

# No 'security' basis to tear up Port of Darwin lease

If the Morrison government annuls Shandong Landbridge Group's lease of the Port of Darwin, it will do so for no other reason than to level yet another gratuitous insult at China in the service of US geopolitical imperatives. Attempts by anti-China scaremongers to cast the deal as a threat to national security make no more sense now than they did when the Department of Defence and intelligence agencies dismissed them as nonsense in late 2015 when the deal was signed. Certainly it is an affront to national sovereignty that public assets be sold off to foreign buyers from any country, or indeed privatised at all. But with that said, the fact is that around the world, whereas most investors from our "allies" the USA and UK buy up infrastructure only so they can extract wealth via user charges, Chinese companies have mostly preferred to build new infrastructure projects, or upgrade existing ones, and earn their money by increasing productivity. A government that enables the former and stymies the latter, all the while refusing to invest in development itself, does not have the national interest at heart.

Defence Minister Peter Dutton confirmed on 2 May that his department had been instructed to "review" Landbridge's 99-year lease of the Port of Darwin, the *Sydney Morning Herald* reported. "Defence officials are looking at whether the company ... should be forced to give up its ownership of the port on

## THE BRICS POST

### Chinese firm announces \$25mn expansion of newly-acquired Australian port

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The 99-year lease of the port of Darwin to Chinese firm Landbridge has been criticised by Washington [Image: NT Government]

The Chinese company which purchased the 99-year leasing right for the Port of Darwin announced on Tuesday a \$25 million expansion of its operations, just months after taking control of the port in Australia's Northern Territory.

A 2016 announcement of Chinese investment in the Darwin Port. Photo: Screenshot

national security grounds" under the *Security of Critical Infrastructure Act 2018*, which put ports and airports under the protection of the federal government. The *SMH* also quoted Prime Minister Scott Morrison's statement from a few days prior, that "If there is any advice that I receive from the Department of Defence or intelligence agencies that suggest that there are national security risks there then you'd expect the government to take action on that." If the intelligence agencies do render such advice, it will be tantamount to a confession of gross incompetence—because both they and the Defence Department thoroughly vetted the deal before it was signed and found no reason at all for concern, nor has anything materially changed in the meantime.

Landbridge leased the Port of Darwin for 99 years at a price of \$506 million in October 2015, beating out 32 competing bids in a tender launched by the Northern Territory's then Country Liberal Party (CLP) government late the previous year. And regardless of the CLP's neoliberal ideological bent, the fact is that it and every other NT administration had begged Canberra for forty years to invest in upgrading the port, to no avail. As former CLP leader Paul Everingham, the NT's first Chief Minister in 1978-84, wrote in a letter published 30 August 2020 in the *Australian Financial Review*: "Darwin Port as a commercial enterprise languished under South Australia, then the federal government and, despite all we tried to do, the self-governing Northern Territory. ... So what to do to attract shipping to a port described by [novelist] Xavier Herbert as having as its principal exports empty bottles and full public servants? ... [T]he Chinese, as a fast rising economic powerhouse, were seen as giving the port a good chance of emerging from Cinderella status."

## 'Alarmist nonsense'

Immediately the lease was announced, warmongering Canberra think tank the Australian Strategic Policy Institute (ASPI) and other "security-threat obsessives", as Everingham aptly describes them, began clamouring that having the port "controlled" by a Chinese company posed an unacceptable national security risk. A spate of media reports citing either ASPI commentators or unnamed "national security sources" asserted without evidence that Landbridge was a proxy for the Chinese People's

Liberation Army (PLA), and that its owner, Chinese billionaire Ye Cheng, was a “senior Communist Party official” (in fact he is not even a member). In essence, ASPI et al. suggested that the lease arrangement would give Landbridge complete control over access to the port, enable it to spy on Australian and visiting US naval vessels, and even somehow give the PLA Navy a foothold in Darwin.

In testimony to a 21 October 2015 Senate Estimates hearing, then-Defence Secretary Dennis Richardson rejected all this as nonsense. “Defence does not have any security concerns about the sale of the port to Chinese interests”, he said. “Our interest in a commercial port is access to the port and its facilities. The deed of licence, which we signed in May of this year, provided us with the access to the port of Darwin that we wanted. When we were subsequently advised that the sale was to Chinese interests, we examined the possible security implications. Within Defence, that involved the three services [i.e., the Army, Navy and Air Force]. It involved the Australian Signals Directorate, the Defence security agency and the strategic policy area of Defence. No part of Defence had a concern from a security perspective in respect of the sale.”

ASPI, of course, continued to insist otherwise. Its executive director Peter Jennings played up the spying angle in a follow-up Senate hearing on 15 December 2015, stating that Landbridge would be able to observe “the fine details in terms of how a ship operates, how it is loaded and unloaded, the types of signals a ship will emit through a variety of sensors and systems, the noise it makes as it moves through the water with its propellers. These are all points of information which are of deep interest to China.” Richardson retorted that “no Australian or American naval vessel I’m aware of enters a commercial port, whether it be New York, Sydney, Shanghai, or Darwin, without turning off key emitters. The notion that you enter a commercial port—regardless of the operator—and you leave yourself exposed to possible collection is absurd.” As for Landbridge’s supposed PLA connections, he added, “The notion that Landbridge’s lease in Darwin somehow or other is part of a broader strategic play by China, and this gives the PLA Navy access to Darwin, is simply absurd. It does not. It is not factually based. ... [It is] alarmist nonsense.”

