Queensland Government Gazette

EXTRAORDINARY

PP 451207100087 **PUBLISHED BY AUTHORITY** ISSN 0155-9370

VOL. 360] FRIDAY 13 JULY 2012 [NO. 55

State Development and Public Works Organisation Act 1971

DEPARTMENT OF STATE DEVELOPMENT, INFRASTRUCTURE AND PLANNING

NOTICE

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

STATEMENT GIVING REASONS WHY THE GOVERNOR IN COUNCIL APPROVED BY GAZETTE NOTICE ON 12 JULY 2012 THE GLNG INFRASTRUCTURE FACILITY AS AN INFRASTRUCTURE FACILITY THAT IS OF SIGNIFICANCE UNDER THE *STATE DEVELOPMENT AND PUBLIC WORKS ORGANISATION ACT 1971*

1. DECISION

On 12 July 2012, 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 GLNG Infrastructure Facility described below as an infrastructure facility that is of significance, particularly economically or socially, to Queensland and the Fitzroy and South West Statistical Divisions being the regions in which the GLNG Infrastructure Facility is being 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 Barry Broe, under section 125(5) of the SDPWO Act.

2. INTRODUCTION

The Coordinator-General received an application (**the Application**) dated 16 November 2011 from GLNG Operations Pty Ltd (**the Applicant**) on behalf of the Participants set out below, requesting that the GLNG Infrastructure Facility 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 Applicant is wholly owned by subsidiaries of Santos Limited (**Santos**), Petroliam Nasional Berhad (**PETRONAS**), Total and Korea Gas Corporation (**KOGAS**). The subsidiaries (collectively referred to as the **Participants**) and their shareholdings in the Applicant are set out in the below table:

Parent	Participant	Participant's shareholding in the Applicant
Santos	Santos GLNG Pty Ltd	30%
PETRONAS	PAPL (Downstream) Pty Limited	27.5%
Total	Total GLNG Australia	27.5%
KOGAS	KGLNG Liquefaction Pty Ltd	15%

The GLNG Infrastructure Facility forms an integral part of an overall project known as the Gladstone Liquefied Natural Gas Project (**GLNG Project**) which proposes to take coal seam gas (**CSG**) from wells on Applicant and/or Participant held tenements (**Gas Fields**) in the Bowen and Surat Basins of southern Queensland, gather the CSG from the various wells and to pipe the CSG to a liquefied natural gas (**LNG**) liquefaction plant situated on Curtis Island in the Port of Gladstone, where it will be liquefied and exported to overseas markets.

The Gas Fields do not form part of the GLNG Infrastructure Facility which is the subject of the Application but they will be the source of the CSG for the GLNG Infrastructure Facility. The Gas Fields are described in some detail in the Application to enable a better understanding of the role of the GLNG Infrastructure Facility in the GLNG Project.

The Application states that the GLNG Infrastructure Facility is currently expected to produce its first LNG by 2015. It is anticipated that full production capacity will be achieved in 2022.

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.

Section 125(16) sets out the types of infrastructure that may be an infrastructure facility for the purposes of section 125, and includes, under subsection 125(16)(e), "a storage, distribution or gathering or other transmission facility for (i) oil or gas or (ii) derivatives of oil or gas".

Pursuant to section 125(2) of the SDPWO Act, in considering whether an infrastructure facility would be of economic or social significance, the potential for the GLNG Infrastructure 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 GLNG Infrastructure 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 GLNG Infrastructure Facility is an infrastructure facility that is of significance, particularly economically or socially, to Queensland and the region in which the GLNG Infrastructure Facility is being constructed, the Coordinator-General and the Governor in Council had regard to the following materials:

1. letter dated 16 November 2011 from the solicitors for the Applicant to the Office of the Coordinator-General, together with the enclosed Application and annexures to the Application, requesting that the GLNG Infrastructure Facility be approved by the Governor in Council as an infrastructure facility that is of significance under section 125(1)(f) of the SDPWO Act;
2. the Executive Summary of the Environmental Impact Statement (**EIS**) for the GLNG Project dated 31 March 2009 which deals with matters including social and economic, cultural heritage and environmental impact assessments of the GLNG Project (which includes the GLNG Infrastructure Facility);
3. the supplementary EIS (**SEIS**), released for public consultation from 16 December 2009 until 1 February 2010;
4. the SDPWO Act, particularly sections 125 and 174;
5. Guidelines for acquisition of land for infrastructure projects by persons other than the state, September 1999 made under section 174 of the SDPWO Act;
6. Guidelines for consultation and negotiation with native title interests, September 1999 made under section 174 of the SDPWO Act;
7. letter to the Office of the Coordinator-General from the solicitors for the Applicant on behalf of the Applicant dated 1 December 2011, regarding the width of the proposed easement for the Pipeline Facility;
8. copies of public notices placed in the Courier Mail dated 21 and 22 January 2012, the Koori Mail dated 25 January 2012, the Chinchilla News dated 26 January 2012, the Western Star dated 24 January 2012, the Toowoomba Chronicle dated 21 January 2012, the Gladstone Observer dated 19 January 2012, and the Dalby Herald dated 24 January 2012, inviting submissions from persons affected by the Application;
9. template of the letter dated on or about 18 January 2012 from the Coordinator-General to parties whose land may be affected by the GLNG Infrastructure Facility advising them that the Applicant had applied for approval of the GLNG Infrastructure Facility as an infrastructure facility of significance and inviting submissions on the Application, together with the list of receipt of the letters and copies of plans provided by the Applicant and enclosed with the letters;
10. template of the letter dated on or about 19 January 2012 from the Coordinator-General to Native Title parties who may have an interest in land affected by the GLNG Infrastructure Facility advising them that the Applicant had applied for approval of the GLNG Infrastructure Facility as an infrastructure facility of significance and inviting submissions on the Application, together with the list of recipients of the letters;
11. submissions commenting on the Application that were received from a range of affected landholders and interested parties;
12. letters to the solicitors for the Applicant from the Office of the Coordinator-General dated 22 February 2012 and 6 March 2012 enclosing copies of submissions received by the Coordinator-General;
13. letters from the Office of the Coordinator-General to submitters dated 23 February 2012 and 13 March 2012 acknowledging receipt of their submissions;
14. the Applicant's responses to submissions by way of letter to the Department of Employment, Economic Development and Innovation dated 22 March 2012;
15. letter to the solicitors for the Applicant from the Legal Services Division, Department of State Development, Infrastructure and Planning dated 18 May 2012 requesting additional information;
16. email and attachments from the solicitors for the Applicant to the Legal Services Division, Department of State Development, Infrastructure and Planning dated 28 May 2012 providing clarification in relation to the location of the Pipeline Facility in relation to the EIS study area;
17. email and attachments from the solicitors for the Applicant to the Legal Services Division, Department of State Development, Infrastructure and Planning dated 31 May 2012 enclosing additional information;
18. email from the Coordinator-General to the Applicant dated 31 May 2012 requesting additional information;
19. email from the solicitors for the Applicant to the Legal Services Division, Department of State Development, Infrastructure and Planning dated 1 June 2012 enclosing a further map showing the route of the Pipeline Facility;

