All

For your information I attach a copy of the letter, signed yesterday by the NQBP Chairman, that has been sent to NQBPs Shareholding Ministers.

Regards

Commercial Consultant
26 June 2012

Hon. Timothy Nicholls, MP  
Treasurer and Minister for Trade  
GPO Box 611  
BRISBANE QLD 4001

Hon. Scott Emerson, MP  
Minister for Transport and Main Roads  
GPO Box 2644  
BRISBANE QLD 4001

Dear Mr Nicholls and Mr Emerson

Port of Abbot Point: Appointment of Preferred Respondent Agreement (APRA) – Terminals 4-9

Reference: CM/056/00012

On 18 May 2012 the Deputy Premier and Minister for State Development, Infrastructure and Planning (DSDIP) wrote to North Queensland Bulk Ports Corporation (NQBP) indicating that the Government cannot provide further support for the development of T4-T9 and Multi Cargo facility at the Port of Abbot Point.

In the period since receiving this letter NQBP has been working closely with DSDIP and with the Coordinator – General with respect of options for incremental expansion of port capacity to meet any further future demand. NQBP has also engaged in discussion with Queensland Treasury (QT) with respect to ways in which Government and NQBP could promote a development path that seeks private sector parties to fund this infrastructure, minimising the balance sheet impact and risk to the State.

At the time of receipt of the above letter, NQBP had in place APRAs with three (3) Preferred Respondents, namely, Anglo American, Vale and MacMines. These agreements contain an ‘Exclusivity Period’ date by which time it was envisaged that NQBP and the respective Preferred Respondents would have entered into a Framework Agreement. This exclusivity date was extended out until 30 June 2012 pending further clarity on a way forward for the development at Abbot Point coming out of discussions with DSDIP, Coordinator-General and QT. The extension to 30 June 2012 was undertaken following consultation with the Director-General of DSDIP.

Each of these Preferred Respondents, who have executed the APRAs have, in recent weeks, enquired of NQBP as to the future of the APRA, and their status with respect to future development at Abbot Point.
NQBP; following discussions with officers of DSDIP believes the best path forward is that the APRAs be terminated to formally conclude those negotiations. However, in doing so the State and NQBP should take into account that the APRA proponents have participated in a lengthy process to date.

Accordingly it is important that NQBP consults with APRA proponents about the path forward prior to the 30 June 2012 expiry. Subject to advice from Shareholding Ministers to the contrary NQBP intends to advise APRA proponents that:

- NQBP does not intend to offer proponents an extension to the APRA and the Exclusivity Period past 30 June 2012 (NB any extension would require agreement to do so between the proponents and NQBP); and
- NQBP is awaiting advice from Government about the formal termination of the APRAs.

NQBP looks forward to receiving your advice that it is appropriate to terminate the APRAs after 30 June 2012.

Yours sincerely

Peter Milton
Chairman

Doc Ref: E/9/24020
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Mackay Ports Limited
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Page 1

RTI Document No.10
Hi Phil, Graeme and Jason,

For our discussion tomorrow, here are the points I put to Ken Sedgwick as issues that required consideration. There are no doubt others, but, this is start.

Could you please suggest others/corrections prior to our discussion.

- Legal issues from T4-9 and T2-3 proponents
- Should the MCF approval process be cancelled, be put behind T0/2-3 or allowed to run. If cancelled it may not be able to be commenced again. Will the dropping of the MCF actually speed up T0-3 approvals (as suggested by Hancock but I’m not sure if its a reality)?
- Without the MCF, what is the maximum number of offshore berths able to be built? What opportunities will be lost?
- Does the decision have an affect that Hancock will be the only possible rail proponent from the Galilee? Possibly Adani?
- What if the Hancock project doesn’t proceed? Due to funding, water, approvals...
- How would a T4/5 tender be handled? Preference to T4-9 bidders?
- With the proposed T4/5 option, what if costs are prohibitive or approvals cannot be obtained? What happens to the current T0-3 and MCF cumulative impact assessment ‘best practice’ exercise
- Can the T2/3 agreements be overturned to allow third party access? (This was a suggestions put to Brad)
- Reputation/Sovereign risks by overturning tender and approval processes
- Without the MCF is there any chance for Mt. Isa/Northern Galilee tonnes to be accommodated?
- What happens to the ECI contractor and sunk costs?
- Will NQBP be directed to make the required changes?
- What happens to the Waratah offshore EiS submission?
- What are the unintended consequences for - non-Hancock Galilee proponents (AMCI, Waratah, Vale and Macmines), current T4-9 proponents?
- What is the affect on the Connors River Dam and Pipeline project?
- Without the MCF, how will tugs and fuel be accommodated?

