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BY John Dagge
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RESOURCES

THE number of major resource projects receiving the green light has tumbled to the lowest level in more than a decade.

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And spending on new projects by **mining** and **energy** companies will shrink further as falling commodity prices destroy their business cases, Australia's official commodities forecaster says.

The warning from the Bureau of Resources and **Energy** Economics comes after the price of **iron ore** — the nation's single biggest export item — crashed through \$US70 a tonne yesterday for the first time in five years.

Only three resource projects worth \$597 **million**, all backed by Fortescue Metals, received a final investment decision in the six months to October, the figures reveal.

This compares with eight projects worth \$12.8 **billion** in the previous six months.

The project pipeline will shrink further as major gas projects are completed. Victoria only has one project at the committed stage — the \$1 **billion** gas conditioning plant being built at Longford, near **Sale**, by ExxonMobil and BHP Billiton.

There were seven projects worth \$1.6 **billion** at the feasibility stage at the end of October, down from eight worth \$1.8 **billion** six months earlier.

At a national level, there were eight fewer projects considered feasible at the end of October as companies shelved investment plans amid falling commodity prices.

"Declining commodity prices have continued to weigh on investment decisions with many developers revisiting project feasibility studies amid weaker than expected prices," said Wayne Calder, the bureau's deputy executive director.

The update came as the price of **iron ore** fell to \$US69.58 yesterday — falling below \$US70 for the first time since June 2009.

It has almost halved since the start of the year.

The price has come under pressure as major miners such as Rio Tinto, BHP Billiton and Brazil's Vale bring on new supply, and amid mounting concerns over the health of the **Chinese** property market.

Investment bank Goldman Sachs estimates the seaborne **iron ore** market needs to absorb a surplus of about 110 **million** tonnes next year, almost double the 60 **million**-tonne oversupply recorded this year.

Prices of new homes in **China** slumped in 67 out of 70 major cities during the year to October, official figures revealed.

john.dagge@news.com.au

COMMITTED PROJECTS Number Value Western Australia 20 \$115.8bn Queensland 14 \$74.5bn Northern Territory 1 \$33bn NSW 7 \$2.8bn Victoria 1 \$1bn South Australia 1 \$514m TOTAL 44 \$227.6bnSource: BREE

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