

Costs deter Burrup investors

Andrew Burrell

West Australian Premier Alan Carpenter conceded yesterday that high construction costs and gas prices had deterred any fresh investment in downstream processing on the state's Burrup Peninsula despite his government's decision to spend more than \$180 million on infrastructure in the resource-rich region.

His comments came as he welcomed the completion of the world's biggest ammonia plant on the Burrup Peninsula — the only project to get off the ground after more than a decade of plans by successive state governments to promote downstream minerals processing from the North-West Shelf.

The \$800 million plant was built during the past four years by Indian-backed Burrup Fertilisers and is believed to be the largest Indian investment in Australia.

Despite warning of a dearth of new investment, Mr Carpenter said yesterday the completion of the plant vindicated the Labor government's decision to invest in infrastructure on the Burrup Peninsula.

The government's plans for Burrup have suffered a series of setbacks over the past few years,

including the recent withdrawal of Plentex Ltd from a \$900 million plan to build a plant to convert North-West Shelf gas to ammonia.

Most of the projects mooted for the peninsula have either been scrapped or postponed indefinitely because of high costs.

"We are expecting other players to base themselves on the Burrup," he said. "But let's be realistic about this: at the moment, because of oil and gas prices, the cost is making it difficult for potential downstream investors."

"But the infrastructure is there and when the conditions are right ... I think we'll see other developments taking place there."

In a boost to Mr Carpenter's plans, energy giant Woodside yesterday confirmed it had chosen the Burrup Peninsula as the location for its \$5 billion Pluto liquified natural gas development. Woodside chose the site, which is close to its existing North-West Shelf LNG facilities, over an alternative location near Onslow earlier this year.

Mr Carpenter hailed the completion of the Burrup Fertilisers plant

as a breakthrough in plans to attract more downstream minerals processing. "For decades and through suc-

cessive generations of politicians and political leaders in WA the aim has been to see downstream processing of our natural resources," he said. "Well, here it is."

He said the project would boost WA's growing trade relationship with India, which was worth \$3.1 billion. Ammonia from the plant would be predominantly used to create fertilisers for Indian agriculture. The first shipment is due next month.

Burrup Fertilisers chairman Pankaj Oswal said the company was studying the feasibility of establishing additional capacity for the production of urea and ammonium nitrate. He said the Burrup Peninsula was a possible site for the planned expansion but warned that high gas prices could favour other locations.

Woodside gives backing, page 17 ■

KEY POINTS

- State government plans for the area have been plagued by setbacks.
- Most projects at Burrup have been cancelled or indefinitely postponed.
- The \$800 million fertiliser plant is believed to be the biggest Indian investment in Australia.