

# The Top End

by ARCHIE BAYVEL



## The Top End builds up...

Our Northern Territory is another world and Darwin more “other” than the rest of it put together. Right now – in The Dry – the city has a hint of frontier paradise with warm days and balmy nights when thrilling music from open-air bars and cafes under their banyan and fig trees rocks the pants off their hundreds of after-dark denizens.

In a few weeks The Build-Up will begin, the precursor to The Wet or rainy season that the city’s high flyers give as an excuse for noticeable psychotic pressures and even ordinary people like to use as a licence to behave strangely.

An indication that the city has recently edged into the 21st century is that some businesses are now running courses explaining to would-be victims

that The Build-Up is a lot of codswallop and they’d better get on with their work regardless.

It’s not a day too soon because the Territory is on the threshold of an economic breakthrough whose prospects and execution should not be left to loonies, whatever is affecting them. Its tiny economy is on the launch pad to go through the roof with a \$50 billion boost.

## Darwin goes a-wooing to hi-jack the gas deal of the century

**T**he Northern Territory's tiny A\$14.7 billion economy has already taken off and with just a smidgen of luck will go through the roof any day soon as negotiations near conclusion with Inpex of Japan for \$30-\$50 billion – Yup, b for billion – of natural gas projects to be centred on Darwin.

Approval has already been given for the 700 km sub-ocean pipeline required and an on-shore site allocated at Blayden Point, adjacent to ConocoPhillips' existing \$1.75 billion LNG site.

So keen is the NT to cement this deal that its ALP government recently forced a premature election, allegedly to give Inpex the certainty needed to finalise the deal. The News, Darwin's daily newspaper claims the election was really forced by internal rivalries and the city's outspoken, toadbusting new Lord Mayor, Graeme Sawyer, points out that the CLP Opposition would have given the same surety.

As it turned out the unnecessary election would have given the Japanese little assurance that they were dealing with sensible people – It resulted in the government losing six of its 19 seats and seeing its absolute majority slashed to one!

Only three hours drive out of town, Energy Resources of Australia's Ranger uranium mine has had a new lease of life with new expansions and processes to prolong its production to 2020; just as uranium demand and price is firming around \$140 a kilo (US\$65 per lb).

One comes away from Ranger's recent open day at Jabiru with a distinct "Uranium good for You" feeling and a temptation to sprinkle it on one's cornflakes. It - as well as iron ore, aluminium, manganese, lead, zinc and copper - is pouring into Darwin Harbor's new port at East Arm.

Most are brought there by the single biggest advance in the Territory's history – the \$1.38 billion Adelaide-to-Darwin rail

link that is currently running six massive freight trains every week into Darwin. Another dozen trains carry ore from mines that owe their existence to the FreightLink rail facility.

Ironically FreightLink, the railway's builders, owners and sole freight carrier on the line, have put it up for sale. On the face of it an extraordinary decision at a time when business is booming and the world awash with asset sales. The line is still being used well under capacity with the opportunity for third-party operators to operate services on it, just as Great Southern Railways operates its iconic passenger service with The Ghan.

The port of Darwin is facing

unprecedented growth and efficiency. It's new ceo, one Robert Ritchie formerly of Willenius Wilhelmsen, is a tough little hombre with big plans and the will and energy to pursue the hundreds of millions of development dollars he wants for his port.

One ceo in town describes him as a different kettle of fish to anything seen before in these parts and his regime is widely regarded as a breath of fresh air.

His port is a national road and rail terminus, the north gateway to South-east Asia whose traffic includes bulk minerals, containers, and live cattle on their way to feedlots in Indonesia and subsequent re-export all over South-east Asia.



# The Top End

Rod Gobbey, the Territory's executive director of primary industries estimates that 9 out of 10 Top End cattle go for live export.

While talking about ports one should look at what is happening at the old Darwin Harbour, the one the Japanese bombed during World War II. Planned to become the iconic heart of Darwin it is just a few hundred metres from the CBD – a long way from Robert Ritchie's HQ at East Arm which is to Darwin what Botany is to Sydney – and it is the site of The Waterfront. This is a massive residential and tourist development mostly being carried out by Toga, the low profile Sydney developer founded by the even more low-profile Ervin Vidor and his hotel-queen wife Lottie, founder of the Medina chain of serviced apartments.

Already built on the old port's foreshore is the city's new conference centre and well under construction are five large apartment blocks and two international hotels. A wave pool, a swimming beach and a marina are on the way.

The Territory Government quotes The Waterfront as injecting around \$300 million into the economy in three years, generating 1000 jobs along the way.