Regards,

Bill Brett
Deputy Executive Director OGOC

07 30351909
Contrary to Public Interest
From: bill.brett@treasury.qld.gov.au
Sent: Friday, 11 May 2012 4:59 PM
Subject: *Confidential: Fw: Abbot Point Projects - Confidential and Privileged
Attachments: NQBP - Abbot Point - advice d. 11.05.12.pdf

As advised, attached is the confidential, preliminary advice from Minters. Their advice follows the verbal points made by Brad that -

Sch. 3(7)

Regards,

Bill Brett
Deputy Executive Director OGOC

07 30351909
Contrary to Public Interest

----- Forwarded by Bill Brett/OGOC/QTreasury on 11/05/2012 04:50 PM -----

From: Peter Sinnott
To: "cr aig.evans@premiers.qld.gov.au" <craig.evans@premiers.qld.gov.au>, "bill.brett@treasury.qld.gov.au" <bill.brett@treasury.qld.gov.au>, "Brad Fish" "Barry Broe (barry.broe@coordinatorgeneral.qld.gov.au)" <barry.broe@coordinatorgeneral.qld.gov.au>
Cc: "barry.broe@coordinatorgeneral.qld.gov.au" <barry.broe@coordinatorgeneral.qld.gov.au>
Date: 11/05/2012 03:57 PM
Subject: Abbot Point Projects - Confidential and Privileged

Craig,

I refer to our meeting on Tuesday 8 May 2012. As requested, please see the attached preliminary legal advice from Minter Ellison on the key legal risks

Sch. 3(7) As recommended, I am also sending this advice to the Coordinator General.

The attached legal advice is highly confidential to NQBP and is being provided on a confidential basis for the common purpose of working out the next steps to be taken in relation to these projects. In disclosing this legal advice to you (and relevant senior Departmental representatives), NQBP does not intend to waive any legal professional privilege it holds in the legal advice. The legal advice should not be disclosed to any third party without the prior written consent of NQBP.

Regards,

Peter

Peter Sinnott
Company Secretary/General Counsel

Contrary to Public Interest
(See attached file: NQBP - Abbot Point - advice d. 11.05.12.pdf)

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FYI - NQBP flagging that, pending Board approval next Tues, it will write to SHM seeking confirmation about terminating the T4-9 process as at end June.

J

--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
Jason Wishart
Principal Commercial Analyst
Infrastructure Projects Assessment Team
Queensland Treasury and Trade

Phone: (07) 303 51834
Mobile: Contrary to Public Interest

----- Forwarded by Jason Wishart/TO/QTreasury on 22/06/2012 04:12 PM -----

From: Bill Brett/OGOC/QTreasury
To: Ben Boardman/OGOC/QTreasury@QTreasury, Declan McNamara/OGOC/QTreasury@QTreasury, Jason Wishart/TO/QTreasury@QTreasury, Pauline Elliott/OGOC/QTreasury@QTreasury
Cc: 
Date: 22/06/2012 04:00 PM
Subject: Fw: *** Commercial-in-Confidence*** - Abbot Point - T4-9 APRAs

FYI, NQBP will advise on progress next week.

Regards,

Bill Brett
Deputy Executive Director OGOC

07 30351909
Contrary to Public Interest

----- Forwarded by Bill Brett/OGOC/QTreasury on 22/06/2012 03:59 PM -----

From: Contrary to Public Interest
To: "sal.m.petroccitto@tmr.qld.gov.au", "bill.brett@treasury.qld.gov.au", "David.Stolz@deedi.qld.gov.au", Brad Fish
Cc: Graham Rawlings
Date: 22/06/2012 03:50 PM
Subject: *** Commercial-in-Confidence*** - Abbot Point - T4-9 APRAs

*** Commercial-in-Confidence***

Gents

Brad Fish has asked me to forward the attached draft letter for your information.

NQBP intends to raise this matter at its board meeting early next week, and subject to board decision, it is proposed that this letter be sent to Shareholding Ministers immediately thereafter.
Regards

C

Commercial Consultant

Commercial Consultant

Contrary to Public Interest

Contrary to Public Interest

Please consider the environment before printing this email.

(See attached file: Draft letter to Shareholders regarding APRA termination.docx)

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__________________________________________
Honourable Tim Nicholls  
[Address]  
Honourable Scot Emerson  
[Address]  

Port of Abbot Point: Appointment of Preferred Respondent Agreement (APRA) – Terminals 4-9

Dear Sirs

On 18 May 2012 the Deputy Premier and Minister for State Development, Infrastructure and Planning (DSDIP) wrote to North Queensland Bulk Ports Corporation (NQBP) indicating that the Government cannot provide further support for the development of T4-T9 and Multi Cargo facility at the Port of Abbot Point.

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At the time of receipt of the above letter, NQBP had in place APRAs with three (3) Preferred Respondents, namely, Anglo American, Vale and MacMines. These agreements contain an ‘Exclusivity Period’ date by which time it was envisaged that NQBP and the respective Preferred Respondents would have entered into a Framework Agreement. This exclusivity date was extended out until 30 June 2012 pending further clarity on a way forward for the development at Abbot Point coming out of discussions with DSDIP, Coordinator-General and QT. The extension to 30 June 2012 was undertaken following consultation with the Director-General of DSDIP.

