth while the rest of us pay for it.

It is sad that plans to tackle this very significant environmental issue are being promoted and organised in such a high pressure manner, without looking at the many credible alternatives to carbon trading.

The emotional debate so far has caused most people in Australia to have an opinion on the Federal Government's Carbon Pollution Reduction Scheme (CPRS). Predictably, the issue has divided the community and will continue to do so, even though the Federal Government's Green Paper is far more moderate than most of us expected it to be after listening to Ross Garnaut's impractical and exaggerated recommendations. The responsible response from us all should be to give it serious and constructive consideration so that we can come up with a better plan.

My comments on CPRS in this column will be confined to its impact on infrastructure. That, of course, includes its influence on our mining industry which provides considerable finance for the creation of Australia's new infrastructure, either directly through the construction of mining railways, or indirectly by the payment of mining royalties which governments use to finance community infrastructure.

Like many Australian voters, I take the view that the proposed Emissions Trading Charge for minerals of 20 dollars per tonne which is intended to be borne by our Miners is unjustifiable as this levy should be paid in the country of use, not the country of origin.

Significantly, I am certain also that many Australians will be of the opinion that because the great polluting nations of China, India, Japan, the United States and Europe have no intention of matching Australia's CPRS, we should take careful steps to avoid an outflow of capital from Australia by implementing policies that will encourage our mining companies not to depart the Australian scene and invest in new mines in nations without CPRS.

Unfortunately, a hasty implementation of CPRS could cause finance for our infrastructure development to dry up as existing mines shelve their plans to expand and strategies for new mines are discarded. This will be a tragedy, as, after decades of neglect of infrastructure, things were just starting to improve.

There will be a negative flow on effect to all sectors of Australian economy as mines progressively reduce their production. Consequently, Australian Governments will suffer severe financial constraints as their mining royalties and tax revenues decrease, causing our comfortable lifestyle to decline with it.

These are not dramatic statements designed to stir negative emotions; they are simply statements of fact about which politicians are in denial as they vie for votes rather than results.

It should be very obvious to most of us that a practical, progressive and effective Carbon Pollution Reduction Scheme must be implemented but not be confined to the doubtful benefits of Carbon Trading. It can be implemented only in a time of prosperity, not in the current era of worldwide financial instability and decline. The planet is not going to disintegrate while we initiate a five year period of preparation during which major polluters are given a legislated deadline either to right the matter themselves or suffer very severe penalties for not doing so. This can be done through compulsory tax deductible levies for research into initiatives such as clean coal technology and its development and implementation, instead of forcing companies to buy a permit that entitles them to continue to pollute.

We should be solving problems, not perpetuating them and, therefore, I am delighted to read that Federal Resources Minister, Martin Ferguson, has appointed a Council to promote and coordinate clean coal technology.

Can I state emphatically that I am not a Climate Change sceptic? I am a Carbon Trading Sceptic who objects to promoters of fear and panic and who believes that cars are greater polluters than power stations. I am personally committed to participating in positive steps to combat global warming, climate change, pollution and drought. I also admire Kevin Rudd's personal commitment to solving these issues and I do not doubt his integrity in this matter. I merely question his judgement on how to achieve it.

The tragedy is that he has chosen to face the Climate Change Challenge in a negative way at the wrong time, instead of in a positive way at the right time.

Visionary projects that will improve the environment must be implemented in a five year build up period such as radical improvements to public transport, massive expansion of solar power,

diversion of water from the tropics, significant investment by the mining industry in clean coal technology and other progressive initiatives that will generate enthusiastic public support. We will all happily meet our share of the cost of doing these positive strategies rather than having to bear the brunt of an unnecessary inflation increase caused by carbon trading.

The consequence of handling this issue in the currently negative manner could result in Kevin Rudd being a one term Prime Minister. This will be sad as, initially, his government showed so much potential to create the changes that will build a greater and better Australia.

The one thing that will probably save him is that the Opposition is so visionless and indecisive that it is not an opposition at all. We all recall that they were in charge when the nonsense of Y2K was inflicted on us and they are now hopelessly confused about Climate Change.

Without a strong Opposition, we really do have a Parliament which is shaping up to be one of the weakest in the history of the nation.

2. THE GALILEE COAL BASIN

During July, Queensland Premier, Anna Bligh, announced preliminary plans for private enterprise to build a new railway from the Galilee Coal Basin in Queensland to a new Port to be built at Shoalwater Bay, which lies roughly midway between Rockhampton and Mackay. She very obviously supports the coal industry even though many in her political party believe that coal is an evil commodity. She deserves applause for this and for her enthusiastic support of all infrastructure; a rare attitude among Australia's politicians.

Shoalwater Bay will provide Queensland's Miners with a badly needed new outlet to the world. Interestingly enough, this Port was first planned by Joh Bjelke-Petersen and Lang Hancock back in the 1970's when they wanted to build a transcontinental railway from the Pilbara to the Bowen Coal Basin. This vision collapsed when Malcolm Fraser vetoed it. Joh and Lang wanted the new Port to be at a deep water inlet called Port Clinton, but this site can only be reached by going through a National Park and a Defence Force Training Facility.

The current plan is to move the Port south of that original site to a place which is below both of the sensitive areas mentioned above and where there is also very deep water.