In the middle of all that some 49 cruise ships a year tie up at the Fort Hill Wharf there with so many more to come that they are expected to generate another \$60 million a year.

Cranes and emerging skyscrapers are all over Darwin's CBD, jutting up amid greatly under-capitalised third-rate properties that will some day make fortunes for developers.

Unrelated to all that are twin skyscrapers

abuilding at the western end of The Esplanade, Darwin's harborside boulevard that doesn't hold a candle to the one at Bondi – yet! At the other end of the CBD, the newly-completed highrise apartments called Evolution and Pandanus tower over the fishing harbor and the rambling foreshore yards, offices, quays, workshops, slipways, repair facilities, container ships, barges and landing craft of Perkins Shipping.

If you're interested in coastal shipping and haven't encountered Perkins and its larger-than-life MD, Paul Toussaint-Jackson, then you ain't seen nuthin'. More of that later.

Talking of larger than life people ... there are thousands of them all through the Top End's population of 217,200. You meet 'em at the mines, on the waterfront, even in government offices but nowhere more than after dark on Mitchell Street, in the CBD. Ten thousand of them are backpackers from Europe and southern Australia.

Another 20,000 people are only slightly less transient than the backpackers. They are the Territory's population of comparatively youthful military families who spend more than \$1 billion a year but tend to change postings every three or four years.

Mitchell Street is where most of the action is. Far more so than the more widely known Casino. Most hours of the day and night the street hosts hundreds of young people plus hundreds more who are grey of hair but young at heart. The Casino in daytime and its living dead is about as far as you can get from what is generally perceived as the Top End way of life.

Mitchell Street is very much of the living and they are doing just that. With zest. Lively and vital by day, exciting by night as the open-air bars raise the volume of their music and patrons do likewise with their grog consumption. Vibrant would be an understatement of the atmosphere.

It's slightly reminiscent of Bangkok but without the shady ladies; indeed brothels and soliciting are illegal throughout the Territory, being replaced by a tight network of escort agencies who have the sin/pleasure business decorously sewn up.

The names of the bars carry the atmosphere: Monsoons, Wisdom (as attained through consumption of beer), Shenannigans, The Duck's Nuts, The Fox, The Tap and a more conservative establishment The Deck that is on the ground floor of the Chief Minister's office.

The street scene on Friday and Saturday nights is a blend of carnivale, bacchanalia and the space pub in Star Wars ... humanoids of every shape in a frenzy of social activity. Thunderous music, abandoned dancing, crowded pavements and a deep, very deep bass that pumps out at bowel-shivering frequencies. It is exactly the kind of activity the founders of that mythical religious sect foreshadowed when they banned having sex while standing up ... For fear that it might lead to dancing!

Circling all that like wagon-trains are fleets of grey nomads belonging to the army of grey nomads who gravitate to the Territory in these idyllic months of The Dry. You see them in The Alice staring at the Royal Flying Doctor centre and its neighbouring reptile parklet.

*The Ranger uranium mine at Jabiru*



They're in Katherine too where there is nothing to stare at except smudges of silent darkness under the big trees, the Lost Generation of indigenous people who slipped between the euphoria of citizenship and the discipline of compulsory education. Sitting glumly on the sidelines of the NT's success, many are unable to speak much, if any, English, are unable to read or write in any language and have been expelled from their own communities.

But they might one day become the exception. Discussion of The Intervention is everywhere; one hears rumour of its white advisors fleeing their posts every weekend for respite from things many are not trained to correct or don't have the stomach to face.

Traditional landowners, however, are proving ever more capable of holding their own in negotiations with the mining companies, some of whom are running special six-week Learning About Work courses to entice indigenous people into their workforce. The response is growing.

At the Ranger uranium mine 18.7 per cent of employees are indigenous and, while it's not in the Territory, Rio Tinto's Argyle diamond mine, an hour's flight away in WA has a workforce that is 25 per cent indigenous.

So there's The Top End in a nutshell – 377,000 foreign tourists who spent \$398 million last year plus 1.12 million domestic tourists who spent \$1.22 million. It's all go up there at this time of the year and averaging a delicious 30 degrees with almost no humidity.

The bars stay open late and the airport has no curfew, which is just as well because flights out to Sydney, Brisbane or Melbourne are almost all between midnight and 2am.

