

Herriman, Karmen

From: Conaty, Paula on behalf of Fletcher, Ian
Sent: Wednesday, 12 May 2010 12:36 PM
To: 'andrew.fraser@ministerial.qld.gov.au'
Cc: 'Colin.Jensen@dip.qld.gov.au'; 'Bradley John'; Bermingham, Mark; Hellmuth, Mal; Hunt, Dan
Subject: Conversation with David Maxwell: QGC

Tracking: Recipient	Read
'andrew.fraser@ministerial.qld.gov.au'	
'Colin.Jensen@dip.qld.gov.au'	
'Bradley John'	
Bermingham, Mark	Read: 12/05/2010 1:26 PM
Hellmuth, Mal	
Hunt, Dan	

Treasurer

David Maxwell came to see me yesterday, following a call from Cath Tanna. We talked about the state of play for QGC's investment decision.

Three points emerged:-

- (a) the drop dead date really is the June Board meeting. After that, customers will begin to go away, and the company will not continue with its investment. One or two weeks' tidying up delay is possible, but six months (or anything like it) is not;
- (b) On the Federal Government's proposed resource super profits tax, the company is quietly confident that their negotiations with the Federal Treasury are going to yield fruit. We will get more details later in the week; and
- (c) On the EIS process, David Maxwell claimed there were two significant problems. One of these was the requirement for them to provide detailed engineering data for construction projects including ones well into the future. He said that this was "physically impossible" but went on to say he detected a degree of support for an approach where in-principle approval would be given subject to later provision of detailed engineering drawings, against which more details approvals would be granted. However, he then identified a second problem, the requirement to report in the EIS process against cumulative impacts. He said that QGC would find it impossible to report against the cumulative impacts of all proposed LNG investments by all known companies in the time available. He was prepared to continue, he said, to report against QGC's own proposals, as well as those of Santos and other known investments in the Gladstone area, with a commitment to provide further information at the time other projects were being approved.

I said I would pass on. He, in turn, said he would stay in touch, and that he would be speaking directly to the Coordinator General.

LNG Committee

In an interesting development, David Maxwell said that QGC would like to appear in front of the LNG Committee to explain its position in respect of the EIS. This suggests a healthy degree of respect for the Committee (to be commended) but also a degree of constitutional innovation in terms of the relationship between the Committee and the Coordinator General which we would wish to approach with some caution. The LNG Committee as a Court of Star Chamber?

IAN FLETCHER
Director-General
Department of Employment, Economic Development and Innovation