Moreover, the rest of the national security establishment was of like mind. After a “string of criticisms” from ASPI and others in the weeks after the deal, Richardson said, he had asked the director of the Defence Intelligence Organisation to “bring together people from other intelligence agencies to go over this again and see if we had missed anything, specifically from espionage and other perspectives”. And once again, “The written advice I received on that was there was no significant implications and it was fine.” Australian Security Intelligence Organisation (ASIO) head Duncan Lewis later told the Senate that ASIO had in any case been engaged “throughout the process” advising Treasury and Defence on the deal. “We examined all of the aspects of security that we consider to be important and came to a view that the transaction as proposed could go ahead”, he said.

## **Development out, militarism in**

When Dutton announced the “review” of the Landbridge lease, Jennings condescended in an article for the Australian that “Hopefully, Defence takes this shot at redemption, correcting a dreadful policy error when it concluded in 2015 that the lease was not a problem.” But in truth Richardson’s only “error” was his failure to pay sufficient obeisance to our so-called ally the United States. Then-US President Barack Obama, whose 2012 military “Pivot to Asia”—including the deployment of up to 2,500 US Marines in Darwin—set the USA’s and Australia’s relations with China on their present course, complained in November 2015 to then-PM Malcolm Turnbull that he had learned of the Landbridge deal in the *New York Times*, and that Washington should be given a “heads-up about these sort of things”. (Turnbull famously retorted that perhaps US officials “should invest in a subscription to [Darwin newspaper] the *Northern Territory News*” instead.)

Having told the Senate in October 2015 that “We did not see a need to [consult the United States], because their arrangements in terms of access to a commercial port remain unchanged. They pay for their access now and they will pay for their access in the future”, Richardson conceded in the December hearing that “Any criticism that we should have, just as a matter of common sense, advised the USA in advance, I think is fair criticism and I take accountability of that.” That said, he added, “If the shoe was on the other foot and I was the Australian ambassador to Washington I don’t think you would be accepting that it was the responsibility of the USA, you’d be pointing the finger at me as the ambassador, and why wasn’t I up with what was happening publicly in the country.”

The Morrison government meanwhile is touting its own \$747 million investment over five years to spark a “jobs bonanza” in Darwin—but not at the port. Rather, *NT News* reported 27 April, the money will be spent overhauling and upgrading four NT Defence facilities, to “allow a significant increase in Australia’s military force capabilities and provide greater opportunity for co-operation with the USA”.

With a properly developed port, especially if it is connected to the rest of the nation with modern, efficient highspeed rail, Darwin would become the epicentre of Australia’s cultural, diplomatic and economic engagement with Asia (below). Treating it instead as staging point for war with China only entrenches Australia’s status as a strategic outpost of an Anglo-American empire whose interests run opposite our own.

*By Richard Bardon, Australian Alert Service, 12 May 2021*

## Darwin: Australia's gateway to Asia



The Asian Express railway (left) would allow Australia to intersect the largest ports in Asia (right, size indicated by circles) in a timely fashion. Photos: Lance Endersbee

*The following edited extract from the April 2006 New Citizen special report, "The Infrastructure Road to Recovery", outlines a proposal by former Snowy Mountains Scheme engineer and Monash University Dean of Engineering Prof. Lance Endersbee (1925-2009) to transform Darwin into a major industrial and commercial hub, and Australia's chief point of contact with our northern neighbours. The full report is available online at [https:// citizensparty.org.au/blueprint](https://citizensparty.org.au/blueprint).*

The Melbourne to Darwin Asian Express proposal, which Prof. Endersbee later expanded into the Ring Rail to go around the top end of the continent and terminate in Perth, is a beautiful idea, which would transform Australia's relations to Asia. Australia's present transport system is a huge constraining factor on the nation's export capabilities. As Prof. Endersbee explained to the CEC National Conference on 23 November 1997, "[W]hen a ship comes to Australia, they visit three or four ports in our waters and effectively, most shipping in Australia circumnavigates the continent. This system would cut right through this.... It is not just a railway line. *It's a new transport system.* ... [The] ships that serve Australia also call at several ports around in the Southwest Pacific/East Asia area. So they have a schedule of about six weeks, a turnaround time of about six weeks. So, for shippers shipping from Australia, it usually is a month plus, to get to anywhere in Asia."

With the Asian Express, however, three trains a day could be running between Melbourne and Darwin, and then, with high-speed ferries, products could be in key Asian ports in another day or two. Said Prof. Endersbee, "The distance from Darwin to Singapore is the same distance as the length of the Mediterranean. The sea state is mostly fairly flat. In other words it is calm seas most of the time, so that means we can contemplate ... daily ferry services from Darwin to Java, Darwin to Singapore, and so on."

A fast freight service into Jakarta, Singapore and Kuala Lumpur would create a demand for high-value Australian produce, particularly in fresh fruit and vegetables. The fledgling exotic fruit industries around Darwin, of Kakadu plums, peanuts, mangoes, paw paws, and figs, that are being developed already using expensive air freight, would be able to expand into large industries for northern WA, the NT, and northern Queensland, supplying the massive Asian market. ...

Two Australian companies, WA's Austal Ships and Tasmania's Incat, are world leaders in high-speed shipping technology.... Both Austal and Incat have developed their largely vehicle/passenger catamarans into fast freight carriers ... [which] could transport five to eight times the tonnage of a jumbo jet at a rate of around 40 knots. At that rate, freight would be shipped from Darwin to Singapore in just two and a half days ... and their freight cost per kg is up to 80 per cent lower than air freight. ...

Prof. Endersbee insists that the establishment of fast freight runs from Darwin to Asia can begin immediately, and does not have to wait until the Asian Express is completed. ... "The sensible way to commence fast freight would be for the Australian Government to underwrite the line, by buying fast freight vessels from both [companies] ... and start operating the service. The service will create demand. When the market develops, the Government would probably be able to sell those ships for two or three times the purchase price. It's an investment."