20. email and attachments from the solicitors for the Applicant to the Legal Services Division, Department of State Development, Infrastructure and Planning dated 5 June 2012 containing additional information in relation to the EIS and SEIS investigations for the Pipeline Facility corridor;
21. *CD entitled Transmittal G0145, 5 June 2012, GLNG IFS Route 100m Corridor (map info TAB, WGS84)* express posted by the Applicant to the Department of State Development, Infrastructure and Planning (including cover sheet) received on 6 June 2012 (**Pipeline Investigation Corridor Detail**);
22. *Consultation paper – Domestic Gas Market Security of Supply*, Department of Employment, Economic Development and Innovation, dated September 2009;
23. *Australian Energy Resource Assessment*, Geosciences Australia, dated 1 March 2010 (**AERA Report**);
24. *Coal Seam Gas Water Management Policy*, Department of Environment and Resource Management, dated June 2010;
25. *Queensland's LNG Industry Snapshot*, dated November 2010;
26. *CSG/LNG Compliance Plan 2011*, Department of Employment, Economic Development and Innovation, dated January 2011;
27. *LNG in Western Australia – Factsheet*, dated March 2011;
28. *Premier Heralds New 'Gas Age' for Queensland*, Ministerial Media Statement (27 May 2011);
29. Notices by Santos to the Australian Stock Exchange (**ASX**) dated 17 December 2010 advising of the LNG take-off agreement with KOGAS, 13 January 2011 advising the final investment decision had been made on the GLNG Project and its subsequent advice to the ASX on 27 May 2011 that works on the GLNG Project were officially launched on that date (**ASX Advice**);
30. PETRONAS Annual Report, dated 31 March 2011;
31. *Australian Commodities Report*, Australian Bureau of Agricultural and Resource Economics and Sciences, June Quarter 2011 (**ABARES Report**);
32. *Surat Basin Future Directions Statement*, Department of Employment, Economic Development and Innovation, dated July 2011;
33. *Gas Market Modelling for the Queensland 2011 Gas Market Review* prepared by SKM MMA (a strategic consulting arm of Sinclair Knight Merz (**SKM**)), dated 29 July 2011 (**Gas Market Modelling**);
34. *The Global Market for Liquefied Natural*, Reserve Bank of Australia Bulletin, September Quarter, Jacobs, D, 2011;
35. *Santos Submission to the Senate Inquiry into the management of the Murray Darling Basin*, dated 9 August 2011 (**Santos Senate Submission**);
36. *2011 Gas Market Review Queensland*, Department of Employment, Economic Development and Innovation, dated August 2011;
37. *International Energy Outlook 2011*, US Energy Information Administration, dated 19 September 2011;
38. *GLNG Investor Tour, 3 November 2011*, presentation slide show provided by Santos Ltd to the ASX;
39. KOGAS Annual Report, dated 31 December 2011;
40. Santos Annual Report, dated 31 December 2011;
41. Total Annual Report, dated 31 December 2011;
42. *Energy in Australia 2011*, Commonwealth Department of Resources, Energy and Tourism (**ABARES**);
43. *Queensland Infrastructure Plan*. Growth Management Queensland, Department of Local Government and Planning, 2011;
44. *More LNG benefits for the regions*, Ministerial Media Statement (27 April 2012);
45. Chairman's Address and CEO and Managing Director's Address to the Annual General Meeting of Santos Limited on 3 May 2012;
46. *Draft Underground Water Impact Report - Surat Cumulative Management Area (Consultation Draft)*, dated May 2012 (**Surat Water Impact Report**); and
47. Copy of the Commercial in Confidence report dated 1 June 2012 titled *Assessment of material submitted in satisfaction of criteria: (a) Preliminary Financial Analysis of the facility (b) Proponent Financial and Technical Capacity* prepared by the Commercial Unit, the Department of State Development, Infrastructure and Planning.
48. *Innovative TAFE partnership to deliver CSG training*, Ministerial Media Statement (7 December 2011).

4. FINDINGS OF MATERIAL QUESTIONS OF FACT

From the evidence and material which was considered, 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 location of the GLNG Infrastructure Facility is shown generally on the map shown at Figure 1 and is made up of two components:

- CSG liquefaction facilities located mainly within the Curtis Island Industry Precinct of the Gladstone State Development Area (**GSDA**), where the CSG is to be converted to LNG and exported to overseas markets (**LNG Facility**); and
- A high pressure underground pipeline approximately 420 kilometres in length with a diameter of approximately 1.067 metres pressured up to 10.2 mega pascal gauge (**MPaG**) providing capacity for two trains and with further potential to expand transportation capacity for three trains by either looping, installing mid-line compression or construction of a second pipeline (**Pipeline Facility**).

The Application and the maps attached to the Application together with the Pipeline Investigation Corridor Detail, show the proposed location of the LNG Facility and the Pipeline Facility.

In this Statement Giving Reasons, the terms GLNG Infrastructure Facility, LNG Facility and Pipeline Facility mean what they do in the Application but if there is an inconsistency between them then this Statement Giving Reasons shall prevail to the extent of the inconsistency.

4.1.1 Pipeline Facility

The Pipeline Facility will extend over approximately 420 kilometres to transport dehydrated and compressed CSG from the Gas Fields to the LNG Facility. The Pipeline Facility will be a high pressure large pipeline of approximately 1.067 metres in diameter.

The Application states the Pipeline Facility infrastructure will be constructed to the Australian Pipeline Standard and will be constructed of continuously welded high-quality/high-tensile strength steel, which is manufactured in certified American Petroleum Institute manufacturing facilities.

The Application and the Pipeline Investigation Corridor Detail identify a 100 metre wide investigation corridor for the planning and construction of the Pipeline Facility. The actual easement required for the construction and operation of the Pipeline Facility will be 30 to 40 metres wide. The location of the 30 to 40 metre wide easement will be finalised as investigations of the land and negotiations with landowners are completed.

In the event transportation capacity needs to be expanded for three LNG trains, any looping, mid-line compression or second pipeline will be located within the 30 to 40 metre wide easement.

In the event of a need for compulsory acquisition of an easement for the Pipeline Facility, any easement acquired will be 30 to 40 metres wide and will be acquired within the 100 metre wide investigation corridor. If changes are made which result in the alignment of the Pipeline Facility being outside of the 100 metre wide investigation corridor it will be necessary for the Applicant to seek a new or amended approval, as land outside of this 100 metre wide investigation corridor is not covered by this approval.

4.1.2 LNG Facility

The Applicant proposes to locate the LNG Facility on a 190 hectare site on Curtis Island. The LNG Facility is designed to liquefy the CSG to facilitate its transport via tanker for export.

