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Macarthur Coal backs new rail plan

Paul Garvey

Macarthur Coal chief executive Nicole Hollows said the company would be interested in hauling its coal along the ambitious new rail and port infrastructure proposed earlier this week by junior company Waratah Coal.

Waratah unveiled plans for an ambitious \$5.3 billion development of a coal mine, rail and port linking its substantial coal deposits in the Galilee Basin with a purpose-built port at Shoalwater Bay on the central Queensland coast.

The addition of a new rail and port in the region could help ease the chronic infrastructure constraints that have dogged Queensland's coal industry in recent years.

"It's our understanding that third parties could access that, and we could utilise the proposed rail corridor as it comes quite close to our Middlemount mines plus other possible future projects," Ms Hollows said.

With future expansion capacity at the existing Abbott Point and Dalrymple Bay coal terminals all but fully allocated already, Ms Hollows said the infrastructure could provide substantial relief to the industry.

However, she warned Waratah's target of a 2012 commissioning of its infrastructure might prove ambitious.

"Given some of the other port expansions and the long lead times, the shortage of resources, skills and all those things that the industry as a whole is feeling, it is optimistic," she said.

The price tag and the scale of engineering of Waratah's plan is reminiscent of Fortescue Metals Group's similarly bold plan to build from scratch a new rail and port to unlock the riches of its iron ore prospects and Waratah chief executive Peter Lynch admits to having taken heart from the success of Andrew



Nicole Hollows

Forrest and Fortescue Metals.

"Here was a guy who had never developed an iron ore project before who pulled the right people together, made use of qualified and world-renowned engineering companies and managed to deliver what is now regarded as a very successful and economic project," he said.

"There's many lessons for us to draw from that experience."

The estimated \$5.3 billion in cash Waratah will need to chase to fund its ambitions well and truly dwarfs the \$2 billion Mr Forrest collected to fund his project. While Mr Forrest did not have much iron ore experience, he did have experience in raising money on a major scale.

In contrast, Waratah's board and senior management teams are heavy with experienced coal mining engineers with a history of developing Queensland coal projects.

Waratah looks likely to bring in a partner to help in the infrastructure development.

The prospect of hauling and shipping third-party ore collected from the Bowen Basin has led to Waratah being approached by several infrastructure groups interested in partnering the development.