

# The Australian

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## Surat Basin to become one of the nation's boom economies

- **HOTSPOTTING:** Terry Ryder
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**WHEN The Australian reported on March 27 on the anxieties of a local mayor about the gathering economic boom in his neighbourhood and the lack of infrastructure to support it, my first reaction was cynical.**

Andrew Fraser reported: "The mayor of the shire that stands to benefit most from the potentially massive export industry of coal seam methane gas is concerned that the area does not have sufficient infrastructure.

"Western Downs Mayor Ray Brown said the area did not currently have sufficient water, power or road capability to handle the expected increase in the area's population from 30,000 to nearly 75,000."

My knee-jerk response was that plenty of local politicians around Australia would like to have Mr Brown's problems. The Surat Basin is about to become one of the boom economies in Australia, challenged only by the LNG regions in Western Australia, and towns throughout the area west of Toowoomba are going to be drenched in new wealth.

Towns such as Miles and Wandoan, where cows and crops are usually the only serious issues, are about to be overrun by multi-billion-dollar resources ventures that will change them permanently.

The sense by local community leaders of feeling overwhelmed is understandable.

Last week one of the companies making plans for this region announced two export contracts jointly worth \$80 billion.

That gives some idea of the enormous scale of the economic avalanche facing a series of small country towns.

Britain's BG Group signed a \$60bn deal for the supply of LNG to a Chinese company for 20 years.

A few days later BG Group announced a \$20bn deal with Japanese buyers.

BG is just one of several companies planning to extract coal seam gas from the Surat Basin, pipe it to Gladstone, convert it to LNG in billion-dollar processing facilities yet to be built and export it from the Gladstone port, which is undergoing a \$3.5bn expansion.

I grew up in a country town of 1000 residents where the biggest event was the Easter show.

I didn't even know how to write \$80,000,000,000.

But towns like my home town will soon be surrounded by enterprises described in numbers with at least nine zeros at the end.

It's not only the CSG to LNG industry, but massive coalmines, new power stations and new rail lines linking all these to export towns such as Gladstone.

Fraser wrote: "Currently there are four major projects proposed, with Origin Energy this week releasing an environmental impact statement for public comment, the third of the major projects moving towards approval. The LNG industry is fast becoming vital to the economic outlook for Australia and, in particular, Queensland.

"If all four projects currently proposed come to fruition, they are predicted to capture foreign investment worth up to \$40bn, which would help create 18,000 jobs and provide the Queensland government with up to \$850 million each year in royalties."

The state government has just issued a licence for a 470km, \$600m natural gas pipeline from the Surat Basin to Gladstone. Queensland Mines and Energy Minister Stephen Robertson says the pipeline licence is the first of several licences to transport gas to proposed LNG facilities.

It will allow Arrow Energy to transport natural gas from CSG fields near Dalby to a proposed plant at Fishermans Landing, near Gladstone.

Not all of the CSG will be piped to Gladstone.

Queensland Gas Company and the BOC group have announced plans to build a \$100m LNG plant at Chinchilla near the source of the CSG.

French company Areva and Queensland state-owned utility CS Energy have applied for federal funding for a portion of a \$200m solar thermal generator in addition to the 750-megawatt Kogan Creek power plant near Chinchilla.

Chinchilla, which sits at the heart of the region's resources activity, already knows about the effects of this kind of boom.

It has a long-term capital growth average for houses of 17 per cent per year after huge price growth from 2004 to 2007 as a result of industrial developments including power stations such as Kogan Creek.

Engineering contractor Macmahon Holdings says it has been awarded a three-year contract valued at more than \$190m to develop and operate the new Cameby Downs coalmine in the Surat Basin near Miles.

The contract, awarded by mine owners Syntech Resources, is for Macmahon to undertake all mining for stage one of the project.

Xstrata is well advanced with planning a much bigger coalmine near Wandoan, which involves building a new rail line to the coast.

Mr Brown says his shire welcomes the industry and the jobs but calls for urgent action involving all three levels of government, plus the resources companies. Mr Brown says the BG announcements mean he's "got to deal with an extra 5000 people", as well as the impact on roads and water supply.

There is hope that this urgent action may occur.

Queensland Premier Anna Bligh has announced a Surat Basin plan to manage growth and ensure the boom region "continues to be a place where families can move and make their home".

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