19/5/10

DEPARTMENT OF INFRASTRUCTURE AND PLANNING

State Development and Public Works Organisation Act 1971

NOTICE

The Governor in Council has approved, under Section 125 (1) (f) of the *State Development and Public Works Organisation Act 1971,* the Queensland Curtis LNG Facility as an infrastructure facility that is of significance, particularly economically or socially, to Queensland, the Darling Downs and Fitzroy Statistical Divisions being the regions in which the Queensland Curtis LNG Facility is to be constructed.

STATEMENT GIVING REASONS WHY THE GOVERNOR IN COUNCIL APPROVED BY GAZETTE NOTICE ON 14 MAY 2010 THE QUEENSLAND CURTIS LNG FACILITY AS AN INFRASTRUCTURE FACILITY THAT IS OF SIGNIFICANCE UNDER THE *STATE DEVELOPMENT AND PUBLIC WORKS ORGANISATION ACT 1971*

1. Decision

On 13 May 2010, the Governor in Council approved by gazette notice under Section 125(1)(f) of the *State Development and Public Works Organisation Act 1971* (SDPWO Act) , the Queensland Curtis LNG Facility as an infrastructure facility that is of significance, particularly economically or socially, to Queensland, the Darling Downs and Fitzroy Statistical Divisions being the regions in which the Queensland Curtis LNG Facility is to be constructed. The Governor in Council, in making that decision, considered and adopted the reasons set out below that were prepared by the Coordinator-General, Mr Colin Jensen under section 125(5) of the SDPWO Act.

2. Introduction

In February 2010, the Coordinator-General received an application dated 8 February 2010 from QGC Pty Ltd ("QGC") ("the Application") requesting that certain infrastructure be approved by the Governor in Council as an infrastructure facility that is of significance under Section 125(1)(f) of the SDPWO Act.

The Queensland Curtis LNG Facility described below forms an integral part of an overall project known as the Queensland Curtis LNG Project ("QCLNG Project") which proposes to take coal seam gas (CSG) from QGC held tenements in the Surat Basin, gather the CSG from the various wells and to pipe the CSG to an LNG liquefaction plant situated on Curtis Island in the Port of Gladstone where it will be liquefied and exported to overseas markets. The Application makes it clear that the QCLNG Project cannot proceed without the Queensland Curtis LNG Facility. The first LNG from the Queensland Curtis LNG Facility is expected in 2014.

Section 125(1)(f) of the SDPWO Act provides that the Coordinator-General may take land for the purpose of an infrastructure facility that is:

- of significance, particularly economically or socially, to Australia, Queensland or the region in which the facility is to be constructed; and
- approved by the Governor in Council, by gazette notice, as having that significance.

Pursuant to Section125(2) of the SDPWO Act in considering whether an infrastructure facility would be of economic or social significance, the potential for the Queensland Curtis LNG Facility to contribute to community wellbeing and economic growth or employment levels must be taken into account. In accordance with Section 125(3) of the SDPWO Act in assessing such potential, the contribution the Queensland Curtis LNG Facility makes to agricultural, industrial, resource or technological development in Australia, Queensland or the region is a relevant consideration.

3. Evidence or Other Material on Which Findings of Material Questions of facts are Based

In considering whether the Queensland Curtis LNG Facility is an infrastructure facility that is of significance, particularly economically or socially to Queensland and the region in which the facilities are to be constructed, the Coordinator-General and the Governor in Council had regard to the following materials:

- Letter dated 8 February 2010 from QGC to the Coordinator-General that enclosed QGC's Application that certain infrastructure be approved by the Governor in Council as an infrastructure facility that is of significance under Section 125(1)(f) of the SDPWO Act (the "Application");
- The detailed Maps in Appendix C of the Application showing the location of the proposed Queensland Curtis LNG Facility ("Maps");
- The SDPWO Act, particularly Sections 125 and 174;
- The Executive Summaries of the EIS and the Supplementary EIS ("SEIS") for the QCLNG Project that dealt with matters including social and economic impact assessments of the QCLNG Project (of which the Queensland Curtis LNG Facility is an integral part);
- The SDPWO Act *Guidelines for acquisition of land for infrastructure projects by persons other than the State,* September 1999 made under Section 174 of the SDPWO Act;
- The SDPWO Act *Guidelines for consultation and negotiation with native title interests*, September 1999 made under Section 174 of the SDPWO Act;
- Copies of Public Notices placed in The Courier Mail dated 3 March 2010, the Chinchilla News dated 4 March 2010, the Western Star dated 5 March 2010, the Dalby Herald dated 5 March 2010, the Central Telegraph dated 5 March 2010, the Chronicle dated 6 March 2010, the Gladstone Observer dated 6 March 2010 and the Koori Mail dated 10 March 2010 inviting submissions from persons affected by the Application;
- Copy of the standard Coordinator-General's letter inviting submissions dated 5 March 2010;