The LNG Facility will consist of two trains initially providing processing facilities for up to 7.8 million tonnes per annum (**Mtpa**) of LNG. The LNG Facility will include:

- a liquefaction facility which includes the on-shore gas liquefaction and storage facilities;
- marine facilities which will include a product loading facility for loading LNG into tankers for export, and a materials offloading facility and haul road for the delivery of equipment, plant, materials and personnel to the LNG Facility site; and
- a temporary workers accommodation facility on Curtis Island for construction workers.

The Application (at Table 2) and the map attached to the Application (at Annexure C) sets out the location of the LNG Facility and the real property descriptions of the land required for the LNG Facility.

4.2 Demand Projections for the Services Associated with the Infrastructure

Global demand for LNG

Natural gas supplies approximately one-fifth of global energy needs. LNG accounts for nearly three-quarters of the long distance natural gas trade. Recently, the LNG market has risen sharply in terms of both production and trade. Technological advances have resulted in larger trains, transport tankers and exploration in unconventional gas reserves. In the Gas Market Review prepared by the Queensland Government, it was noted that LNG has recently been the most rapidly growing fossil fuel sub-sector in the global market, averaging 6 per cent growth between 2005 and 2009, compared to 3 per cent for the gas market as a whole. In 2010, world consumption for natural gas grew by 7.4 per cent, the most rapid increase since 1984. The Queensland LNG Industry Viability and Economic Impact Study Final Report to the then Queensland Department of Infrastructure and Planning prepared by SKM MMA (**SKM MMA Study**) predicted that global demand for LNG will experience growth rates of approximately 4.5 per cent per annum over the coming decades.

In the AERA Report, Geoscience Australia notes over the next two decades, Australia will significantly expand its LNG exports in order to meet the escalating global demand for LNG due to its abundant gas reserves, its proximity to the Asia–Pacific markets and its politically stable environment. For these reasons, Australia represents a reliable and stable supplier of LNG to the global LNG market.

Demand for LNG in Asia

The LNG in Western Australia –- Factsheet states that Asia as a region is expected to consume 338 million tonnes of LNG by 2030. This represents approximately 69 per cent of global LNG demand. The SKM MMA Study identified significant actual and potential demand in Asia for LNG from traditional LNG importers (Japan, Korea and Taiwan), growing importers (China and India) and the emerging markets of South-East Asia (predominantly South-East Asian countries including Indonesia, Malaysia, Singapore etc). The SKM MMA Study considers this demand is likely to continue in the short and medium term.

Japan: Japan is the world's largest LNG importer. Imports of LNG have rebounded strongly to pre-Global Financial Crisis levels and amounted to 70 Mtpa in 2010. Recent natural disasters are likely to have a positive impact on Japan's LNG import market in the short to medium term by approximately 10 per cent to replace lost power generation from nuclear facilities.

Korea: In 2010, Korea imported 32.6 Mtpa of LNG. This growth is expected to continue in the short term. However, the long-term growth rate for imported LNG for Korea is uncertain given the national government's policy to increase nuclear power.

Taiwan: LNG imports to Taiwan have recovered strongly since the Global Financial Crisis and in 2010 recorded a total of 11 Mtpa in LNG imports. Recent natural disasters in Japan have influenced the national Government's policy to suspend building additional nuclear reactors.

China: China has only imported LNG since 2006. In 2010, LNG imports amounted to 9.4 Mtpa which was a 69.1 per cent increase over 2009. In the same year, the country consumed 109 billion cubic metres of LNG. LNG imports are projected to increase at an average annual rate of between 12–17 per cent. The national government has temporarily placed a suspension on approving nuclear power plants throughout the country. This may have a positive effect on LNG demand in the short to medium term. In the long term, however, the SKM MMA Study noted that China has huge reserves of recoverable resources of shale gas. Estimates predict that these reserves can amount to 1 351 500 petajoules (**PJ**), which is approximately 12 times the amount of proved natural gas reserves. The potential for China to domestically produce gas could significantly impact LNG imports in the long-term future.

India: LNG imports in 2010 amounted to 9.3 Mtpa and are expected to increase strongly. Similar to China, India has the potential to domestically produce unconventional gas, however, unconventional gas development in India is in its infancy. Notwithstanding this, India's recoverable shale resources are estimated to be only 66 465 PJ. Additionally, the country has less alternative options from pipeline gas. Therefore, there is a higher probability of potential growth in the Indian LNG import market than in China.

South-East Asian countries: Many South-East Asian countries have experienced strong economic growth which has led to a substantial increase in demand for domestic natural gas. Consequently, many South-East Asian countries have had to import LNG in order to meet this demand. Thailand and Singapore have begun constructing LNG import terminals, while Vietnam and the Philippines continue to explore this option. Indonesia and Malaysia, while traditionally being LNG exporters, will start importing LNG to meet surging domestic demand.

Australia's position in the LNG export market

According to the Reserve Bank of Australia (**RBA**), Australia is the fourth largest producer of LNG globally with Japan being by far Australia's largest export market accounting for approximately 20 per cent of total production. It is also expected that LNG exports to China (Australia's second largest export LNG market) will grow strongly in the coming years. In 2009–10, Australia's annual export capacity was 19.6 million tonnes.

For these reasons, it is apparent that there remains a growing global demand for LNG, particularly in the Asia–Pacific markets.

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

The GLNG Infrastructure Facility will make a significant contribution to developing an LNG export industry in Queensland to meet the anticipated global demand for LNG as identified above. The global export of LNG requires extraction of CSG, transport of CSG to an export port and conversion of CSG to LNG for loading on ships for export. The GLNG Infrastructure Facility provides a significant opportunity to develop and expand the required infrastructure to meet the global demand for LNG, particularly in the Asia–Pacific markets.

The Queensland Government has identified that there is a need to diversify and strengthen Queensland's regional economies to attract investment, build economic resilience and create new jobs in regional centres. As detailed in the Queensland Government's *Blueprint for Queensland's LNG Industry*, the LNG industry provides Queensland with an opportunity for economic growth and job creation in Queensland and for community wellbeing in its regional centres.

The GLNG Project (of which the GLNG Infrastructure Facility is an integral part) will enable the Participants to meet demand for LNG from KOGAS and PETRONAS which have contracted to take 7 Mtpa of LNG from the GLNG Project for export.

4.4 Timing of Project or Service Delivery

The Application and ASX Advice states that the Applicant sanctioned the Final Investment Decision (**FID**) for the Pipeline Facility and the first two trains of the LNG Facility on 13 January 2011 and that construction commenced on 27 May 2011. The Application and ASX Advice estimate that first production and export of LNG will commence in 2015.

4.5 Special Assistance Required from Government other than Land Acquisition

The Application states it is the Applicant's intention to obtain all necessary interests in land by agreement with affected landholders and any native title parties. If those negotiations are unsuccessful, the Applicant is seeking the opportunity to apply to the Coordinator-General to have the relevant interests acquired compulsorily.

The Application does not otherwise indicate that the Applicant is seeking any special assistance from the Queensland Government.

