

HD World News: Asia: Western Australia Plans Asset Sales

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PERTH -- Debt-laden Australian states are continuing efforts to tempt yield-hungry investors with the prospect of owning prized infrastructure assets such as ports, as they struggle to fund public programs and boost their creditworthiness.

Western Australia became the latest to announce a selloff of state-owned infrastructure. In a statement Thursday, the government there said it was putting two ports, as well as a large fruit-and-vegetable distributor, up for **sale** in the hope of raising up to 2 **billion** Australian dollar (US\$1.87 **billion**).

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The resource-rich state, where most of Australia's **iron-ore** is mined, is eager to shrink its debt and recover its triple-A credit rating, which it lost partly because of a sharp slowdown in **mining** investment.

This year, New South Wales sold a 99-year lease on Newcastle Port -- the world's biggest -- to a clutch of **Chinese** and local buyers for A\$1.75 **billion**. That followed the **sale** last year of the state's Port Botany shipping-container facility.

In November, Queensland state sold the Port of Brisbane for A\$2.3 **billion** to a consortium of pension and sovereign-wealth funds, followed this year by the **sale** of toll-road operator Queensland Motorways for A\$7.06 **billion**. Victoria state is planning to sell the Port of Melbourne.

Premier Colin Barnett said Western Australia would invite expressions of interest for the Utah Point bulk-handling facility at Port Hedland and the Kwinana terminal a little south of the state capital, Perth.

Both port assets are likely to be sold as a long-term lease, Mr. Barnett said. Food distributor Perth Market Authority will also go on the block.

The states are seeking to exploit current investor enthusiasm for infrastructure assets, which during periods of low interest rates can generate higher returns than other conservative asset classes such as **bonds**. The recent selloffs have typically attracted bids of well over 20 times the assets' annual operating earnings.

Mr. Barnett said the three assets in Western Australia were expected to generate between A\$1 **billion** and A\$2 **billion** for the government.

"These are the first assets we will open up to the market," he said. "They have been identified as priority assets for **sale**."

Western Australia is seeking to reduce debt after Moody's this week downgraded the state's credit rating from Aaa (negative outlook) to Aa1 (stable outlook). Standard & Poor's made a similar downgrade in September 2013.

The government acquired a lot of its debt over many years by boosting infrastructure spending to exploit a decadelong **mining** boom driven by **China's** rapid urbanization. As at June 30, Western Australia had estimated net debt of A\$22 **billion**.

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