- Submissions received during public consultation;
- QGC's letter to the Coordinator-General dated 9 April 2010 attaching responses to submitters;
- *Blueprint for Queensland's LNG Industry,* Department of Employment, Economic Development and Innovation publication No. SD5753 08/09;
- *ACIL Tasman Gas Demand Study, an assessment of demand for coal seam gas and pipeline services in Queensland* prepared for QGC/BG International-Public Version by ACIL Tasman and dated 6 December 2009 ("ACIL Tasman Report");
- *Queensland LNG Industry Viability and Economic Impact Study* Final Report to Queensland Department of Infrastructure and Planning prepared by McLennan, Magasanik Associates and dated 1 May 2009 ("MMA Study");
- *Australian Energy Resource Assessment,* Australian Bureau and Resource Economics and Geoscience Australia, 2010;
- *Australian Commodities Report,* Australian Bureau and Resource Economics, June Quarter 2009 ("ABARE Report");
- *Consultation paper - Domestic Gas Market Security of Supply,* Department of Employment, Economic Development and Innovation, September 2009; and
- *Surat Basin Future Directions Statement,* Department of Employment, Economic Development and Innovation dated February 2010.

4. Findings of Material Questions of Fact

From the evidence and material to which regard was had, the following findings of fact were made.

4.1 Type of Infrastructure Facilities Proposed Including Land on Which the Facilities are to be Located

The Queensland Curtis LNG Facility is generally located in the map shown in Figure 1 below and is made up of three components:

- A major CSG field development including a network of underground gas and water transmission pipelines, compression and processing facilities and associated infrastructure in the Surat Basin, in Southern Queensland ("Gas Field Facility");
- Gas liquefaction facilities on Curtis Island, adjacent to Gladstone where the CSG will be converted to Liquefied Natural Gas ("LNG") and exported ("LNG Facility"); and

- A 340 kilometre underground gas transmission pipeline with an associated gas collection header and water collection header to transport the CSG from the Gas Field Facility to the LNG Facility ("Pipeline Facility").