*But the BIG story is the GAS: What's already here, its budget-boggling prospects and the tale of how The Top End has virtually hi-jacked a \$50 billion project from WA. The pending deal is talked of in hushed tones as being potentially bigger than the North-West Shelf was to WA. A step change in the NT's economy.*

The Chief Minister's office, at the Parliament House end of the Mitchell Street, is the nerve centre of the gas action. It has awesome views over Darwin Harbour whose water is the green-blue of expensive hair-conditioner.

Brian O'Gallagher, executive director of the department's major projects division, says: "Gas will be the biggest new driver of our economy for the next 20 – 40 years. Think what the North-West Shelf did for WA ... NT is where WA was 25 years ago; it takes that long for big things to happen.

"In attracting the next big gas deals we are ahead of WA because the preparations for them are already in place. Right on our doorstep.

"We not only want to bring new gas pipelines on-shore at Darwin, we also want to develop related downstream industries such as converting the gas into liquid products and even processing them into consumer products. For example, BOC is looking at a helium plant which will be the first in the southern hemisphere.

"We already have an LNG gas facility operated by ConocoPhillips at Middle Arm's Wickham Point, on Darwin Harbor, which has been strategically reserved for gas-based industry. It has been processing offshore gas from the Bayu Undan field for more than two years and its construction cost was greater than the railway. Construction cost is the biggest issue facing new LNG industries. It runs at about \$2 billion plus the cost of some 500 km of pipeline.

"But the Ichthys Project is what's causing all the current excitement. It centres on Inpex, a Japanese company in which France's Total has a 30 per cent share. It is our most immediate prospect and we have allocated it enough land at Blayden Point for six gas plants if they come to Darwin."

Current odds are 70 per cent in favour of Ichthys working out; which would mean a kick-off cash injection of at least US\$12 billion (yup, B for billion) that will transform the Northern Territory's economy and rocket Darwin well-nigh into space, given how it's flying already.

Only possible obstacle is that it needs a 7-800 km sub-ocean pipeline compared to 250 km to the Maret Islands, the WA alternative. But the WA Government bogged down with covenants and enviro issues and just as the Japanese were beginning to wonder where it was all heading enter the Northern Territory in the shape of Claire Martin, its then Chief Minister.

She hot-footed it to Tokyo and the gist of her message when she got there was: Forget these sandgroppers and come to Darwin. She promised Inpex and Total free this and free that plus enough steak knives for decades. After she stood down from office Paul Henderson, her successor, picked up the steak knives and made a supporting pitch to Inpex.

Despite Darwin being a comparatively minute and indisputably remote economy, it offers strong competitive advantages to Inpex and Total. Brian O'Gallagher says they include:

- A supportive government
- Immediately available land on Middle Arm
- A clear-cut environmental process
- Modern capital city infrastructure, services and society
- An achievable 2013 timeline
- Existing infrastructure including a deepwater port, an international airport, and the transcontinental freight line
- A skilled workforce experienced with a similar major project in Darwin's existing \$1.75 billion Wickham Point LNG facility plus the almost complete Blacktip Project whose pipeline will provide the NT's entire natural gas needs
- Downstream investment opportunities including the \$33 million helium plant, a \$55 million industry fuel terminal and a \$77 million natural biodiesel plant

"The challenge for the NT government is to produce a broader and deeper economic base through new industries or the growth of those we already have," O'Gallagher says. "Major new projects such as the pending LNG issue are a great way to do that."

Another director in the Chief Secretary's Office, Jeff Stewart, lists target Timor Sea gas reserves off The Top End as totalling 22 trillion cubic feet. Major reserves are at: Ichthys Field - 12.8 tcf, Abadi - 10 tcf, Bayu-Undan - 3.4 tcf - which already supplies ConocoPhillips' Darwin LNG plant, and Blacktip - 0.9 tcf.

BlackTip is operated by ENI, an Italian company. It is only 100 km offshore and the pipeline has already been laid specifically to provide gas to the Northern Territory.

Abadi's operator is Inpex and the situation is uncertain. It lies in Indonesian waters but is cut off from Indonesia by a deep trench in the sea floor which raises pipeline problems. It may however be processed offshore from a platform or a floating vessel.

Jeff Stewart says the potential is for between 2000 and 3000 new jobs in Darwin with more offshore. Initial expenditure for on-shore construction work is some \$12 billion.

*Next to the gas, MINING has to be the next biggest thing and of all its iterations URANIUM has to be the star.*

Right now there are some 30 exploration licences out for uranium in the Northern Territory in addition to the long-established Ranger mine and ore processor. It is one of the biggest in the world and supplies 10 per cent of world demand for the uranium oxide known as yellowcake.

