

HD **UPDATE 1-Australian state to sell around \$2 bln in assets as mine boom ends**

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* Governor once hailed W.Australia as economic engine for nation

* But state has suffered since **mining** boom collapsed

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* Wants to regain triple-A rating

* Sell-off to include part of giant Port Hedland **iron ore** terminal (Adds comment, detail)

By James Regan

SYDNEY, Aug 28 (Reuters) - The state of Western Australia on Thursday said it planned to sell government-owned assets, including part of the Port Hedland shipping terminal, for an estimated A\$1 **billion** to A\$2 **billion** (\$1.9 **billion**) as its resource-heavy economy adjusts to the collapse of a decade-long **mining** boom.

The move will precede other unspecified sales of land and assets that could fetch another A\$4 **billion** to A\$5 **billion** over the next two or three years, said state premier Colin Barnett.

Barnett, said his priority was to reduce debt and regain a triple-A credit rating for Western Australia. He once hailed the state as the economic engine for Australia, but it is now struggling to pay its bills.

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

Moody's this week downgraded Western Australia's credit rating to Aa1 from Aaa.

"The ratings downgrade reflects the state's ongoing deficit position, the deterioration in its debt metrics, and a growing risk that this trend may not be reversed soon," the ratings agency said.

COOLING CHINA

In the years following the global financial crisis, a **mining** frenzy spurred by a voracious appetite among **Chinese** steel mills for rich Australian ores had miners scrambling to fill orders, flooding the state with thousands of highly-paid workers.

Multinationals such as BHP Billiton and Rio Tinto spent **billions** of dollars digging **iron ore** mines and crisscrossing the arid outback known as the Pilbara with rail hauling line.

But a cooling in **China**'s economic growth turned the boom to bust

"History shows that this classic mine-and-boom phase is either followed by an evolution into multiple but related industries, or a decline into ghost towns and tumble weed," said Jemma Green, a researcher at Curtin University in Perth.

A report co-authored by Green notes there are at least 87 'ghost towns' across Western Australia, most of them former **mining** towns.

Debt for the state, which is more than three times the size of Texas in the United States, stands at A\$22 **billion**, up from about \$3 **billion** in 2008 at the height of the boom.

Port Hedland's Utah Point Bulk Handling facility has been earmarked for the sell off, according to the government.

The facility is used by **mining** companies, including Atlas **Iron** and Consolidated Minerals, to ship **millions** of tonnes of **ore** annually.

The Kwinana Bulk Terminal, used to export bulk products such as liquefied petroleum gas and cement, along with the Perth Market City agricultural distribution arm will also be placed on the block, according to the government.

Port Hedland's Utah Point Bulk Handling facility is one of four berths owned by the Pilbara Ports Authority. It includes a shiploader, two stockyard product storage facilities and supporting infrastructure.

In fiscal 2013 it generated A\$86.5 **million** in revenue and is likely to be sold under long-term lease (1 US dollar = 1.0686 Australian dollar) (Editing by Joseph Radford)

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