4.6 Financial Analysis Including Project Risk/Return

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

The Participants are providing US$16 billion in funding for the GLNG Project. Santos, PETRONAS, KOGAS and Total are companies which hold investment grade credit ratings and have access to equity and global debt markets.

The Application states that the capital expenditure of US$16 billion for the GLNG Project is supported by binding off-take heads of agreement with both KOGAS and PETRONAS which will, collectively, take 7 Mtpa of LNG out of a total of 7.8 Mtpa provided by the GLNG Infrastructure Facility for the first two trains.

The Application and ASX Advice state that Santos will be contributing US$4.8 billion in capital expenditure to be funded by:

- Santos' existing cash (approximately A$3.9 billion);
- the sale of a 15 per cent interest in the Applicant to KOGAS and Total for A$665 million;
- A$500 million in an underwritten institutional equity placement in Santos;

- operating cash flow which is expected to materially exceed the capital expenditure through to 2015;
- undrawn bank facilities; and
- access to additional senior debt (potentially including bond and Export Credit Agency backed finance).

Santos engaged URS Australia Pty Ltd (**URS**) to model the economic impacts of the GLNG Project and to produce the Economic Impact Assessment of the GLNG Project on the Australian and Queensland Economies Report (**EIA Report**) in order to assist the Applicant in making a FID for the GLNG Project.

Upon review of the publicly available material and the Application, the Commercial Unit of the Office of the Coordinator-General in the Department of State Development, Infrastructure and Planning, considered that the Applicant has provided sufficient information to satisfy the requirements for a preliminary financial analysis.

4.7 Possible Environmental Effects

On 16 July 2007, the GLNG Project was declared to be a significant project for which an EIS is required under section 26(1)(a) of the SDPWO Act. Terms of Reference for the EIS were released by the Coordinator-General on 24 May 2008.

On 31 March 2008 and 14 April 2008, the Commonwealth Environment Minister determined that the GLNG Project constituted a 'controlled action' pursuant to the *Environment Protection and Biodiversity Conservation Act 1999* (Cwlth) (EPBC Act).

The Applicant lodged an EIS for the GLNG Project on 24 June 2009. The public consultation and submission process for the EIS closed on 17 August 2009.

The Applicant prepared a supplementary report on the EIS addressing substantive issues raised in the submissions and the SEIS was released for public consultation from 16 December 2009 until 1 February 2010.

The Coordinator-General published his report evaluating the EIS and SEIS in May 2010 (**Coordinator-General Evaluation Report**). In the report, the Coordinator-General found that the EIS process had provided sufficient information to all stakeholders to allow an informed evaluation of potential environmental impacts which could be attributed to the project and that careful management of the key construction and operational activities should ensure that any potential environmental impacts will be minimised or avoided.

Conditions were set by the Coordinator-General in the Coordinator-General Evaluation Report in order to further manage the impacts of the project through management strategies, regulatory conditions and monitoring and reporting requirements. Impacts of the project include impacts to threatened species, ecological communities, natural and heritage features, transport impacts, safety and risk and social impacts.

The Coordinator-General considered that on balance there are strong positive net advantages to be derived from the project that will benefit the State of Queensland and recommended that the GLNG Project, as described in detail in the EIS and the SEIS, can proceed, subject to the conditions contained in the Coordinator-General Evaluation Report.

Approval under the EPBC Act for the GLNG Project was received from the Commonwealth on 22 October 2010, subject to conditions.

In addition to the above, the Coordinator-General notes the GLNG Infrastructure Facility will be subject to other environmental regulation, for example, the Draft Underground Water Impact Report for the Surat Cumulative Management Area which was released for public consultation on 17 May 2012 (**Surat Water Impact Report**). As noted in the Surat Water Impact Report, once the report has been approved by the Chief Executive of the Department of Environment and Heritage Protection the report becomes a statutory instrument under the *Water Act 2000*. At such time, obligations imposed by the Surat Water Impact Report on petroleum tenure holders will become legally enforceable. The Coordinator-General notes that any such obligations that apply to the GLNG Project must be complied with by the Applicant (and the Participants), as well as any other tenure holders once the final Surat Water Impact Report is approved.

4.8 Technical and Financial Capacity of the Applicant and the Participants to Implement the Proposed Facilities

The Application states that the Applicant is a joint venture company applying on behalf of the Participants. All of the Participants are wholly owned subsidiaries of companies with significant LNG experience, either in Australia or overseas. The Applicant has access to the expertise and financial capacity of the Participants. Experienced contractors (for example, Bechtel and Saipem) will be delivering the GLNG Infrastructure Facility. Each Participant has the following relevant technical and financial capacity:

Santos: Santos GLNG Pty Ltd is a wholly owned subsidiary of Santos, an ASX listed Australian company. The last Annual Report for Santos states it is currently supplying 16 per cent of Australia's domestic market with gas and is developing or has significant gas interests both in Australia and overseas. Santos also has interests in the PNG LNG project (formally approved in December 2009), Bonaparte LNG (a proposed floating LNG project in the Timor Sea that is in the design stage of development) and Darwin LNG (production commenced in 2006). Santos has about 2800 employees working across its operations in Australia and Asia. For the financial year ending 31 December 2011, Santos recorded a net income after tax of A$753 million and had net assets of A$8.963 billion.

PETRONAS: PAPL (Downstream) Pty Limited is a wholly owned subsidiary of PETRONAS, a multinational oil and gas company based in Kuala Lumpur, Malaysia and wholly owned by the Government of Malaysia. PETRONAS is the world's second largest exporter of LNG and is a fully-integrated oil and gas corporation and is ranked among FORTUNE Global 500's largest corporations in the world. It operates the PETRONAS LNG Complex in Bintulu, Sarawak, which is the world's largest integrated LNG Facility with a total capacity of approximately 23 Mtpa from eight LNG trains. The facilities export to Japan, Korea, Taiwan and China through long-term supply contracts. In addition, PETRONAS operates eight liquid petroleum gas (**LPG**) bottling plants and an LPG extraction facility in Bintulu, Sarawak, located in the vicinity of the PETRONAS Group's LNG plants. The facility is operated by the Malaysia LNG Companies and is designed to extract LPG from the LNG production process. For the financial year ending 31 March 2011, PETRONAS recorded a net income after tax of RM 1 439 049 000 and had net assets of RM8 515 171 000.

Total: Total GLNG Australia is a wholly owned subsidiary of Total, the fifth largest publicly-traded integrated international oil and gas company and a world leading chemicals manufacturer. It operates in more than 130 countries and has over 96 000 employees. Total is a leading player in the LNG sector, being active in almost all LNG producing regions and markets. Total markets LNG mainly in Asia and Continental Europe, as well as in the United Kingdom and North America. The group continues to produce LNG in Qatar, Yemen, the United Arab Emirates, Oman, Nigeria and Norway. Total is a 24 per cent owner of the Ichthys LNG project and holds ten offshore exploration licences including four that it operates off the northwest coast in the Browse, Vulcan and Bonaparte Basins. Total E&P Australia holds six exploration permits in Australia. For the financial year ending 31 December 2011, Total recorded a net income after tax of €14.26 billion and had net assets of €117.34 billion.