The discovery that yellowcake is in fact olive-green adds strength to cynics' belief that too many things are not what they seem to be. First Father Christmas, then the Tooth Fairy and now this! Exactly where the myths/facts of uranium sit today was addressed last week in *Taipan Daily*, the Baltimore-based on-line international wealth report. Its correspondent Chris DeHaemer reported that nuclear energy has now come full circle from being seen as a monster of global destruction to the energy saviour of the future.

He writes: "There are now 440 nuclear power plants worldwide that produce about 17 per cent of the world's electricity. Another 30 are under construction, 90 on the drawing board and some claim another 600 need to be built by 2030 to meet electricity demand.

"Spot uranium prices have had six up weeks in a row and are now at US\$65 per lb. Production can't keep up. Nuclear trade organisations estimate that demand will overcome all production by 2014. Current uranium prices will revert to their uptrend and benefit new producers."

Energy Resources of Australia is 68 per cent owned by Rio Tinto and 32 per cent by the public. It recorded a 2007 net profit of \$76.1 million from sales of \$362.4 million. The company has no long-term debt and its figures include full provision for the future cost of mine closure and rehabilitation of its environment.

Ranger was scheduled to close this year, a decision made when prices had plunged to US\$7 per lb. Since then the climate change debate has rocketed it as high as \$140 per lb with current price being around \$80.

Ranger's actual selling price today is complicated by still servicing legacy contracts for \$7 and \$12 but ERA's annual report says average price received over the past six months was \$35 per lb – well under Chris



*A Ranger ore-truck close-up*

DeHaemer's spot report.

The upshot is that the Ranger site will now keep mining at least until 2012. Its ore stockpile will be processed to 2020 and beyond to produce an estimated additional 4857 tonnes (10,707,850 lb) of uranium oxide.

Indeed, a vigorous exploration drilling programme around the current mining pit is refining knowledge about the distribution and extent of mineralisation.

Mr Suresh Rajapakse, ERA's general manager operations, says production of refined ore will increase as a result of the \$40 million development of two new technologies that will enable uranium to be retrieved from material previously considered not worth processing.

One is radiometric assessment of low grade ore and the other is technology to process the mine's 190 million tonnes of laterite overburden removed over the years to recover 400 tonnes of uranium a year with no costly crushing required. This will add significant value and provide environmental benefits when the mine eventually closes, he says.

Rehabilitation of the site will be a huge operation involving shovelling the stockpiles and tailings back into the pit whose bottom is currently 135 metres below sea level and from which 20 million tonnes of rock has been removed each year since mining began in 1981.

After that event, if not sooner, there is ERA's adjoining Jabiluka deposit. At 73 sq kilometres it is only marginally smaller than the 79 sq km Ranger-Jabiru mine lease.

The Jabiluka deposit is described in identical terms throughout ERA's literature:

"The project is under long-term care and maintenance and will not be developed by ERA without the consent of the Mirarr traditional owners."

Just what that means is anyone's guess but the Mirarr leaders' sophistication is light years ahead of their uncles and aunts under the banyan trees. Rationalisation of their deeply-held spiritual values with royalties and an escalating world price for uranium ore could see Jabiluka yellowcake hit the world's stock exchanges sooner rather than later.

ERA currently has 93 indigenous workers out of 500. All are local employees and the company's focus is to impact local employment.

"Indigenous people have different motivations from our transient fly-in/ fly-out European workforce," says Suresh Rajapakse. "They want to stay close to their own country. If we up-skill them, we have an employee for life.

"We have a work-readiness programme for both men and women which leads to courses such as six-week driver training. We are about to sponsor our first indigenous engineer to go to university."

So that's it for the Top End's glamour metal but there are many other large mining operations contributing to NT prosperity.

Two of the biggest miners supplied out of Darwin are Xstrata's magnesium, lead, and zinc mining at MacArthur River, in the Gulf Country, and Rio Tinto's aluminium plant at Gove. Gove is a huge operation with its own port, its own smelter and a \$1.2 billion expansion recently completed.

Then there is Oxiana's Prominent Hill copper mine and new miners who include OM Manganese, only 18 months old and already

shipped 650,000 tonnes of product to China; and Territory Resources, about 12 months old, and have sent 1.5 million tonnes of iron ore to China.



Robert Ritchie

*All that tremendous mineral growth is made possible by the development of Darwin's port and the ever-increasing bulk freight pouring in on the north-south transcontinental railway.*

The Darwin Port Corporation covers an area of some 1000 sq km, a huge main bay with many arms and f ords not dissimilar to Sydney Harbor. The original Port Darwin on the south-east point of the CBD is now eclipsed as a freight centre by what is known as the East Arm Wharf, some 10 km farther along the harbour's shore.