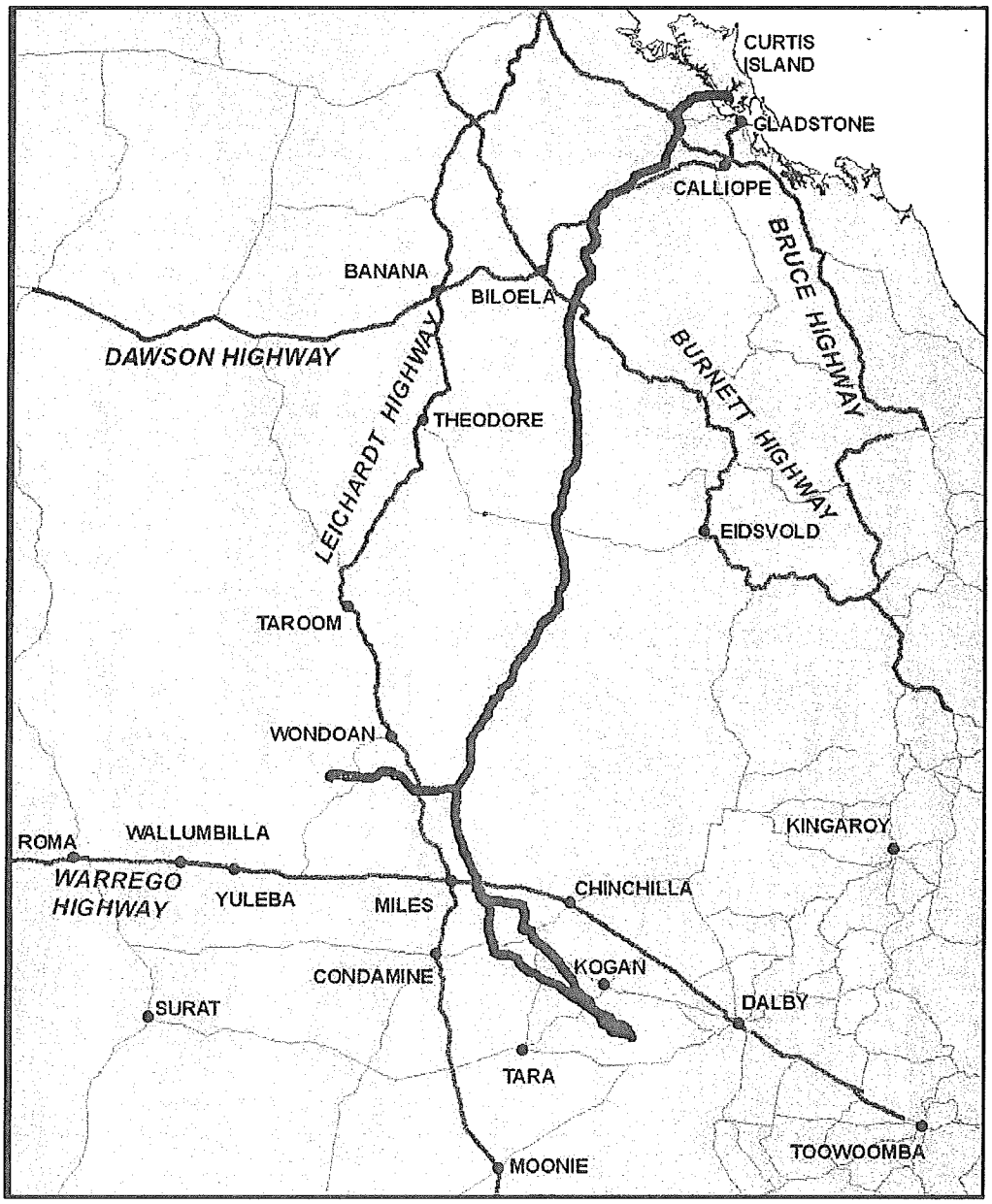

Figure 1

The Application and the detailed Maps in the Application set out the specific technical details and detailed locations of the Gas Field Facility, the LNG Facility and the Pipeline Facility. The terms Gas Field Facility, the LNG Facility and the Pipeline Facility should be given the same meaning in this Statement Giving Reasons as they are given in the Application. If there is any inconsistency between the two, then this Statement Giving Reasons shall prevail to the extent of the inconsistency.

4.1.1 Gas Field Facility

The Gas Field Facility is situated within the Walloons Fairway, Surat Basin exploration and petroleum tenements of QGC, within Southern Queensland.

The Gas Field Facility will comprise the following items of infrastructure:

Field Compressor Stations ("FCSs")

- 21 FCSs will be constructed.
- At each FCS there will be a flare, water management system including a pond and a substation where the FCS is connected to the grid.
- Total area for all FCS components will be 7 hectares per FCS.

Central Processing Plants ("CPPs")

- 4 CPPs will be constructed.
- At each CPP there will be a flare, compressor, water management system including a small holding pond and a substation where the CPP is connected to the grid.
- Total area for all CPP components will be approximately 19 hectares per CPP.

Water Treatment Plants ("WTPs")

- There will be three WTPs, a 35 ML per day capacity WTP in the north, a 75 ML per day capacity WTP in the central area and a 65 ML per day capacity WTP in the south.
- At each WTP there will be a desalination plant, a brine pond and a brine evaporation basin.
- The footprint for each WTP will be 25 hectares, 30 hectares for each brine pond and 130 hectares for each brine evaporation basin.

Gas Trunklines

- Gas trunklines will connect the FCSs to the CPPs.
- The total length of trunkline easements will be 600 km.
- Trunkline easements widths may vary from 20 m - 54 m and may also include water trunklines, electricity transmission lines and communication lines.

Water Trunklines

- Water trunklines will connect regional storage ponds to collection header ponds or raw water ponds.

- The total length of trunkline easements will be 600 km.
- Trunkline easements widths may vary from 20 m- 54 m and will include gas trunklines, electricity transmission lines and communication lines.

4.1.2 Pipeline Facility

The preferred locations of the pipeline routes are set out in the maps contained in the Application. The Pipeline Facility will comprise the following pipelines:

- Export Pipeline – 340 km
- Gas Collection Header – 195 km
- Water Collection Header – 100 km

Pipeline Corridor Widths

- Stand alone pipeline routes will require easement clearing widths of 40 m.
- Pipeline routes co-located with power line easements will require easement widths of up to 125 m.
- There will be an "upstream infrastructure corridor" where the Water Collection Header, a number of trunklines and other infrastructure will be collocated to minimise impact, this will require an easement width of 80 m to 125 m.
- Trench depths within easements will generally be between 2 m to 3.05 m.

Pipeline Infrastructure

The Pipeline Facility will involve temporary and permanent aboveground infrastructure for pipeline routes detailed as follows:

- mainline valves ("MLV") – there will be one MLV site located on the Gas Collection Header and four MLV sites located on the Export Pipeline. Each MLV site will be 0.245 hectares;
- scraper stations – a scraper station will be located adjacent to the Ruby and Wolleebee Creek CPPs on the Gas Collection Header on a CPP site. For the Export Pipeline, one mid-line scraper station will be provided which will occupy up to 0.75 hectares;
- receipt stations – the receipt station will be located 35 km southwest of Wandoan. The area of the receipt station will be 25 hectares. The receipt station will include scraper facilities, MLVs, filtering, metering and gas quality equipment;
- delivery station – the delivery station will be located on the LNG Facility site. It will contain scraper facilities, filtering, metering and gas quality equipment;

- meter stations – meter stations will occur at entry to the Export Pipeline and at the delivery to the LNG Facility; and
- cathodic protection, communication facilities, pipeline microphones and access tracks.

