

# The Chronicle

## REVEALED: Why the Surat Basin remains an economic force

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THE Surat Basin to Toowoomba's west will remain an economic force for years to come, despite a recent downturn in activity.

The 2016 Major Projects Report - Queensland engineering construction outlook says ongoing up-steam coal seam gas LNG work was driving robust activity in the Surat Basin.

The report's author, senior economist Adrian Hart, claims that the region's largely 'unrealised' significant thermal coal resources meant there was "substantial upside opportunities" to the construction and economic forecast.

"If economic conditions permit the Wandoan Coal Project to proceed, for example, then this could start a chain reaction of development as other mines are developed to piggy back on related infrastructure such as the Southern Missing Link rail project," Mr Hart says.

"In addition, a number of CSG fired electricity generators are currently proposed in the region meaning further upside potential exists, although there is a low probability of this occurring in the next five years given the outlook for electricity demand."

Mr Hart predicts the Surat Basin to once again "reign supreme" as the LNG boom in north Queensland comes to an end.

"While major project activity will be declining in aggregate terms, a greater share of this work is expected to be focused in the Surat Basin, Northern Queensland and South East Queensland over the next two to three years," he said.

"The completion of the LNG investment boom will be the key driver of this switch and will see south east Queensland once again reign supreme.

"This recovery is dependent on investment decisions by state and federal governments, particularly regarding new transport infrastructure.

"Rising residential and commercial building activity (not considered as major engineering projects for this report) are also adding to construction labour demand in south east Queensland, and this trend is expected to continue during the forecast period."



### MAJOR SURAT BASIN PROJECTS

- Shell/Arrow water treatment facilities - \$250 million (expected)
- Kumbarillia Power Station - \$500m (under construction)
- Shell Arrow LNG pipeline - \$450m (expected)
- Queensland Curtis LNG upstream field development - \$4.7b (under construction)
- Queensland Curtis LNG upstream field development (third train) - \$3b (start 2019)
- Santos/Petronas Field Development - \$4.5b (under construction)
- Australia Pacific LNG upstream development - \$6.5b (under construction)
- Ironbark Gas Facility (domestic supply) - \$250m (under construction)
- Australia Pacific Salt Handling Facility - \$150m (expected)
- Shell LNG Surat Basin Upstream Field Development - \$2b (start 2019)

However, Mr Hart does admit that there will be considerable challenges and risks over the next few years.

More than 11,000 jobs are expected to be shed across Queensland's major projects, which represents two-thirds of the workforce at the peak of the state's mining and construction boom.

An upswing is not expected until 2017-18, according to the report.

"However, even this mild recovery is predicated on currently unfunded projects proceeding, including large public sector road and rail projects, as well as another (much smaller) round of resources investment," the report reads.

"As such, the outlook is highly susceptible to risk."

The report by BIS Shrapnel was a joint initiative by Queensland Major Contractors Association