It is the northern terminus of the AustralAsia rail link from Adelaide and of the national roads network. In FY2006–FY2009 a five-fold increase in bulk and break-bulk tonnage is looming. The mineral bulkships are mostly hired on the spot market while last year's 145 containerships included vessels from the HaiWin Line plying Shanghai to Darwin; Motu Shipping – Indonesia to Darwin; and Swire operating Darwin, New Guinea, to Asia.

East Arm has 775 metres of common user quay with 13.4 metres depth. An extension to 1500 metres has already been approved.

Current dedications are the bulk loader berth, a general/container berth, a liquids berth and a rig tender berth.

The wharf's landside is surrounded by Darwin Business Park where Toll is currently the anchor tenant with \$29 million invested in consolidation and distribution services.

A few kilometres across the bay sits the Point Wickham LNG wharf and its substantial ConocoPhillips plant processing LNG from the Bayu-Undan gasfield. ConocoPhillips manages its own ship-handling of an LNG vessel every eight days while the port remains responsible for their pilotage.

At 55 and only 16 months into his job as the port's ceo, Robert Ritchie looks youthful and focussed which is just as well in view of the hugely ambitious development program ahead of him and his port.

In the course of his career he's been chairman of ACOS in Queensland and one of the original directors of the Seafreight Council. Before coming to Darwin he spent nine years with Wilhelmsen where he began as its general manager in Brisbane before moving to Sydney as head of operations followed by two years in Sweden as global head of operations during the period of the merger with Willenius.

During his career he has enrolled in two university degree courses – A BA and an MBA and abandoned both of them. "I was always too busy," he says, "and I always had responsible jobs that had to come first."

The Port of Darwin is his first government job – he arrived only in May last year – and he answers to the NT Minister for Planning and Infrastructure.

His programme for the port's future is to:

1. Restructure the management team and add a senior executive. – Done already
2. Review management and pilotage. – Report due for completion third quarter 2008.
3. Finalise the port masterplan for 2030 and develop a land-use strategy for East Arm. – December deadline.
4. Complete \$3.2 million-worth of studies funded by the Federal Government into all-tide access to the port and the future of larger ship access. "We need to handle larger than panamax," Ritchie says. – In progress.
5. Use \$59.8 million funding from the NT Government to:
  - Fill and hard-seal a 2.8 hectare pond in the middle of East Arm's quay area and to create another 6 hectares of hardstand.
  - Build a minerals conveyer system from the bulk mineral stockpiles to the shiploader. It will replace the triple road trains that currently truck iron ore and manganese to

the ships. Robert expects his new conveyer system to increase productivity by 30 per cent as well as reduce health and safety risks, dust and noise, and degradation of the product through double-handling.

All that will be complete within the next 18 months to two years and the studies will then substantiate a \$200 million funding request from the Federal Government Infrastructure Fund.

"The railway is a huge asset to the port," Robert Ritchie says. "All the southern mines are already using it to send their ore north for export or are talking about doing so. Sending by rail takes 28 hours compared to 14 days by sea charter at a market charter rate of between US\$55,000 and US\$97,000 a day for a panamax vessel.

"There are essential sophistications in the sellers' contracts, however ... to save money they must sell cif rather than fob."



*Graeme Sawyer, Darwin's cheerful newly-elected Lord Mayor is outspoken but thoughtful. He describes the gas potential as scary and wonders if the NT is ready for it.*

There is also a question of whether Australia is ready for him. He has never served on a council and won the lord mayor job largely because of his high profile in the Territory from campaigning against the spread of cane toads.



*The East Arm wharf at the Port of Darwin*

He is affectionately known as Toad of Town Hall and is a member of Toadbusters, an environmental group with obvious aims.

“It’s an interesting dilemma, balancing the enviro factors with the end benefits,” he says. “Darwin needs development to bring the city to a critical mass that will sustain industry and lifestyle.

“It needs appropriate planning so developers see what they need to commit to. At present I don’t see us as having such a plan. Darwin City Council doesn’t control development like other city councils.

“To my mind there is a lack of transparent process for setting up the supporting industries that will come with the gas boom eg chemical manufacturers and downstream products.

“We need to ensure that we capitalise on developments so we see the resource sales coming back into the community.

“The port, railway and gas are huge components in the growth of this place but I see two big issues:

- Ensuring advantage is taken of all these opportunities in terms of service conditions and supply – and that not too many positives are lost to attain that.
- Major housing problems caused by poor government.