4.1.3 LNG Facility

QGC is proposing to locate the LNG Facility on the south-western portion of Curtis Island (on the Northern side of the Port of Gladstone), between Laird Point and Hamilton Point. The area of Curtis Island is part of the Gladstone State Development Area ("GSDA") as declared under the SDPWO Act. Land to the immediate east of the Curtis Island Industry Precinct has been designated as the Environmental Management Precinct of the GSDA. The proposed location of the LNG Facility is detailed in the maps and technical diagrams contained in the Application.

The LNG Facility will comprise the following infrastructure components:

- gas refrigeration and liquefaction units;
- LNG storage tanks;
- on-shore gas reception facilities;
- gas pre-treatment facilities for the removal of water and impurities from feed gas;
- a nitrogen rejection unit for the removal of nitrogen in the feed gas;
- jetty and docking facilities with turning basin for the loading of LNG carriers;
- a material offloading facility for construction material receipt;
- associated onshore mainland facilities; and
- utility requirements to support the LNG Facility.

4.2 Demand Projections for the Services Associated with the Infrastructure

Global demand for LNG

The Queensland Department of Infrastructure and Planning ("DIP") commissioned a viability and economic impact study on the Queensland LNG industry by McLellan Magasanik Associates ("MMA Study").

The findings of the MMA Study indicate that global demand for LNG is growing rapidly and will continue to grow between 5% and 10% per annum.

The Australian Commodities Report for the 2009 June Quarter published by the Australian Bureau of Agricultural and Resources Economics ("ABARE Report") notes that LNG traders forecast global demand at around 171 million tonnes per annum in 2009 with a 6% increase to 181 million tonnes per annum forecast for 2010.

Global demand for LNG is expected to rise up to 340 million tonnes per annum by 2015 and 380 million tonnes per annum by 2020.

In order to meet this increasing global demand, it is expected that Australia will significantly expand its LNG exports over the next two decades. Also, Australia stands out as an attractive supplier of LNG due to its abundant gas reserves, its proximity to the Asian Pacific market and its politically stable environment.

Demand for LNG in Asia

Considering that Asia's input markets have little or no domestic natural gas, demand growth is strong in China and is expected to increase between 30% and 70% by 2015.

Out of the three sale and supply agreements which have been entered into by QGC, two of these contracts target the Asia Pacific market - namely China and Singapore.

Australia's position in the LNG export market

Australia currently exports nearly half of its natural gas production. Australia's existing resources are sufficient to meet the projected increases in global demand over the period to 2030.

For these reasons, the QCLNG Project (of which the Queensland Curtis LNG Facility is an integral part) represents a significant opportunity to expand the LNG production and export industry on the east coast of Australia by providing the necessary infrastructure to source, transport and process LNG for global markets, such as the Asia Pacific market, in the future.

4.3 Needs Which the Facilities Would Meet and How the Infrastructure Would Satisfy the Identified Need

The Queensland Government has identified that there is a need to diversify and strengthen Queensland's regional economy to attract investment, build economic resilience and create new jobs in regional centres affected by the recent downturn in resource exports.

The LNG industry provides Queensland with an opportunity for economic growth and job creation in Queensland and community wellbeing in its regional centres.

The QCLNG Project (which is not possible without the Queensland Curtis LNG Facility) will make a significant contribution to establishing an LNG export industry in Queensland. A viable LNG industry demands the global export of LNG.

The global export of LNG requires extraction of CSG, transport of CSG to the coast and conversion of CSG to LNG. The Gas Field Facility will extract CSG from available reserves, the Pipeline Facility will be a dedicated facility to transport CSG to the coast and the LNG Facility will be a strategically located facility to convert CSG to LNG to allow for shipment to global markets.

4.4 Timing of Project or Service Delivery

QGC has advised that it will make a Final Investment Decision ("FID") in 2010 and shall progress delivery of the Queensland Curtis LNG Facility by:

(a) commencing construction in 2010; and

(b) producing first LNG at the LNG Facility in 2014.

If FID does not occur in 2010, or construction of the Queensland Curtis LNG Facility is not reasonably progressed to allow for production in 2014, then it may be necessary for the Governor in Council to amend or repeal its approval of the Queensland Curtis LNG Facility as an infrastructure facility that is of significance.