The mover and shaker of this new venture is Peter Lynch, CEO of Canadian based Waratah Coal. His company controls a large coal deposit towards the southern end of the Galilee Basin which runs from Alpha (on the Rockhampton/Longreach Railway) to Pentland (on the Townsville/Mt Isa Railway). The only way to get his coal to his customers will be via a new railway direct to the coast as both of the existing railways are too far away and have very unsuitable tracks for heavy loads through difficult mountain ranges.

His ambitious plan is to create a 500 kilometre standard gauge railway capable of supporting 20,000 tonne coal trains. This strategy is interesting as all the other coal tracks in the region are narrow gauge.

The doubters, as usual, are saying that he can't do it. But, I reckon he can and I can't understand why these sceptical cynics get so much pleasure out of knocking good projects.

My rail infrastructure company ATEC, which leads the consortium building the Surat Basin Railway, has been planning for some time to seek a Mandate to build a new railway linking the Surat & Bowen Coal Basins, so as to give all mines a choice of ports. Our plans envisage that our new track will cross the Galilee Railway about halfway along its path and, on the way there, will open up at least five new mines which will seek access to the Port at Shoalwater Bay and add to the viability both of the Port and the Railway.

I note that Gina Rinehart owns a large coal deposit in the Galilee Basin not far from that of Waratah Coal. She will be watching with interest.

3. THE ARDGLLEN TUNNEL

Last month, I mentioned the under utilisation of Port Kembla in New South Wales. In the same manner, the Port of Newcastle has enormous unused potential.

Its expansion is hindered by a very poor access railway down the Liverpool Range near Murrurundi which severely delays coal from the Gunnedah Basin reaching the Port in any quantities other than a trickle. Grain from the Western Plains of NSW also fails to get reasonable access.

A new tunnel is needed at Ardglen.

It has been talked about for decades and a detailed plan actually exists, but there is no funding to enable the Australian Rail Track Corporation (ARTC) to build it. As usual, there is a tussle over whether the Federal or State Government should pay for it or whether new coal mines near Gunnedah should foot the bill. One is owned by BHP.

The short answer is that someone needs to move on it quickly so that freight that should be destined for Newcastle stops further congesting roads and railways to Brisbane or Sydney or Melbourne at far greater cost to exporters. To get action, coal companies must take the initiative and originate a joint venture with ARTC. Governments will benefit from it as freight emphasis will move from Port Botany to Newcastle where everyone will get a far greater return from dollars spent. The same benefit applies to Port Kembla.

I must acknowledge that I have a vested interest in having the Ardglen Tunnel built quickly, as when ATEC gets the Mandate which it is seeking for the Border Railway, which will join Moree with Toowoomba, seven new coal mines in that region will seek access to the Port of Newcastle.

4. THE ISOLATION OF THE KIMBERLEY

The fabulously spectacular part of Australia that we call the Kimberley is one of the most isolated communities in the world. Because of this, Australia has never really tried to capitalise on its vast economic potential.

The Duracks pioneered it, Neville Shute made it famous in his splendid novel "Beyond the Black Stump" and Robert Menzies gave it a future when he launched the Ord River Project that created Lake Argyle and established thriving agricultural industries.

Nevertheless, it is poorly served by roads and there is no railway that connects it to the rest of Australia. Until that railway is built, the Kimberley will remain an untapped resource and a missed opportunity that cannot be explained away.

A new railway will not be hard to achieve. Rather than follow the path of the difficult road to Katherine in the Northern Territory, it should go straight across the desert to Tennant Creek where it would join the Adelaide/Darwin Railway and add to its viability by opening up new mines along its pathway.

From Tennant Creek, when ATEC's master plan for the Inland Railway is implemented, there will be a connecting railway to Queensland via Mount Isa.

If ever there was an essential national development project, this is it. It is potentially one of the great pioneering ventures of Australia's history as a water pipeline from the Fitzroy River could come down the same corridor.

Kevin Rudd should take it up as a hallmark of his Prime Ministership. His namesake from the bush, Steele Rudd, would approve.

5. CEO FOR INFRASTRUCTURE AUSTRALIA

I personally welcome the announcement by Federal Transport Minister, Anthony Albanese, that Michael Deegan has been appointed as Chief Executive of Infrastructure Australia, the Federal Government's vehicle to plan Australia's major infrastructure needs.

Michael has had a unique bipartisan career in public service working with Labor and Conservative Governments at both State and Federal levels in senior executive positions, particularly in transport portfolios. He is one of those rare public servants who can work with any Minister without being concerned about his politics.

He can be relied upon to take a non-political approach to his new task and the Rudd Government will get an objective assessment of how best the nation's infrastructure needs can be met. I await the results with very positive interest as their implementation is more important to the future of Australia than the Climate Change initiatives.

6. NEXT MONTH

I had promised that I would write about the Port of Melbourne in this current edition of EveralD@Large, but I got diverted into commenting on the return of Y2K. It will happen next month.

I will also comment on Shane Condon's ambitious plan to build a new transcontinental railway from the Pilbara in Western Australia to the Bowen Basin in Queensland, ie, a revival of the Joh and Lang Railway.

I also intend to start a discourse on reviving some of Australia's disused railways as their closure has been caused by bad management and neglect, not any decline in their usefulness. Our nation needs more railways, not more roads.

In the meantime, if you want to add the email addresses of friends to our ever-growing mailing list, please let me know. They will be welcome.

And, if you want to read previous editions of EveralD@Large, you will find them all on the ATEC Website www.aire.com.au

Yours at large,

EveralD Compton

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