KOGAS: KGLNG Liquefaction Pty Ltd is a wholly owned subsidiary of KOGAS, a company expected to be the world's largest global LNG importer supplying power generation plants, gas-utility companies and city gas companies throughout the Republic of Korea through three LNG import terminals in Korea and a nationwide pipeline network spanning over 2700 kilometres. KOGAS purchases approximately 26 million tonnes of LNG annually and employs over 2800 people worldwide. For the financial year ending 31 December 2011, KOGAS recorded a net income after tax of W358 739 million and net assets of W8043 billion.

The Participants and their parent companies collectively have experience in delivering, marketing and operating multi-million dollar onshore hydrocarbon projects as do their principal contractors – Saipem and Bechtel. The Application states that the Applicant will hire secondees from Santos, PETRONAS, KOGAS and Total to source the required technical knowledge. PETRONAS and Total in particular have significant experience and expertise in large diameter pipeline construction and operation.

The Applicant will use secondees from PETRONAS and Santos to complete design suitability, constructability and safety reviews with respect to the plant pre-gas feed and gas-feed phase. PETRONAS has already seconded eight employees to the Applicant for downstream operational activities. Total and KOGAS are also expected to provide secondees.

The Applicant has also established a register of functional experts from Santos, PETRONAS, KOGAS and Total which are on call to advise in relation to the GLNG Infrastructure Facility.

Upon review of the publicly available material and the Application, the Commercial Unit of the Office of the Coordinator-General in the Department of State Development, Infrastructure and Planning, considered that the Applicant has provided sufficient information as to the financial and technical capacity of the Participants to implement the GLNG Infrastructure Facility.

4.9 Investigations on the Required Land

The Application states that the final investigation corridor for the Pipeline Facility was determined as a result of considering a straight line between the entry and exit locations, and modifying the route to take account of a wide range of factors, including:

- topography / terrain;
- geology / geophysical;
- environment (biophysical);
- safety;
- logistics;
- design;
- construction;
- operation including inspection and maintenance;
- social; and
- cultural heritage.

The Application states that while a preliminary route for the Pipeline Facility was identified in mid 2008, and subsequently discussed with landholders, it was amended in late 2008 to reflect further available information obtained through survey activities. At the end of 2008 the route was significantly changed at the southern/western end, traversing through the Arcadia Valley as opposed to following the existing Queensland Gas Pipeline (**QGP**). This route change was also discussed with relevant landholders. In early 2009 the Queensland Government announced the impending creation of the Callide Infrastructure Corridor State Development Area (**CICSDA**), and the Applicant consequently amended its proposed Pipeline Facility route again to traverse this newly declared area. The route was further amended in order to traverse the Northern Infrastructure Corridor (**NIC**) after it was created in the Gladstone State Development Area by the Queensland Government.

As a result of the deviations to the Pipeline Facility route, the Applicant undertook additional studies to assess the potential environmental impacts of the route re-alignments. The SEIS submitted by the Applicant stated that those studies covered the following areas:

- soils and terrain;
- nature conservation;
- surface water;
- contaminated land; and
- acid sulphate soils.

There are 92 landholders affected by the Pipeline Facility route identified in the Application. The Pipeline Facility will extend over approximately 420 kilometres and the route will directly impact on 177 land parcels, comprising 128 freehold parcels, 17 leasehold parcels, 4 parcels which are leasehold in perpetuity and 28 state owned land parcels. The Pipeline Facility will make 80 road crossings and 39 creek crossings. The dominant land use in the region is cattle grazing and agriculture.

4.10 Negotiations to Acquire Land by Agreement

The Application states that there has been consultation with relevant landholders and other affected parties with respect to the possible acquisition of land for the GLNG Infrastructure Facility.

According to the Application and a subsequent update provided by the Applicant in its responses to submissions, land access agreements for private land for the Pipeline Facility have been negotiated with 81 out of 92 landholders with the balance well advanced. The agreements are in the form of option agreements giving the Participants the right to exercise an option and commence construction.

The option agreement for freehold land makes provision for the registration of an easement on title once the pipeline has been constructed. The landowner and the Participants agree that the Participants will place a caveat on title, preventing any other party placing an interest in or over the same portion of land, prior to registration of the easement on title.

According to the Application, all of the land required for the LNG Facility has been secured or is expected to be secured shortly.

The Application states that there has been extensive consultation with over 13 indigenous groups. The Participants have entered into 13 Cultural Heritage Management Plans (**CHMP**) with the following indigenous groups: Barunggam, Bidjara, Gangulu, Iman, Kairi, Karingbal, Mandandanji, Gap B, Port Curtis Coral Coast, Ghungalu, Kangoulu, Bigambul and Gap E.

The Application also recorded that Indigenous Land Use Agreements (**ILUAs**) have also been formed with six aboriginal groups; being, Gangulu, Bidjara, Port Curtis Coral Coast, Iman, Karingbal (Gap A) and Gap B. According to the Application, these ILUAs have provided all the native title consents required to construct and operate the Pipeline Facility.

4.11 Economic Significance of the Infrastructure Facility

The GLNG Infrastructure Facility, as an integral part of the GLNG Project, will make a significant contribution to establishing an LNG industry for Queensland. The Applicant states, in its Application, that the Participants anticipate spending approximately US$16 billion through to the end of 2015 on the GLNG Project.

At a state level, the EIS estimates that a 10 Mtpa project is expected to boost the Queensland gross state product (**GSP**) by approximately A$4.1 billion or 1 per cent higher each year than in the base case scenario, over the period from 2009 to 2033. In the period after 2022, when production is to reach 10 Mtpa, real GSP will be almost A$6.4 billion or 1.4 per cent higher than in the base case scenario. Additionally, a 10 Mtpa project will contribute to an average annual increase in Queensland's real private consumption spending over the period 2010 to 2033 of A$540 million. In the period after 2022, the net average annual increase will be almost A$1 billion a year or 0.4 per cent higher.

For the regional economies of the Fitzroy and South West Statistical Divisions, according to the Application, it is expected that the GLNG Project is to directly benefit these statistical divisions by spending A$142 million on a range of goods and services in the Pipeline Facility and Gas Fields regions and a further A$375 million in the LNG Facility region. Additionally, industries that are not related to the GLNG Project are to indirectly benefit by around A$60 million per year for the regions in which the Pipeline Facility and the Gas Fields are located and around A$153 million a year for the LNG Facility region.

The construction activity associated with the GLNG Project is also expected to have a positive effect on other industries, due to increased demand for goods and services, labour and other resources. It is estimated that spending on the GLNG Project to date is equal to approximately A$1.3 million and towns within the region are currently experiencing growth in the areas of real estate, health care, retail and other services due to increased business activity. This is in contrast to the economic decline which the region was experiencing ten years ago.