4.5 Special Assistance Required from Government other than Land Acquisition

The Application states that QGC has a strong preference to obtain all necessary interests in the affected land by agreement with landholders and native title parties. However, if this is not possible in the project timeframes it may request the Coordinator-General to compulsorily acquire the necessary interests. The Application does not identify any additional requests for special assistance from the Queensland Government.

4.6 Financial Analysis Including Project Risk/Return

The Queensland Government has undertaken extensive studies and research into the current status, revenues and growth predictions for global and local LNG production and consumption.

QGC has undertaken extensive studies to assess the financial viability of the QCLNG Project (of which the Queensland Curtis LNG Facility is an integral part) so that QGC and BG Group can make a final investment decision in relation to the QCLNG Project in 2010.

The Queensland Curtis LNG Facility will involve significant construction works in the Darling Downs and Fitzroy Statistical Divisions and capital expenditure of several billion dollars. The construction phase of the Queensland Curtis LNG Facility has been defined as the period between 2010 and 2014 and includes the development of the Gas Field Facility, the construction of the Pipeline Facility and the LNG Facility.

This construction phase will involve very substantial capital investment and expenditure by QGC. Substantial operational expenditure is also forecast over an extended period according to the Economic Impact Assessment ("EIA"). The EIA forecasts that the QCLNG Project will stimulate an increase in Queensland's gross state product of up to $32 billion between 2010 and 2021, or approximately $2.6 billion per annum. The EIA notes that predictions after 2021 become less reliable, but significant expenditure will extend beyond 2021 and for the life of the QCLNG Project.

QGC's commitment to the Queensland Curtis LNG Facility is demonstrated by the significant capital expenditure incurred by QGC to date and resources (both employees and contractors) that have been engaged by QGC to work on and provide input on the QCLNG Project.

Further, on March 2010, BG Group plc ("BG Group"), the ultimate holding company of QGC, publicly announced that it had signed an LNG sales contract with China National Offshore Oil Corporation ("CNOOC") to supply 3.6 million tonnes per annum of LNG over a 20 year period. Under the terms of the sales contract, CNOOC will be supplied with LNG manufactured at the LNG Facility. The BG Group-CNOOC LNG sales agreement is one of the largest LNG contracts in Australia.

On 31 March 2010, BG Group announced that it had reached agreement with Tokyo Gas Co., Ltd to supply 1.2 million tonnes per annum for 20 years from the LNG Facility.

4.7 Possible Environmental Effects

On 4 July 2008, the QCLNG Project was declared a significant project for which an environmental impact statement ("EIS") is required under the SDPWO Act. Possible environmental effects of the Queensland Curtis LNG Facility are therefore being addressed through the QCLNG Project EIS process and its associated legislative regime.

Terms of Reference for the EIS were issued by the Coordinator-General in May 2009. QGC lodged a draft EIS in August 2009. The public consultation and submission process for the draft EIS has closed. QGC has submitted a SEIS to address a range of issues raised in submissions lodged in response to the draft EIS. The EIS and the SEIS assess the potential adverse and beneficial environmental, economic and social impacts of the Queensland Curtis LNG Facility and identify management, monitoring and planning and other measures proposed to minimise any adverse environmental impacts of the project.

Therefore, appropriate environmental assessment and public consultation has been undertaken.

4.8 Technical and Financial Capacity of the Proponent to Implement the Proposed Facilities

QGC is a wholly owned subsidiary of BG Group.

BG Group is a United Kingdom listed energy business with activities on five continents and interests in 27 countries. Although headquartered in Reading, more than 60% of the company's 5,300 employees are located outside the United Kingdom. QGC was created as a result of a merger of the Australian operations of BG International Limited and Queensland Gas Company Limited following a recommended acquisition announced in October 2008. The merger consolidated the former QGC's extensive CSG expertise and resources and BG Group's international experience in LNG within a single-company structure.

BG Group has operations across the energy sector, including in natural gas where it has experience throughout the gas chain from exploration to distribution to the customer. BG Group ranks among the largest companies on the London Stock Exchange with a market capitalisation of £72 billion (as of July 2009). For the year ending 31 December 2010, the audited annual report of BG Group shows a total operating profit of £4.21 billion and a net profit after tax of £2.26 billion. Total equity as at 31 December 2009 was £4.38 billion.

BG Group's LNG business encompasses liquefaction, shipping, regasification and marketing. In particular, BG Group has relevant industry experience, acquired in conjunction with its operating partners, in the development and operation of many major LNG facilities around the world.

BG Group also has a long history in LNG shipping and was involved in development of both the prototype and the first working LNG carriers in the industry. BG Group's current core LNG fleet consists of nine vessels 138,000m^3 to 145,000m^3 in capacity. BG Group has exercised an option to acquire two 170,000m^3 ships from Samsung Heavy Industries. BG Group will also charter a further two 170,000 m^3 new ships from Gaslog.