“Darwin has a rental vacancy rate of 0.3 of one per cent and the highest property and rental prices in the country. As a result industries such as hospitality and tourism that pay standard Australian wages find it impossible to find staff because staff can’t afford the rents.”

His Worship’s views are borne out by Chris Young, CEO of the NT Chamber of Commerce who says: “Our problem is that we don’t have enough people to fill the jobs. Economy is expanding at 6 per cent and predicted to increase to 6.6 per cent. Just about everyone is in demand from cleaners through tradespeople to lawyers and engineers.”

Graeme Sawyer continues: “The situation is made worse by staff losses to the mining industry where wages are much higher. A recent shortage of bus drivers was caused by them leaving their \$50,000 jobs for \$110,000 jobs as heavy vehicle drivers in the mines.

“The government has to burst the housing bubble and release 30 or 40 new suburbs in one fell swoop. At present it is releasing land at the rate of, say, seven blocks at a time instead of the 30 blocks developers want. The result is that \$70,000 blocks sell for \$140,000. It means more revenue for the government but frustrates a fast solution to the housing dilemma.

“This is a really big issue for Darwin but the government says it can’t do that because it has to protect family assets, ie house values. My view is that it isn’t a government’s job to intervene in private investment.

“We have environmental issues that need to be dealt with and they include invasive weeds and the cane toads. Nature is in your face here and the environment is critical to the lifestyle we enjoy. A key thing is to retain the uniqueness of Darwin’s feel.

“There is a massive swing here from talking about salaries and reward packages as key drivers towards being drawn to lifestyle issues.

“I want to make this a fully functional modern city that stays as Darwin and not like the Gold Coast or Singapore. The CBD needs a bit of work on the bottom 10 metres of its tall buildings – parking and streetscaping.”

All that seems to contain a significant amount of criticism for the status quo but Darwin’s Lord Mayor is elected by popular ballot and Graeme Sawyer won in March with a strong majority despite never having served on council. He may yet emerge to laggards in the legislature as the toadbuster from hell. ▲



## A dramatically different view shows coastal shipping's tooth'n'claw side

Paul Toussaint-Jackson, managing director of Perkins Shipping

It's a world of men who go down to the sea in little ships and in tiny ships, some of whose masters take them to unheard of destinations while others sail conventional cargo vessels to deepwater ports.

It is the world of the Perkins Shipping Line, Australia's biggest coastal shipping operator and the largest supplier of maritime services to The Top End's maritime sector.

Without Perkins, many remote communities in faraway places with strange-sounding names deep among the creeks and mangroves would be unsustainable.

For those to whom the words coastal shipping conjure up mental pictures of, say, the ANL's Bass Trader or a vast containership on a cabotage permit, the Northern Territory offers a dramatically different picture.

Most of Perkins' fleet are RORO barges and landing craft that sail right on to tidal beaches, open their bow doors and roll their cargo out on the sand.

Weekly, fortnightly and occasional ports of call include 23 destinations ranging from Kalumbaru and Wyndham in the west through the Bathurst and Melville island settlements of Nguuu, Putarumpi and Millikapiti to Umbukumbu in the east.

Bigger communities such as Gove number 4-5000 people, others only a few hundred.

There's a lot of break-bulk on the coast and the fleet carries freight to mines such as Alcan and Comalco, at Weipa, and to BHP's Genco manganese-mine at Groote-Eyland.

The ships carry their own front-end loaders and semi-trailers to drive through the surf and deliver break-bulk and containers to the settlements that have minimal or no port infrastructure.

It is the tooth-and-claw side of coastal shipping – hard on ships and crews and devastating to vehicles. The depreciation caused by constant salt-water immersion

is tremendous and equipment is regularly rebuilt as a matter of routine.

But complementary to all that the company operates a fleet of three container ships. Two – the Arafura Endeavour (on charter) and Kathryn Bay – are on a nine-day rotation Darwin – East Timor – Singapore – Darwin while the third, the Halifax Bay, operates between Darwin and Gove.

Perkins' headquarters is a vast rambling complex along the shore of Darwin's Frances Bay. It is a complete shipping world in itself with five berths, its own slipway and engineering works, stevedoring, warehouses, reefer facilities plus quarantine and Customs.

The line was founded by Victor Perkins, a legend of the Territory. An Englishman who spent four years as a Japanese PoW on

the Burma Railway, he returned to England to find that he had long since been listed as killed in action.

Despite that unsettling news he moved to Darwin in 1958 and bought a landing craft to service Timor Oil's exploration work. It was the birth of the Perkins Shipping Line.

