

For years Eddie Obeid fended off all allegations. Now the truth can't be denied

I was among those who first reported on Eddie Obeid's dealings in the NSW Upper Hunter. Monday's supreme court verdict is vindication for many who investigated him



The NSW supreme court has found Eddie Obeid (pictured), his son Moses and former mineral resources minister Ian Macdonald guilty of conspiracy over the granting of the controversial coal exploration licence in the NSW Bylong Valley.

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Tue 20 Jul 2021

“If it is corruption, then it is corruption on a scale probably unexceeded since the days of the Rum Corps,” counsel assisting the NSW Independent Commission against Corruption, Geoffrey Watson SC, declared theatrically at the opening of the inquiry into the grant of a coal licence at Mount Penny in 2012.

A decade later, the NSW supreme court has found the grant of the controversial coal exploration licence in the Bylong Valley was the result of a criminal conspiracy that resulted in the Obeid family making at least \$30m.

The conviction of former Labor power broker Eddie Obeid, 77, his son Moses, 51, and the former mineral resources minister Ian Macdonald brings to an end one of the most sordid and extraordinary sagas in NSW politics.

The trio now each face up to seven years in jail after being convicted of a conspiracy to wilfully commit misconduct in public office.

Justice Elizabeth Fullerton found they had engaged in a conspiracy which involved Macdonald using his position as Labor resources minister in 2008 to influence the creation of a valuable coal exploration licence over land owned by the Obeid family and several associates.

“It is fundamental to our system of government that ministers who occupy office as members of the executive government are entrusted with powers, duties and responsibilities exclusively for the public benefit,” Fullerton said.

“The very solemnity of that promise recognises that the exercise of ministerial powers, duties and responsibilities in the public interest will be rendered nugatory if a minister is motivated by personal interests or, as is the case here, where Mr Macdonald, in his capacity as minister for mineral resources, agreed with another member of parliament and a member of that person’s family that he would deliberately breach his duties and obligations to advantage, favour or promote their personal financial interests.”

What lay beneath

Having been state mineral resources minister from 1999 to 2003, Eddie Obeid no doubt had a better appreciation than most about where the state’s coal wealth was located. But when he bought a farm called Cherrydale Park in the Bylong Valley for \$3.65m in 2007, he perhaps had only an inkling that he could make up to \$100m from what lay beneath it.

By then Obeid was no longer a minister, instead devoting his days to king-making within the Labor party. Premiers came and went as Obeid used his numbers in the NSW right faction to make and break state leaders.

Obeid’s willingness to mix business and politics had led to repeated controversies over the years. His activities were closely watched by a number of investigative journalists, in particular my former colleague at the Sydney Morning Herald Kate McClymont, who had made it her life’s work to follow the intricacies of Obeid’s business interests.

Together we had pursued numerous property deals Obeid was alleged to been involved in and tracked his influence in Labor controlled councils and in ALP preselections.

Stories by McClymont on Obeid’s interests in leases at Circular Quay led to him going to jail in 2016 for misconduct in public office.

Real estate rumblings

The coalmine was of a different order.

In October 2009 the Australian Financial Review reported the Obeid family stood to make a windfall gain from the potential sale of Cherrydale Park, after Cascade Coal won an exploration licence over the area, known as Mount Penny.

Obeid senior told the Financial Review he didn't know whether there was coal under his property. He said he would fight to preserve his family idyll.

Just before Christmas 2009, the AFR carried another story, "What's in Santa's coal sack?", which raised intriguing questions about who had won a series of small coal exploration licences, including the one at Mount Penny.

In 2010, I decided to take a closer look at the mining licence and Cherrydale Park.

I soon learned from locals that there had been a flurry of activity in the local real estate market.

Two more farms near Cherrydale Park had sold just before the licence was issued. One was bought by a friend of Moses Obeid, the other by an accountant who worked for a business associate of the Obeids. Yet the Obeids were paying their rates.

Then there was the allocation of the exploration licence itself. An executive at Monaro Mining, which initially won the Mount Penny licence, told me he had been urged by a consultant to bid for the licence, and it couldn't go wrong.

"We felt like we had been touched on the shoulder by a fairy," he told me.

In the end Monaro could not stump up the money and the licence was granted to Cascade.

In May 2010 my story detailing how investors with connections to the Obeid family were lining up to buy properties in the valley ran on page three of the Herald under the headline "Coal down below: How rich is his valley?".

Did I get to the bottom of it? No. But I felt there were just too many coincidences and too many links to the Obeids.

So did Icac. A few days after the Herald story, I received a call from an investigator at the corruption body. He too was intrigued.

With its much greater powers it was able to get documents, subpoena witnesses and join more dots.

I gave evidence at the Icac inquiry and again in the supreme court about the lies I had been told by the Obeids about Cherrydale Park and the "coincidence" of their friends' investment nearby.

Now, a decade later, the scale of the corruption outlined by the Herald and asserted by Watson has finally been confirmed.