QGC has supplemented its CSG and LNG expertise by engaging a wide range of specialist consultants across a variety of disciplines to assist in the development of the QCLNG Project.

4.9 Investigations on the Required Land

The Application states that QGC has undertaken extensive environmental, cultural heritage, native title, ground truthing and geotechnical investigations on the land required for the Queensland Curtis LNG Facility.

It has also undertaken environmental investigations which are detailed in the draft EIS and the SEIS.

The Application states QGC has undertaken investigations to ascertain those Landholders potentially affected by the Queensland Curtis LNG Facility, including searches of public registers such as the Land Titles Register and site visits and investigations and has compiled a comprehensive database of potentially affected landholders.

QGC has advised that it has ownership of approximately 9,500 ha of selected freehold land which will be used for the Queensland Curtis LNG Facility. These properties have been purchased for the location of some infrastructure, such as the FCSs, CPPs and WTPs. However, the majority (98%) of QGC's mining tenements are on land tenures that QGC does not own.

According to QGC investigations, land tenure within the Gas Field Facility area comprises 75% freehold land. 19% relates to state forest and lands leased, with the remaining 6% comprising infrastructure reserves, stock routes and crown reserves.

QGC advises that the majority of the land which the Pipeline Facility traverses is freehold, with occasional parcels of leasehold and Crown land. The Pipeline Facility will also cross a number of mining and petroleum exploration tenures, including mineral development leases and petroleum production leases.

4.10 Negotiations to Acquire Land by Agreement

QGC advises that it has already negotiated option agreements, for the acquisition of an 'as constructed' easement, with a number of landholders and is undertaking a comprehensive consultation and negotiation process in an endeavour to reach negotiated access and tenure arrangements with as many landholders as possible.

QGC states in its application that its strong preference is to reach voluntary access and tenure arrangements with all affected landholders and is engaging in a comprehensive process to meet with landholders to reach mutually satisfactory commercial arrangements.

QGC indicates that it has been negotiating with Traditional Owner groups with a view to obtaining Indigenous Land Use Agreements.

4.11 Economic Significance of the Infrastructure Facility

The Queensland Curtis LNG Facility will make a significant contribution to establishing an LNG industry for Queensland. The EIS states that the QCLNG Project will rank as one of Australia's largest capital investments and generate significant economic and employment benefits for Australia and in particular for Queensland. The QCLNG Project is not possible without the Queensland Curtis LNG Facility.

QGC forecasts that the total contribution to Darling Downs Statistical Division's GRP from the QCLNG Project (of which the Queensland Curtis LNG Facility is an integral part) will be approximately $14.1 billion between 2010 and 2021 (or an annual average of $1.2 billion), with a total increase of approximately $13.4 billion in the Fitzroy Statistical Division's GRP over the same period (or an annual average of $1.1 billion). In Queensland, the increase in GRP above what would have occurred without the Queensland Curtis LNG Facility is estimated by QGC to total approximately $31.9 billion between 2010 and 2021 (or an annual average of $2.66 billion).

Employment

A total of approximately 22,217 full time equivalent employment years is estimated by QGC to be generated by the QCLNG Project (of which the Queensland Curtis LNG Facility is an integral part) in the Darling Downs Statistical Division between 2010 and 2021 and 15,334 full time equivalent employment years in the Fitzroy Statistical Division. A further 22,087 full time equivalent employment years is estimated to be generated in the rest of Queensland.

The Department of Employment, Economic Development and Innovation has reported in the Surat Basin Future Directions Statement that associated jobs will be created in sectors such as electricity, water, finance, transport, storage, manufacturing and construction.

Associated with this increase in employment is an estimated additional $953.2 million in wages and salaries between 2010 and 2021 in the Darling Downs Statistical Division, $697.1 million in the Fitzroy Statistical Division and approximately $1.0 billion in the rest of Queensland.

Around half of the capital expenditure proposed for the Queensland Curtis LNG Facility during construction is expected to be sourced from Australia, including an estimated 18.4% from within the Darling Downs and Fitzroy Statistical Divisions.

Balance of trade benefits

Currently, Australia exports around half of its natural gas production with all of the outputs from the proposed LNG Facility to be exported.

The MMA Study indicates that economic modelling based on the standard LNG scenario (8x3.5 million tonnes per annum ("Mtpa") LNG facility) will increase real GDP over the life of the industry by 0.10% which is equivalent to just over $1billion of real annual GDP. This would mean a higher real national income than would otherwise be the case.

Additionally all proposed LNG projects (including the QCLNG Project) will directly contribute to and stimulate output in other industries upstream to the oil and gas sector including construction and property and business.

