

CHINA EXPORTS TO BOOST STATE'S CREDIT RATING

Extract from The Courier Mail — 7 February 2010

MINING billionaire Clive Palmer has turned economic superhero, announcing the deal of the century to create up to 70,000 new jobs in Queensland.

The entrepreneur has clinched a contract with one of China's biggest power companies to export \$69 billion worth of thermal coal from new mines in central Queensland over 20 years. "This deal is Australia's biggest-ever export contract," he said proudly. "The best years of this state are yet to come."

Mr Palmer said the deal would provide a massive boost to the state economy, and likely result in the restoration of Queensland's prized AAA credit rating. Under the agreement, China Power International Development Limited will take more than 30 million tonnes of coal - worth over \$3 billion - each year from six mines to be built near Alpha in the Galilee Basin, west of Emerald in central Queensland. The mines will be operated by China First, a subsidiary of Mr Palmer's massive privately owned company, Resourcehouse Ltd.

He last week awarded an \$8 million construction contract to Metallurgical Corporation of China, which built Beijing's Bird's Nest Olympic stadium. The project also involves construction of a 500km rail line linking the mine to a new coal ship terminal at Abbott Point, near Bowen. The news was greeted enthusiastically by Premier Anna Bligh as "a massive shot in the arm for the Queensland economy". "I set out to create 100,000 jobs in this term of government. With the signing of this deal we take that target a huge leap forward," Ms Bligh said.

Standing side by side at the announcement, the irony of the LNP's biggest financial backer helping the Labor Premier achieve her election goal was not lost on either. Both said political differences - nor even an active defamation lawsuit by Mr Palmer against the Premier - would get in the way of creating jobs for Queenslanders.

The deal still has to clear the final hurdles of what the Premier described as "rigorous" environmental assessments. But if approved, work should begin later this year, with the mines fully operational by 2014. Mr Palmer said 7500 people would be employed directly, with 50,000-70,000 indirect jobs flowing on from the initiative.

This deal comes just seven months after Mr Palmer bought the threatened Yabulu nickel refinery in Townsville, saving 950 jobs. Royalties from the coal exports will pump between \$400 million and \$700 million a year, depending on coal prices, into the Queensland Government's coffers - a welcome boost but not enough, says the Premier, to justify abandoning the sale of state assets.

"This is great news for the Budget down the track," she said. "If everything goes to plan for the project, we will start to see significant mine royalties in 2014. That's four years away. I'm not going to let the Queensland economy and Budget drift and lag in the meantime."

The deal cements the future of Alpha and the Galilee Basin as an economic powerhouse for the state into the future. With other mines also proposed, the region has the potential to produce 100 million tonnes of coal a year.

In the long term, Mr Palmer said it could deliver more than the Bowen Basin, which fuelled much of Queensland's success over the past decade.