The Application indicates that a 10 Mtpa project will result in an average increase in real Australian gross domestic product (**GDP**) of around A$3.5 billion on average each year (or 0.2 per cent of GDP). Additionally, real private consumption spending will increase A$1.5 billion on average each year (or 0.1 per cent) as a result of a 10 Mtpa project.

Employment

The EIA Report estimates that there will be approximately 5000 jobs created in the Fitzroy and South West Statistical Districts during the construction phase of the GLNG Project. Bechtel has obtained the Engineering, Procurement and Construction Management contract for the LNG facilities for the three current LNG projects in the region. Bechtel has a significant database of contractors and subcontractors to draw upon.

With respect to the Pipeline Facility, a workforce of approximately 1000 will be required. In relation to the LNG Facility, it is estimated that personnel numbers will increase at a sustained rate of approximately 66 per month reaching a peak of approximately 2324 by the 35th month of the GLNG Project. This peak is expected to be sustained for a period of some four to six months, before ramping down through to practical completion of the LNG Facility.

In the operational phase of the GLNG Project (i.e. operating at between 7.8 Mtpa and 10 Mtpa), approximately 250 people will be required to operate the Gas Fields and the Pipeline Facility. Should the GLNG Project fail to reach its projected capacity, the GLNG Infrastructure Facility would have a smaller workforce of approximately 140 people if its total output is approximately 3 Mtpa.

As reported in the Queensland Government Surat Basin Future Directions Statement prepared in 2011,there will be significant flow on job creation arising as a result of the CSG to LNG projects in Queensland, particularly in sectors such as electricity, water, finance, transport, storage, manufacturing and construction.

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 Application anticipates a significant impact on the balance of trade with revenue under the off-take agreements expected to amount to A$120 billion.

All proposed CSG to LNG projects (including the GLNG Project) will directly contribute to and stimulate output in other Queensland industries upstream to the oil and gas sector including construction, 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 Queensland industries. In the Santos Senate Submission, the Applicant (through the Participants) noted that the GLNG Project will deliver around A$9 billion in average gross, contracted, export revenue per annum for the life of the GLNG Project – a figure which represents a significant economic boost to the Australian domestic economy.

Government revenue

The GLNG Project (which depends on construction of the GLNG Infrastructure Facility) is expected to have a positive impact on Australian Government revenues. Additional personal income taxes as a result of increased employment, company taxes and goods and services taxes would be the main contributors to the increased government revenues. According to Santos, it is expected that approximately A$40 billion in federal income tax will be generated over the life of the GLNG Project.

During the construction and operational phases, while it is likely workers who commute from neighbouring areas would not contribute to local government revenues, all other workers would be expected to do so (including those working on a fly in/fly out or drive in/drive out (**FIFO**) 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 Application states that approximately 75 per cent of the workers employed for the civil works associated with the LNG Facility will be local workers during the first 12 month period. Beyond that period, the Applicant estimates that only 25 per cent of the workforce will be locally based, with 75 per cent constituted by non-local FIFO workers residing at the Applicant's workers accommodation village on Curtis Island.

The GLNG Infrastructure 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.

Queensland Government royalties

Royalties and other fees will be payable to the state under Chapter 6 of the *Petroleum and Gas (Production and Safety) Act 2004* and the *Petroleum and Gas (Production and Safety) Regulation 2004*.

The SKM MMA Study reports royalties are payable to the Queensland Government at 10 per cent of the well head value. On 2009 estimates, the royalties paid to the government by LNG industry producers were between A$0.12 and A$0.18 per gigajoule. Currently, the total CSG resources accessible to the CSG to LNG projects are estimated to be in the order of 200,000 PJ, which would result in significant royalties payable to the Queensland Government (calculated on 2009 pricing). The Application estimates that royalties from the LNG industry will reach A$850 million per annum by 2021.

On the volume of LNG proposed to be extracted by the Participants, those royalties will be substantial. Santos has estimated in the Santos Senate Submission that Queensland Government royalties from the GLNG Project will be approximately A$180 million per annum and approximately A$6 billion over the life of the GLNG project.

The Applicant states that it is engaging in ongoing discussions with the Queensland Government concerning royalty arrangements, with a view to ensuring any royalties paid are consistent with the guidelines released by the Queensland Government in 2010.

Some local businesses will also benefit by providing the goods and services to support the needs of the GLNG Infrastructure Facility as well as from the additional consumption spending of those employed in the GLNG Project. The Applicant has been working with the Queensland Government to develop a local industry participation plan which so far has generated approximately A$1.3 billion worth of contracts for Queensland based businesses.

The Application and other material considered demonstrate that the GLNG Infrastructure Facility, as an essential part of the GLNG Project, will be of economic significance and in particular will:

- provide significant economic growth to the Australian, Queensland and regional economies;
- create significant employment opportunities both in the construction and operational phases of the GLNG Project;
- increase state revenues and regional revenues significantly; and
- benefit associated industries, both in Queensland and within the Fitzroy and South West Statistical Divisions.

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

The GLNG Infrastructure Facility, as an essential part of the GLNG Project, will contribute significantly to the growth of both the state and Queensland regional economies, and will encourage sustainable long-term diversified economic growth in associated industries for the benefit of state and regional communities.

The expected employment benefits provided by the GLNG Project are set out in paragraph of this Statement. In addition, it is noted that the government's *Blueprint for Queensland's LNG Industry* estimates that a mid range 28 Mtpa LNG industry is expected to provide over 18 000 direct and indirect jobs in Queensland. Given that the GLNG Project currently expects to produce approximately 7.8 Mtpa in its own right, the GLNG Project, of which the GLNG Infrastructure Facility is an essential part, will contribute significantly towards this overall increase in direct and indirect jobs in Queensland. A flow on effect of this increase also translates to greater employment opportunities within the Fitzroy and South West Statistical Divisions.

The Applicant (through its Participants) is in a joint venture arrangement with SkillTech Australia Training Centre and has provided more than A$1 million to establish a specialised CSG Operations Training Centre in Acacia Ridge, Brisbane.

The Applicant has also made a number of other financial commitments which will benefit the state (including the Maranoa region where the Gas Fields are to be located) including donating A$500 000 to the Rural Fire Service, A$7 million over three years towards the Surat Basin Gas Industry Aero Medical Evacuation and Retrieval Service, and A$13.2 million towards social and affordable housing support for the Gladstone and Maranoa communities.

The Applicant has committed to invest A$2.1 million in Queensland Health to assist with redevelopment to the Gladstone and Roma hospitals, A$5.165 million to the Gladstone Airport and Roma airports to purchase an instrument landing device and contribute to a terminal upgrade and A$250 000 to the Rotary Medical Bus Service providing passenger transport from Gladstone to Rockhampton.