Although almost 80 years old, he was still going to his office when he died suddenly in 1992. The Chief Minister of the day said: "Bruce Perkins fought many battles. But he was not a battler in the traditional sense; he was an overcomer and an achiever of high order."

Today his unique empire is one of the largest privately owned companies in the Northern Territory and owned by a group of private investors and an investment bank. Its day-to-day operations are presided over by managing director Paul Toussaint-Jackson. ▲

| VESSEL      | TYPE                | DWT    | LOA   | ML DRAFT | TEU |
|-------------|---------------------|--------|-------|----------|-----|
| Warrender   | Container           | 1150   | 67.89 | 1.96     | 35  |
| Halifax Bay | Multi               | 3480   | 92.75 | -        | 294 |
| Kathryn Bay | Geared container    |        | 100.5 | 6.04     | 384 |
| Biquele Bay | Ro/Ro landing craft | 1469   | 63    | 3.149    | 83  |
| Caledon Bay | As above            | 183.7  | 34.9  | 1.78     | 8   |
| Coral Bay   | As above            | 406    | 34.95 | 2.4      | 24  |
| Fourcroy    | As above            | 535.50 | 49.80 | 2.193    | 24  |
| Frances Bay | As above            | 2100   | 79.90 | 4.27     | 80  |

The Perkins fleet: A table of figures that tells a lot about the nitty-gritty of coastal shipping.



## Everyone agrees that the railway is what made the difference

So just what is going on at Asia Pacific Transport Consortium aka FreightLink, the owner, builder and operator of the Adelaide to Darwin railway line? It appears to be living in interesting times.

It has a historic venture on its hands, it's gaining business hand-over-fist, carried 800,000 tonnes of general freight (that's not including bulk minerals), and made about \$28 million profit this year (almost double last year's \$16.5 million).

Yet at a time when the world is awash with assets for sale, the consortium has put FreightLink on the market.

By the time you read this it may have been sold. Its general manager, Tony Aldridge, said recently they had some very good bids and expected to choose one "within the next fortnight".

Let's hope it's a good one because there isn't a person in Darwin who's enjoying its current prosperity who won't tell you: "It's the train that made the difference!"

Surely the extension of the Adelaide to Alice Springs rail line to Darwin must go down in history as one of Australia's greatest steps forward, in line with the Murrumbidgee Irrigation Area 'way back in 1912.

It has turned a small and distant frontier township haunted by people escaping the law or their spouse into a modern and thriving commercial city with 217,000 residents and growing at 2.2 per cent a year.

It's the train that's made the difference is a common remark when Darwin's growth and prospects are discussed.

Built and owned by FreightLink who also runs the freight service on it, the railway now carries six weekly 1800-metre freight trains (many double-stacked with containers). Key customers are Toll, Norotline, NTFs, Linfox with other customers representing perhaps 30 per cent of its non-mineral freight load.

The Ghan runs two passenger trains every week the full length each way of the Adelaide to Darwin run. The famous train is owned and operated by Great Southern Railways, an unrelated company owned by Serco of England, which pays to use the rail track.

The freight business is becoming increasingly profitable with spur lines serving new mining customers; dedicated manganese and iron ore traffic accounts for another 11 trains to which must be added the newly-gained traffic from Oxiana's Prominent Hill mine, in South Australia.

Of the five mines along its track that are actually in production, FreightLink has contracts with three. Another 10 are at feasibility or pre-production stage. So there's room for growth.

Mutterings at Wisdom (Attained through consumption of beer) are that the company's asking price is more than \$1.2 billion. At The Deck, across the road from Parliament House in Darwin, the muttering is that the sale is motivated by pressure from the company's banks to find a new injection of equity. The banks are believed to have wanted a sale more than a year ago but gave the consortium a

period of grace during which it successfully achieved impressive growth.

John Fullerton, FreightLink's managing director, has denied these hypotheses and points out that his operation's growth to date has been over 60 per cent a year in terms of operating earnings but before interest on debt.

The bottom line, alas, posted a loss of \$74.9 million last year with total liabilities of \$366 million.

The consortium's major shareholders are Kellogg Brown Root, Carillion, John Holland, Macmahon Holdings, Genesee & Wyoming Australia, Investment Funds plus Northern and Central Land Councils.

One of the intriguing issues of the proposed sale yet to be disclosed is exactly what and how much FreightLink wants to sell.

