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HD **Chinese outbid funds to buy Port of Darwin**

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China's thirst for Australian infrastructure assets has landed a second port deal in as many years with Port of Darwin sold to Shandong-based Landbridge after it outbid local superannuation funds and port operators for one of the last available and fastest growing trade gateways in the country.

The Chinese petrochemicals and port operator will pay $506 million for a 99-year lease over the mixed-use port and agreed to a raft of conditions that will share the expected upside of economic growth and capital expenditure with the Northern Territory government.

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With federal negotiations to win Labor support for the China-Australia Free Trade deal continuing, Landbridge said it planned to grow two-way trade with the region, leveraging its existing port at North Haizhou Bay, now being upgraded from 30 million to 200 million tonnes a year capacity. Landbridge's managing director, Michael Hughes, said his firm saw potential across a range of sectors, and would seek to invest in the Darwin region itself, and lure other investors, to increase trade through the port.

"We want to maintain capacity ahead of demand," Mr Hughes said. "We will put Darwin on the map for Chinese businesses.

"We're a huge believer in the potential of the Northern Territory, across resources, mining and food." He said the main reason the Darwin port was not capitalising on those opportunities today was not poor infrastructure or facilities, but under-utilisation.

The sale is the latest in a string of ports sold by cash-strapped state and territory governments as they seek funds for much needed health, education and transport infrastructure, with Port of Fremantle in the early stages of the sale process and Victoria planning to put the Port of Melbourne to market in a $6 billion deal.

China Merchants was the last to snare a major port interest as part of a consortium with Hastings Funds Management that paid $1.75bn to the NSW government for the lease on Port of Newcastle, the world's busiest coal port, last year in a deal that highlighted growing Chinese interest in Australian infrastructure.

Federal Minister for Resources, Energy and Northern Australia, Josh Frydenberg, said the successful port deal was a "vote of confidence in the Northern Territory".

"It is a positive and tangible sign of foreign investor confidence in the economic opportunities available in Australia's north," Mr Frydenberg said.

"With further reform to be undertaken with the implementation of the Northern Australia White Paper, the economic future of Northern Australia is bright." Landbridge, which entered the ports business in

2009 via its petrochemical interests, is already established in Australia after taking over the listed Westside group that owns 51 per cent of the Meridian gasfields at Moura in Queensland.

The Northern Territory government is keeping a 20 per cent stake in the port until Landbridge finds a suitable Australian buyer, and will also receive a share of revenue growth above a pre-agreed level, providing an incentive to encourage more trade through the port.

“Although the upfront cash proceeds are compelling, reflecting the strong interest in the port from potential investors, my government has always said that this transaction is about growing the port and the economy,’’ Northern Territory Chief Minister Adam Giles said.

Landbridge said it would spend $35m on new growth investment over the next five years, including new container handling and cold storage facilities to help with boxed beef exports from a new Australian Agricultural Co abattoir built outside Darwin, and as much as $200m over 25 years.Other bidders reportedly included Port of Brisbane, Colonial First State and Deutsche Bank.

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