The Applicant, in its EIS and SEIS, has identified the negative social impacts which are anticipated to flow from the GLNG Project. The Coordinator-General Evaluation Report sets out mitigation strategies to be undertaken by the Applicant to satisfactorily address those negative social impacts.

As a result of those recommendations by the Coordinator-General, the Applicant has also developed a Social Impact Management Plan to mitigate potential social impacts and maximise benefits for local and regional communities. The Social Impact Management Plan was approved by the Coordinator-General in April 2012.

According to the EIS and the Application, the GLNG Project will result in a net economic benefit to Queenslanders including an anticipated net average annual increase in Queensland's real private consumption spending of A$540 million up to 2033. The state's regional economies, including those where the Gas Fields is located and those where the GLNG Infrastructure Facility is located, are likely to experience a greater benefit including increased employment opportunity and increased opportunity to supply goods and services to the GLNG Project both in its construction and operation phases. This is consistent with the government's *Blueprint for Queensland's LNG Industry*.

In addition, the Application details a number of community wellbeing programs which have been, or are being implemented by the Participants, including the GLNG Community Investment Program, Local Industry Participation Plan, Integrated Project Housing Strategy, local employment and apprenticeship training programs and community engagement programs. These programs are expected to have a positive impact on communities affected and impacted by the GLNG Project including the communities in the Fitzroy and South West Statistical Divisions.

From the material, it is considered that the combination of the mitigation strategies employed by the Applicant to address any adverse social impacts and the social benefits of increased direct and indirect employment, increased skills training and industry development in the regions, regional funding injection and increased job security will, on balance, result in an overall social benefit to the community.

4.13 Contribution to agricultural, industrial, resource or technological development in Australia, Queensland or the region

In assessing the potential mentioned in section 125(2) of the SDPWO Act, the contribution the GLNG Infrastructure Facility makes to agricultural, industrial, resource or technological development is a relevant consideration.

The GLNG Project, of which the GLNG Infrastructure Facility is an essential part, will play an important role in developing the CSG resources identified in the government's *Blueprint for Queensland's LNG Industry*. In addition to the financial commitments and social benefits set out above, the GLNG Project will also contribute to industrial and technological development in the state.

While there will be an impact on agricultural land, that impact is addressed in the Coordinator-General Evaluation Report. There will be some benefits including improved and upgraded access roads in some areas and the planting and maintaining of over one million trees in the Fairview area.

4.14 Summary of the Public Submissions

When assessing the Application, the Coordinator-General invited submissions on relevant issues from affected persons. Submissions were received and were provided to the Applicant who was invited to respond to the Coordinator-General. The Applicant has provided the Coordinator-General with its response to the submissions.

QER Pty Ltd Submission

A submission was received from QER Pty Ltd (**QER**). Companies related to QER own land affected by the Pipeline Facility and are the holders of various types of exploration and mining permits in relation to oil shale deposits north of Gladstone. The submission raised concerns with respect to the potential adverse impact of the GLNG Infrastructure Facility upon oil shale tenements. QER also submitted that, in light of on-going negotiations between QER and the Applicant, it is not necessary for the land owned by QER to be included in any approval of the GLNG Infrastructure Facility as an infrastructure facility of significance.

The Gladstone State Development Area and the Development Scheme were amended in 2010 to facilitate the implementation of a multi-user infrastructure corridor for the transportation of various materials including gas. This amendment included areas of land owned by Queensland Energy Resources Limited in a sub precinct known as the Northern Infrastructure Corridor. At the time of the declaration, submissions made by QER were considered and the route of the Northern Infrastructure Corridor over the resource was amended to reduce, to the extent possible, the impact on the oil shale resource. The Pipeline Facility route is in the Northern Infrastructure Corridor.

The Coordinator-General notes that at the time of the amendment to the State Development Area and the Development Scheme, consultation occurred with the QER companies and investigations were undertaken in relation to the impact on the oil shale resource and notes that the Pipeline Facility will be constructed in the predetermined corridor.

In its submission on the Application, QER stated that it is negotiating a commercial agreement with the Applicant in relation to the crossing of the land owned by Queensland Energy Resources Limited by the Pipeline Facility. QER also sought clarification of the mapping provided and the area of land to be accessed by the Applicant. In its response to the submission, the Applicant clarified the area of land required and stated it has provided QER with an amended plan showing the area required. The Applicant indicated in its response that it does intend to continue to negotiate commercial agreements with QER.

In relation to the concerns of QER about the effect on the ongoing negotiations, the Coordinator-General notes that if the Coordinator-General is asked to compulsorily acquire an interest in the land for the GLNG Infrastructure Facility, the Coordinator-General can only do so if he is first satisfied that section 126 of the SDPWO Act has been complied with, including that reasonable steps have been taken to acquire the easement by agreement.

Jemena Limited Submission

A submission was received from Jemena Limited (**Jemena**). Subsidiaries of Jemena own and operate a gas transmission pipeline known as the QGP.

Jemena's submission is in reference to a section of the Pipeline Facility that will adjoin the QGP for about 150 to 160 kilometres of its length as well as crossing it in six places.

The concerns raised by Jemena included the protection of its infrastructure and the interaction of Jemena's existing rights and agreements with landholders and those required for the Pipeline Facility. Jemena noted these rights and other matters which it wants addressed as part of its negotiations have been made known to the Applicant.

In its response to Jemena's submission, the Applicant noted the concerns related to the content of ongoing negotiations between Jemena and the Applicant. As noted above, before the Coordinator-General can acquire an interest in the land he must be satisfied that section 126 of the SDPWO Act has been complied with by the Applicant and that any negotiations have been conducted reasonably.

Native Title Submission

A submission was made raising native title issues and concerns as to whether an ILUA had been appropriately entered into. In its response to the submission, the Applicant outlined the investigation it had undertaken and its conclusion that neither the area of the ILUA apparently referred to in the submission nor the native title claim apparently referred to are overlapped by the area of the proposed corridor for the Pipeline Facility. The Coordinator-General notes that if any native title interest of the submitter is, or may be, affected by the GLNG Infrastructure Facility, then negotiations would need to be entered into for an ILUA and the requirements of section 126 of the SDPWO Act satisfied before an interest in the land can be acquired by the Coordinator-General.

Individual Landholder Submissions

Submissions were received by and on behalf of several individual landholders relating to concerns about the width and location of the investigations corridor, the width of the easement required, the manner in which negotiations by the Applicant have been conducted, the numbers of pipelines to be constructed as part of the Pipeline Facility, the devaluation which may occur to landholders properties and the amount of compensation payable, the terms of the easement proposed over their land, and concerns about the Infrastructure Facility of Significance process generally.

The land required for the Pipeline Facility

Concerns were raised that the Applicant failed to adequately identify the location of the Pipeline Facility corridor and that the Applicant sought approval over an area of land greater than what is required. The submitters argued that only a 30 to 40 metre wide corridor should be considered for approval as an Infrastructure Facility of Significance by the Coordinator-General and not the 100 metre wide corridor sought in the Application. The submission states that all landholder discussions to date with the Applicant were on the basis that the Applicant sought to secure options with them over a corridor of land 30 to 40 metres wide.

