

SE Business
HD Delays 'scare off investors'
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WC 649 words
PD 20 August 2014
SN The Australian
SC AUSTLN
ED Australian3
PG 20
LA English
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CHINESE-OWNED Shenhua Australia has warned that further delays to the approval of its NSW **coal** project will have an impact on future foreign investment decisions in the state.

The **company** — a subsidiary of the state-owned Shenhua Group, which is the largest **coal** supplier in the world — has been working on approvals for the Watermark project in NSW's Gunnedah Basin for six years.

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The **company**, which has spent \$700 **million** on the project to date, was already hit with a significant setback by the previous state election and it is now concerned the 2015 state election could also affect its final approvals.

Shenhua Australia chairman Liu Xiang has warned that the outcome of the assessment of the project would not only shape potential future investment decisions by Shenhua Group in NSW, but would also influence the decisions of other international investors who are on the sidelines, poised to see if NSW really was still open for business.

Brendan Pearson, chief executive of the Minerals Council of Australia, said the approval delays in Australia had become a major source of economic disadvantage. He warned there would be a big economic cost to Australia as other nations became more attractive for the pool of investment for which the country competed.

Mr Pearson said that while the federal government was working on its message that the nation was open for business there was a risk that just as Australia further strengthened its economic relationship with **China**, the Asian giant could turn away if it thought it was getting too hard to do business in Australia.

"Delays in approvals have become a point of competitive disadvantage for Australia," he said.

Mr Liu said Shenhua had worked "tirelessly" over the past six years to ensure the Watermark project exceeded all standards required by the NSW government.

"The process has been challenging and we have faced delays," he said. Mr Liu added that the most notable delay was the receipt of the director-general's requirements for its environmental impact assessment, a process regulated to occur in 28 days but one that took more than 12 months. That significant delay was because of the 2011 election and subsequent policy changes introduced by the Coalition government.

"After six long years we find ourselves near the end of that journey, looking for a decision by the end of November to avoid any chance of being delayed by another election," he said.

Mr Liu said that, given the Watermark project was the **company**'s first 100 per cent **equity** investment in the Australian **coal** market, it was of significant importance to the state-owned entity.

“Unlike other miners who are struggling in this market, Shenhua is not just a **coal** trader but an end user of the **coal** at its power plants. This means there is value in securing a long-term, stable supply of **coal** from projects like Watermark,” he said.

NSW Minerals Council chief executive Stephen Galilee said the Watermark project was an example of a project that had been caught up in a planning system in NSW that he argued was not acting to attract investment at a time when the state “badly” needed it.

“The eyes of global investors are on these projects to determine whether or not the NSW government is really serious about driving economic growth and attracting investment in **mining** projects,” he said.

Paul Jackson, project manager of Watermark, said he did not see any outstanding issues with the regulators, including those concerning groundwater and agriculture.

“We have answered all of the questions,” he said. The independent Planning Assessment Commission has concluded a review of the project, which now needs a merit review, to be followed by a final assessment prepared by the Department of Planning, before the project is passed back to the PAC to make a final determination.

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