Rumour outside the above unreliable sources is that as many as 30 or 40 expressions of interest have been received and that serious contenders include Pacific National (which has problems of its own, not the least being its desire to unload Tasmania's rail system) and Queensland Rail. ▲

*Perkins' Coral Bay unloads on the beach*



## How to enjoy two nights and three days on the ultimate journey

ARCHIE BAYVEL  
takes The Ghan for a ride

The Ghan, all 700 metres of it rolls serpent-like out of Adelaide's Keswick station into lush countryside on what its operators describe as the ultimate journey.

We view this through double-glazed windows from a day-night seat in a Red Service carriage aboard this iconic train. We of the Red Service fall into four broad categories:

- Elderly retirees innocently embarking on a \$710 adventure
- European back-packers who after travelling half-way around the world see the oily rag on whose smell they exist as the warm rug the train's managers advise them to carry.
- Young, under-40, Australian travellers whose previous experience of long-distance train travel is the Sydney to Gosford Tangara.
- Four Aboriginal groups – three of whom carry large quantities of quilts.

The Ghan rolls ever onwards smooth as silk; a line of some 30 huge power-generating windmills float by.

Then one goes to the toilet. There are two in each Red Service carriage. One marked for ladies, the other for gentlemen. It is not until Alice Springs, 24 hours away, that the train hostess announces that it is permissible to use either toilet in an emergency. "We don't want you wee-ing on the floor," she announces.

It's an extraordinary concern given the men's cubical contains a urinal the size of a large tombstone in addition to a normal WC and a washbasin the size of a small pudding bowl.

But we are running ahead. Long before Alice Springs comes Night. The first of two on this three-day 2790 km journey.

Night is when the elderly think it's time to sleep. They adjust what the brochure describes as their comfortable recliner lounge and find it reclines a few centimetres at most. They also discover there is neither footrest nor lip to their seat to prevent them sliding to the floor under the seat in front.

There are many vacant seats however so they try lying diagonally across two of them.

The space is too short so they try another position, and another, all night.

A brace of young women are petite enough to curl up and sleep like babies, the hardened backpackers after a similar night in Adelaide have already been unconscious since Port Augusta and will not revive until Alice Springs when they leave the train.

The purpose of the Aborigines' bundles becomes clear when they pile them on the floor between the seats where they sleep in chaotic comfort. A young mum with an astonishingly blonde toddler beds down in a space beside the toilet – Ladies of course – and runs an iPod lead through the door hinge to the razor power and rocks off to the music of her dreamtime.

The fourth group of Aborigines – those without mountains of bedding – do the night sitting up. Come morning their faces are deeply crevassed, their complexions as ashen as everyone else enjoying the Red Service experience which the brochure describes as the most economical way to travel.

By now we are rolling, still smooth as silk, through the dry country around The Alice where everyone gets out for four hours' sightseeing.

There we confront The Ghan's other passengers – those of the Gold Service (\$1980 for those, the ad says, who want to travel in comfort) about whose comfy beds, luxury showers and personal service travel writers rave. You are one of the first people ever to read about the Red Service.

These other people wear fluffy twinsets, new suede slippers, iron-creased jeans and look fresh from a retirement village. Their Red fellows' twinsets are piled, they look as though they haven't slept and have had difficulty adjusting their dress before leaving.

Then time to roll and it is night again. Some of the backpackers have abandoned their day-nighters, paid extra for a bunk and vanished from our company.

How the Ghan's advertising sees the Red Service



# The Top End

In due course it's lights-out and the carriage becomes a restless dormitory again. Time to explore its safety features.

Full marks for the first of them. All external doors are centrally locked and sealed and emergency turnkeys are inconspicuously stored against unauthorised use. There are no emergency exits to tempt intruders as the train rolls at 115 kph through the dark. With everything safely sealed there's no point in having emergency or floor lighting that would only keep people awake.

Perversely, however, one recalls pictures of derailed carriages lying on their side and wonders how elderly passengers, how anyone would escape in the dark with all these backpackers and their belongings piled on top of them and the carriage in lockdown. But then, they don't have parachutes on airliners do they?

Putting these thoughts aside one scrambles back past the legs, heads and arms to one's own seat and falls happily asleep. This is work, after all.

Not so for any of the others however who - 12 hours later and as the train, now in tropical

savannah and two hours late on the third day of its roll - are treated to a farewell message from one of the train staff. He hopes we have enjoyed our trip and looks forward to seeing us on another of Great Southern Railways' wonderful journeys.

The carriage erupts with jeers and the leader of a group of English ladies shouts: "Our country has the world's worst trains but this beats them all."

Bloody Poms! They'd complain about anything. ▲



*The reality:  
How travellers have to spend their nights*