The purchase of goods and services from industries upstream to the oil and gas sector will also stimulate additional production in these industries.

Trade impacts of the Queensland Curtis LNG Facility have been assessed under the steady State export capacity for an LNG facility producing approximately 8 Mtpa. Under these assumptions, annual exports from the Queensland Curtis LNG Facility are estimated to be approximately $4 billion and will make a substantial contribution to the balance of trade for Queensland and Australia.

Government Revenue

The QCLNG Project (which depends on construction of the Queensland Curtis LNG Facility) is expected to have a positive impact on Australian Government revenues during both the construction and operating phases. It would be anticipated additional personal income taxes, company taxes and goods and services taxes would be the main contributors to the increased revenues. While the issue is complex, the net impact of the development on the revenue of the Australian Government would be expected to be positive.

According to the EIA the QCLNG Project is estimated to generate annual average royalty income for Queensland between $150 million and $330 million, depending on oil prices. Australian Government annual average tax income from the QCLNG Project (of which the Queensland Curtis LNG Facility is an integral part) is estimated at between $600 million and $1.1 billion, depending on oil prices. It is also expected that GST revenues would increase as a result of the QCLNG Project. Quantifying the additional revenue is complex due to allowable exemptions. However, based on an assumed effective tax rate of 4% (accounting for exemptions) on additional output, annual GST revenues are estimated to increase by approximately $210 million per annum due to additional transactions as a result of the development.

It is anticipated that the construction and operation of the Queensland Curtis LNG Facility will result in increased revenue flows to each of the affected Local Government areas ("LGAs") associated with the Queensland Curtis LNG Facility. Increased revenues would be expected to include additional fees and charges levied on permanent and temporary residents as they use services provided by the LGA, principally waste, wastewater and waste management.

During the construction and operational phases, whilst it is likely workers who commute from neighbouring areas would not contribute to LGA revenues, all other workers would be expected to do so (including those working on a fly in/fly out or drive in/drive out basis.

These contributions may come directly from workers who choose to buy a property to live in while working on site or indirectly from workers who either rent properties or choose to live in the construction/worker camps during the construction phase.

The Queensland Curtis LNG Facility is expected to have a positive impact on the revenue of the Queensland Government. The direct sources of additional State revenues include transfer (stamp) duty; land tax; payroll tax; rents and royalties.

Some local businesses will also benefit by providing the goods and services to support the Queensland Curtis LNG Facility needs as well as the additional consumption spending of those employed in the project.

After considering all the material made available to him the Coordinator-General was satisfied that the Queensland Curtis LNG Facility will be of economic significance and in particular:

- will provide significant economic growth;
- employment opportunities will be created;
- State revenues will increase significantly; and
- there will be increased employment and revenue in the Fitzroy and Darling Downs regions.

4.12 Social Significance (including community wellbeing) of the Infrastructure Facility

The Queensland Curtis LNG Facility will help diversify the regions' economies and reduce their dependence on mining and agriculture, and support regional growth through sustainable, long-term stimulus to local and regional economies.

The Department of Employment, Economic Development and Innovation has estimated in the "Blueprint for Queensland's LNG Industry" that a mid range 28 million tonnes per annum LNG industry is expected to provide over 18,000 direct and indirect jobs in Queensland. This includes over 4,300 jobs in the Darling Downs-south West Region (including Surat Basin).

The following positive changes could be expected from the Queensland Curtis LNG Facility:

- increased employment security in areas where resource sector employment is being lost;
- decreased unemployment, including for indigenous people and young people, throughout the Queensland Curtis LNG Facility area;
- increased workforce capacity and skill levels in specialised construction and operational occupations;
- population growth and stability in the Queensland Curtis LNG Facility area;
- enhanced community cohesion due to population stability and investments in social infrastructure; and

- flow on employment opportunities in non-energy sectors.

QGC advises that the Queensland Curtis LNG Facility will provide a permanent improvement in the skills of the local workforce through training programs delivered as part of the project.

During the construction phase, it is estimated by QGC that there will be a considerable utilisation of labour from other sectors that typically have a relatively high proportion of persons employed in occupation categories such as technicians and trade workers, labourers and managers. This includes:

- manufacturing;
- mining;
- agriculture, forestry and fishing; and
- transport and storage.

During the operational phase, labour demand is estimated to be highest for occupations such as professionals, technicians and trade workers, managers, and clerical and administrative workers. This is estimated to result in a draw of labour from sectors such as construction, transport and storage, electricity, gas and water, and agriculture, forestry and fishing, as well as less skilled / lower income manufacturing industries. However, the impact on these industries from labour shortages generally declines over time as a result of natural growth in the labour market as well as additional labour migrating to the Darling Downs and Fitzroy Statistical Divisions. Even so, the additional demand for labour generated by the Queensland Curtis LNG Facility in a constrained labour market is likely to create pressures on wages and other input costs (such as rents), potentially to the detriment of existing local businesses.