The Application identified a 100 metre wide investigation corridor for the planning and construction of the Pipeline Facility. The Coordinator-General notes that the actual easement required for the construction and operation of the Pipeline Facility will be 30 to 40 metres wide.

In its response to submissions the Applicant indicated it has been negotiating an option to acquire a 30 metre wide easement plus a 10 metre wide construction area with landholders. The negotiated option agreements allow a similar flexibility to alter the alignment in unforeseen circumstances as the easements are surveyed and registered post construction.

In the event of the need for the compulsory acquisition of an easement for the Pipeline Facility, any easement acquired will be 30 to 40 metre wide and will be acquired within the 100 metre wide investigation corridor identified in the Application and the Pipeline Investigation Corridor Detail. If changes are made which result in the alignment of the Pipeline Facility being outside of this 100 metre wide investigation corridor, it will be necessary for the Applicant to seek a new or amended approval, as land outside of this 100 metre wide investigation corridor is not covered by this approval.

Inconsistency between negotiations and the Application

The submitters raised other concerns in relation to inconsistencies between the representations to landholders by the Applicant during the course of negotiations and the content of the Application.

The submitters raised concerns that the Application was for a Pipeline Facility that could ultimately result in up to three physical pipelines passing through their property. The Applicants responded that they had conducted negotiations with landholders on the basis that a maximum of two pipelines may be constructed should the Applicant proceed with a final investment decision to construct a third LNG train.

Other aspects of the submissions raised issues that were addressed through the EIS process, in particular, by the Coordinator-General Evaluation Report and conditions, or are being addressed in the consultation and negotiations the Applicant is currently undertaking with persons affected by the GLNG Infrastructure Facility about access to their land, tenure arrangements and compensation.

Section 125 of the SDPWO Act requires that the Application be assessed to determine whether the GLNG Infrastructure 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 GLNG Infrastructure Facility.

4.15 The Reasons for the Decision

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

- the GLNG Infrastructure Facility described in the Application comes within the definition of an 'infrastructure facility' set out in section 125(16)(e) of the SDPWO Act;
- the statements made in the Application regarding the demand for LNG from the GLNG Infrastructure Facility are supported by independent research in the SKM MMA Study prepared for the Queensland Government, the ABARES and the AERA Reports which collectively indicate there is a significant and increasing global demand for LNG, particularly in the Asperities markets;
- this growing global demand for LNG can be met by the CSG reserves held by the Applicant and the Participants in the Surat and Bowen Basins, but only if an infrastructure facility in the form of the GLNG Infrastructure Facility is constructed to gather and transport the CSG from the Gas Fields to the LNG Facility on Curtis Island where it will be liquefied for export as LNG. The GLNG Infrastructure Facility will assist in developing and expanding an export market for the LNG obtained from Queensland's stranded CSG reserves and will stimulate state revenues and economic growth;
- the Application indicated that the Applicant has entered into binding commitments to supply 7 Mtpa of LNG produced by the GLNG Infrastructure Facility to PETRONAS and KOGAS;
- the Application and supporting documentation show that construction of the GLNG Project commenced in May 2011;
- the Applicant's proposed timetable for the first production of LNG in 2015 with a view to reaching full capacity in 2022 appears realistic and feasible;
- the Applicant is not seeking any special assistance from the Queensland Government other than possible land acquisition under section 125(1)(f) of the SDPWO Act;
- the Participants have the apparent financial capacity and technical capability to fund and deliver the GLNG Infrastructure Facility as part of the GLNG Project and it is noted that a final investment decision on the US$16 billion project was made on or about 13 January 2011 and announced to the ASX on or about that date;
- an EIS and a SEIS to assess the potential adverse and beneficial environmental impacts of the GLNG Project (of which the GLNG Infrastructure Facility is a part) were prepared and the Coordinator-General, under section 35 of the SDPWO Act on 28 May 2010, issued the Coordinator-General Evaluation Report for the GLNG Project recommending that the GLNG Project could proceed subject to conditions imposed in that Report;
- approval under the EPBC Act for the GLNG Project was received from the Commonwealth on 22 October 2010, subject to conditions;
- the information provided in the Application, in conjunction with the EIS and SEIS, indicate that the Applicant has conducted appropriate investigations to identify the land required for the GLNG Infrastructure Facility;
- the Application, its supporting documentation and independent reports listed in this Statement Giving Reasons demonstrate that the GLNG Infrastructure Facility will provide significant direct and indirect economic benefits to local regions and to Queensland as a whole. Such benefits include significant economic growth, the creation of significant employment opportunities and the payment of substantial royalties. It is considered that the GLNG Infrastructure Facility is an infrastructure facility that would be of economic significance to Queensland and the regions in which it will be constructed;
- it is considered that the combination of the mitigation strategies employed by the Applicant to address any adverse social impacts and the social benefits of increased direct and indirect employment, increased skills training and industry development in the regions, regional funding injection and increased job security will, on balance, result in an overall social benefit to the community;
- in addition to the financial commitments and social benefits set out in this Statement Giving Reasons, the GLNG Project will also contribute to industrial and technological development in the state. While there will be an impact on agricultural land, that impact is addressed in the Coordinator-General Evaluation Report. There will be some benefits including improved and upgraded access roads in some areas and the planting and maintaining of over one million trees in the Fairview area;
- regarding the submissions concerning the potential sterilisation of oil shale resources, it is noted that the existing proposed alignment of the Pipeline Facility is within the Northern Infrastructure Corridor which was created after consideration of the best alignment to reduce the extent of the possible impact of the infrastructure corridor on the oil shale resource;
- in relation to other submissions received from affected interest holders, it is noted that, if the Coordinator-General is asked to compulsorily acquire an interest in the land for the GLNG Infrastructure Facility, the Coordinator-General can only do so if he is first satisfied that section 126 of the SDPWO Act has been complied with including that reasonable steps have been taken to acquire the interest by agreement;
- section 125 of the SDPWO Act requires that the Application be assessed to determine whether the GLNG Infrastructure Facility is of significance, particularly economically or socially, to Australia, 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 GLNG Infrastructure Facility; and
- the Application addresses the requirements of section 125(1)(f) of the SDPWO Act and the requirements of Appendix A of the SDPWO Act
- Guidelines for acquisition of land for infrastructure projects by persons other than the State and adequately demonstrates that the GLNG Infrastructure Facility should be approved as an infrastructure facility that is of significance.

ANNEXURE

Figure 1

© The State of Queensland (SDS Publications) 2012
Copyright protects this publication. Except for purposes permitted by the Copyright Act, reproduction by whatever means is prohibited without the prior written permission of SDS Publications. Inquiries should be addressed to SDS Publications, Gazette Advertising, PO Box 5506, Brendale QLD 4500.

BRISBANE
Printed by Government Printer, Vulture Street, Woolloongabba
13 July 2012