



HD **Australia privatizes busiest container port**

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An Australian-led consortium with Chinese investment has won a 50-year lease on the Port of Melbourne in a deal giving the government billions to improve the nation's infrastructure and creating thousands of jobs.

The Port of Melbourne, which deals with more than 3,000 ships annually, was snapped up by the Lonsdale Consortium, which includes Australia's sovereign wealth fund - the Queensland Investment Corporation (QIC) - and multinational firm Global Infrastructure Partners (GIP).

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The long-term lease was sold for Aus\$9.7 billion (US\$7.3 billion, 6.5 billion euros) and was the latest in a series of port privatizations in the country recently.

Tim Pallas, treasurer in the state of Victoria, signed the contracts on Monday, saying the lease fetched a higher price than originally expected by the government.

"I think we've been very lucky in terms of timing... couldn't have picked a better time to go to the market," he told reporters. "To say it was a good day and this was a pleasant surprise would be a mild understatement."

China fears

According to Australian media reports, GIP was acting partly on behalf of China's sovereign wealth fund CIC Capital, which had reportedly secured 20 percent of the port. A source close to the consortium confirmed to the news agency AFP that CIC Capital was represented by GIP but would not reveal the size of its investment.

Chinese interests buying up crucial infrastructure has met with criticism in Australia after a 99-year lease for the Port of Darwin was sold to China's Landbridge Group at the beginning of this year. The debate has led to tougher rules adopted by Victoria in March, stating that such sales to private foreign investors, notably from China, must be subject to a formal review by Australia's foreign investment advisory body.

China was also part of an Australian-led consortium that secured a 98-year lease in 2014 for the world's biggest coal export port in Newcastle. That deal followed the long-term lease of Sydney's Port Botany and Port Kembla further south as a growing number of major Australian ports are privatized.

Investment drives

QIC Global Infrastructure chief Ross Israel told reporters the acquisition of the port was part of the Lonsdale consortium's "long-term vision and business plan."

"The Port of Melbourne is core infrastructure. It is a critical and strategic piece of the Victorian and Australian logistics supply chain," he said. "Leveraging our global port and regulated asset experience,

QIC is focused on delivering long-term stewardship and improvements to the port and for its users," he added.

AboutAus\$970 million of the proceeds of the sale, which has been approved by regulators, will be spent on regional and rural infrastructure projects.

"Regional Victoria will be big winners from the lease, with significant funding to support projects they need, like better roads, and irrigation and energy projects," Pallas noted, adding that some of the money would go towards removing 50 railway level crossings.

uhe/kd (AP, Reuters, AFP)

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CO glinvf : Global Infrastructure Partners LLC | queeic : Queensland Investment Corporation | gnelc : General Electric Company | sk : Credit Suisse Group AG

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