Environmental benefits

The Queensland Curtis LNG Facility will produce LNG which is an energy source that has lower CO_2 emissions from combustion compared to coal.

Consequently, the Queensland Curtis LNG Facility will be of social significance (including community wellbeing).

4.13 Summary of the Public Submissions (Particularly Economically or Socially) of the QCLNG Project

When assessing the Application the Coordinator-General invited submissions on the relevant issues from affected persons. A total of 20 submissions were received.

The point that must be assessed is whether the Queensland Curtis LNG Facility is of significance, particularly economically or socially, to Queensland or the region in which the facility is to be constructed. None of the submissions received questioned the economic or social significance of the Queensland Curtis LNG Facility.

The majority of the submissions raised issues that are being addressed in the EIS process and in the consultation and negotiations QGC is undertaking with persons affected by the Queensland Curtis LNG Facility about access to their land, tenure arrangements and compensation.

A number of submissions raised concern with respect to the manner in which QGC had conducted itself in discussions and negotiations with them about access to their land. If QGC asks the Coordinator-General to acquire the land, the Coordinator-General must be satisfied that reasonable steps have been taken to acquire the land by agreement. The Coordinator-General will prepare a statement giving details of the negotiations between QGC and the owners of the land to be acquired.

Three submissions raised the issue of the effect of the Queensland Curtis LNG Facility on coal resources. One the these submissions stated that the development of coal resources would be adversely impacted if QGC was given an unfettered right to locate the gas fields anywhere on the landowners land. The approval of an infrastructure facility of significance does not give QGC this unfettered right. In addition, QGC has committed to liaising with tenure holders to select a final route which avoids, to the extent possible, identified highly prospective resources.

5 The Reasons for the Decision

The Queensland Curtis LNG Facility was approved as an infrastructure facility that is of significance, particularly economically or socially, to Queensland, and to the Darling Downs and Fitzroy Statistical Divisions being the regions in which the Queensland Curtis LNG Facility is to be constructed for the following reasons:

- The Queensland Curtis LNG Facility described in the Application complies with the definition of an "infrastructure facility" set out in Section 125(16)(e) of the SDPWO Act.

- The Application from QGC is supported by independent research in the MMA Study prepared for the Queensland Government and the ABARE report which demonstrates there is a significant and increasing global and Asian need for LNG. This demand for LNG can be met from CSG from the tenements held by QGC but only if an infrastructure facility in the form of the Queensland Curtis LNG Facility is constructed to gather and transport the CSG from the Surat Basin tenements to the LNG Facility for liquefaction and export. It follows therefore that the Queensland Curtis LNG Facility will assist in establishing and growing an export

market for LNG obtained from CSG and will assist in underpinning State revenues and economic growth.

- The Application, its supporting documentation and various independent reports listed in this Statement Giving Reasons demonstrate that the Queensland Curtis LNG Facility will provide significant direct and indirect economic benefits (including community wellbeing) including increased economic activity, employment and technical skills level to Queensland, particularly to the Darling Downs and Fitzroy Statistical Divisions.
- The Application and the supporting documentation referred to in the Application indicate that there are, on balance, social benefits associated with the Queensland Curtis LNG Facility through significant employment and sustainable long term stimulus to the affected local and regional economies of Queensland.
- The Application also shows QGC have conducted investigations to identify the land required for the Queensland Curtis LNG Facility.
- The timing outlined in the Application for the delivery of the Queensland Curtis LNG Facility appears to be achievable.
- QGC is not seeking any special assistance from Government other than possible land acquisition.
- An EIS to assess the potential adverse and beneficial environmental impacts of the QCLNG Project (of which the Queensland Curtis LNG Facility is a part) has been prepared and the Coordinator-General is currently preparing a report evaluating the EIS pursuant to Section 35 of the SDPWO Act.
- QGC through its parent company BG Group has a strong track record in funding and delivering such projects and appears to have the technical and financial capacity to deliver the Queensland Curtis LNG Facility.
- The Application does not disclose anything contrary to State Government policy in the *Blueprint for Queensland's LNG Industry,* Department of Employment, Economic Development and Innovation SD5753 08/09.
- The Application addresses the requirements of Section 125(1)(f) of the SDPWO Act and the requirements of Appendix A of SDPWO Act *Guidelines for acquisition of land for infrastructure projects by persons other than the State,* September 1999 made under Section 174 of the SDPWO Act and adequately demonstrates that the Queensland Curtis LNG Facility should be approved as an infrastructure facility that is of significance.