

up some private sector funding for future investment in the energy companies really solve the more fundamental problem facing the Government – the need for large amounts of new capital to pay for infrastructure, the sort of money you can really only raise by selling off whole businesses, not just bite-sized bits.

Chances are you're more likely to get a premium if you sell off a controlling interest, rather than just a small bit of your future dividend stream.

We'll just have to wait and see what the scoping studies and market soundings reveal.

In the meantime, QIC's change of heart on Friday about how to dispose of its Queensland Motorways tolling rights, possibly worth more than \$5 billion, might give some idea as to where this debate will end up.

QIC had originally floated the idea of only selling off slices of equity, while keeping management control.

After what appears to be a strong lobbying campaign by big institutions keen to own and manage their own infrastructure assets, QIC announced it would now conduct a trade sale of 100 per cent of its investment in QML.

Queensland Treasury declined to comment, but chances are it, like QIC, would have quickly come to the conclusion that a traditional auction was, to use QIC boss Damien Frawley's words, "in the best interests of maximising the return."

THE GALILEE BASIN - PROPOSED PROJECTS

Project	Capacity (million tonnes/year; mega watts; kilometres)	Investment (billion)	Developer	Status
Mines				
Alpha (mine and rail)	30 mtpa; 495 km rail	\$6.9	GVK Hancock	APPROVED
Kevin's Corner	30 mtpa	\$4.2	GVK Hancock	APPROVED
Carmichael (mine and rail)	60 mtpa	\$16.5	Adani	APPROVED by State government; Federal government pending
China First	40 mtpa	\$6.4	Waratah	
South Galilee	15 mtpa	\$4.2	Alpha Coal Management	
China Stone	60 mtpa	NA	MacMines AustAsia	
Deguila	30-40 mtpa	NA	Vale	

Project	Capacity (million tonnes/year; mega watts; kilometres)	Investment (billion)	Developer	Status
Power				
Galilee Basin Power Station	900 MW	\$1.25	Waratah	
Rail				
Central Queensland Integrated Rail (now to jointly develop with GVK Hancock)	190 km	>\$2	Aurizon	
North Galilee Basin Rail	300 km	\$2.2	Adani	
Port				
Abbot Point Port Terminal 3	60 mtpa	NA	GVK Hancock	APPROVED
Abbot Point Port Terminal O	70 mtpa	\$3	Adani	APPROVED

Sources: Queensland Department of State Development, Infrastructure and Planning; Queensland Department of Natural Resources and Mines; Commonwealth Department of the Environment.



IN THE BLACK: Coal mining brings benefits, as well as drawbacks (main picture), while (below) landholders Bruce and Annette Currie are challenging mine developments in court.

Galilee mega projects must avoid mistakes of last boom

DANIEL FRANKS

"ALL OF a sudden business increased and we struggled to deal with it. The massive influx of people put strain on our infrastructure and services."

That's the advice Roger Ferguson has for residents of the Galilee Basin following the Federal Government's decision to approve the expansion of the Abbot Point coal terminal and open the way for Queensland's first mega-mines.

Mr Ferguson is former deputy mayor of the Isaac Regional Council, in the heart of the Bowen Basin, Queensland's principal coal mining region. He

also owns the Western Heritage Motor Inn and experienced first hand the effects of the last coal export boom, including the serious shortages in affordable labour, the lifeblood of many small businesses in the region.

"There are good times to be had", Mr Ferguson says, "you just need to plan well for them".

The Abbot Point coal terminal is the gateway for development of the Galilee Basin. The decision to approve the port expansion is the final hurdle for GVK Hancock Coal's Alpha and Kevin's Corner projects, with proposed mines by Adani, Waratah Coal and others still in the approval pipeline.

QUEENSLAND INK

No project has announced a final investment decision and economic challenges may yet fell one or more of the proposed projects.

If coalmining does come to the basin, the rural towns of Alpha, Jericho, Barcaldine and Emerald will be transformed. Local residents are concerned about the impact on social services, traffic, dust and housing; and the ability to fully capture the benefits of employment and business development.

The environmental movement has highlighted the impacts of port dredging on the

Great Barrier Reef World Heritage Area, the clearing of native vegetation and the impact of burning such a large amount of coal on the global climate.

Bruce and Annette Currie run a property called Speculation north of Jericho, in the shadows of the Kevin's Corner and Alpha Coal projects. Like other graziers, they are worried about how large-scale mining will affect the groundwater they use for their pastoral activities, with their concerns sparked by graziers in the basin who experienced impacts greater than predicted. They recently objected to the approval of the Alpha GVK Hancock mine lease with

the case pending in the Queensland Land Court.

But where there are risks, there are also business and employment opportunities, as well as substantial coal royalties that will accrue to the state. Further north, Adani's Carmichael project is massive. At its peak it will boast production of 60 million tonnes of coal per year: 20 times larger than the average Bowen Basin coalmine. In fact, the seven proposed coal projects in the Galilee Basin would produce 50 per cent more coal than the 47 mines that service the Bowen.

The new generation of mega-mines are justified by their proponents on the basis that

development of the Galilee will require major investments in rail and port infrastructure to transport the coal to markets in China and India.

In the midst of the most recent boom, Central Queensland mayors marched on George St to demand improvements in how the social and cumulative impacts of mining are managed. The Bligh government responded with new requirements for social impact management plans that brought all companies into line with the standards the most responsible miners had already voluntarily adopted.

The Newman Government has rolled back these reforms in

an effort to reduce "green tape".

If the Galilee develops, the sector must take seriously the lessons of the last coal boom in the Bowen Basin and work closely with local governments and community representatives to ensure mining development translates into regional development for Queensland towns.

Dr Daniel Franks is deputy director of the Centre for Social Responsibility in Mining at the University of Queensland. He has undertaken research and consulting for governments, mining companies and civil society organisations.

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Racing not the mine s

CAMERON ENGLAND

SITTING around the table with the investor group Western Desert Resources doesn't take long for the talk to turn to horse racing.

Indeed, the bunch are so enamoured of the sport of kings they've named the company after two current ore bodies Dhill and Zabeel, after two of the most celebrated sires of time. It's a varied and eclectic bunch, with the common nominator being that they're not the usual suspects you'd arrayed on the usual mine visit.

Adelaide-based Rick Adams, the former chairman of Caltex Myer whose business achievements are too numerous to chair the company.

His former competitor Bruce Mathieson – the billionaire founder, chief executive and 25 per cent owner of Helloworld – is also an investor.

Gold Coaster and former Billabong director Scott Patterson is responsible for many of these high net worth individuals being around the table the night before their mine was officially opened by Northern Territory Chief Minister Adam Giles on Monday last week.

Mr Perrin's desire to find an excuse to spend more time in the Territory, albeit fishing, not working, led to the development of the big mine to open in the Territory in 20 years.

Mr Perrin jokes that he's trying to find a business reason to spend more time in the Territory.

EXPORTS: Western Desert