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NQBP looks forward to receiving your advice that it is appropriate to terminate the APRAs after 30 June 2012.

[Salutations]
FYI, NQBP will advise on progress next week.

Regards,

Bill Brett
Deputy Executive Director OGOC

07 30351909

Contrary to Public Interest

----- Forwarded by Bill Brett/OGOC/QTreasury on 22/06/2012 03:59 PM -----

From: contrarytopublicinterest@nqbp.com.au
To: sal.m.petroccitto@tmr.qld.gov.au, bill.brett@treasury.qld.gov.au, David.Stolz@deoedi.qld.gov.au, Brad Fish
Cc: Graham Rawlings
Date: 22/06/2012 03:50 PM
Subject: *** Commercial-in-Confidence*** - Abbot Point - T4-9 APRAs

*** Commercial-in-Confidence***

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Contrary to Public Interest

Commercial Consultant

Contrary to Public Interest

NORTH QUEENSLAND BULK PORTS CORPORATION
ACN 136 880 218 • ABN 36 136 880 218
Level 24 300 Queen St Brisbane Queensland
GPO Box 409 Brisbane

http://www.nqbp.com.au

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Honourable Tim Nicholls  
[Address]  

Honourable Scot Emerson  
[Address]  

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NQBP looks forward to receiving your advice that it is appropriate to terminate the APRAs after 30 June 2012.

[Salutations]
Please see attached for a draft response in relation to this correspondence from NQBP. Please let me know if you have any comments. Intend to respond before 30 June if possible, so urgent feedback is sought.

thanks

Jason

(See attached file: SHM ltr T4-9 APRA.docx)

----------------------------------------------------------------------------------------------------

Jason Wishart
Principal Commercial Analyst
Infrastructure Projects Assessment Team
Queensland Treasury and Trade

Phone: (07) 303 51834
Mobile: Contrary to Public Interest

----- Forwarded by Jason Wishart/TO/QTreasury on 28/06/2012 09:10 AM -----

Contrary to Public Interest

From: qbp.com.au>
To: "bill. brett (bill.brett@treasury.qld.gov.au)", Jason Wishart <jason.wishart@treasury.qld.gov.au>, "Stolz, David (David.Stolz@deedi.qld.gov.au)" <David.Stolz@deedi.qld.gov.au>, "sal.m.petrocitto@tmr.qld.gov.au" <sal.m.petrocitto@tmr.qld.gov.au>, Graham Rawlings <Graham.Rawlings@qld.gov.au>
Cc: Graham Rawlings <Graham.Rawlings@qld.gov.au>
Date: 27/06/2012 11:02 AM
Subject: Abbot Point - Ltr to Shareholders RE APRAs

Contrary to Public Interest

All

For your information I attach a copy of the letter, signed yesterday by the NQBP Chairman, that has been sent to NQBPs Shareholding Ministers.

Regards

Contrary to Public Interest

Commercial Consultant:

Contrary to Public Interest

NORTH QUEENSLAND BULK PORTS CORPORATION
ACN 136 880 218 • ABN 36 136 880 218
Level 24 300 Queen St Brisbane Queensland
GPO Box 409 Brisbane
Contrary to Public Interest

RTI RELEASE

RTI Document No.54
(See attached file: 20120626145814232.pdf)

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Mr Peter Milton  
Chairman  
North Queensland Bulk Ports Corporation Limited  
GPO Box 409  
BRISBANE  QLD  4001  

Dear Mr Milton  

Thank you for your letter of 26 June 2012 regarding the proposed approach to concluding negotiations with respondents under the expressions of interest for new coal terminals 4 to 9 at the Port of Abbot Point.

We note that existing arrangements with these parties will conclude on 30 June 2012 and that you are currently working with the Department of State Development, Infrastructure and Planning and Queensland Treasury and Trade about future development paths that provide for a more incremental approach to the construction of additional coal export infrastructure at Abbot Point.

An incremental approach is considered better suited to facilitating private sector development of this infrastructure. In an environment where the Government is fiscally constrained and must prioritise its resources to core Government services, private sector development of this commercial infrastructure is necessary. NQBP, as port authority and land holder, has an important role to play in facilitating this development.

As highlighted in the Deputy Premier’s statements on this issue, the Government, through the Department of State Development, Infrastructure and Planning, intends to consult with potential investors in coal export infrastructure to consider options that facilitate incremental development of the port by the private sector. This consultation process should involve NQBP and Queensland Treasury and Trade, such that if it indicates that there is sufficient demand from terminal developers, these discussions can then appropriately transition to the negotiation of specific commercial frameworks for infrastructure development.
In the interim, when you are advising respondents of your intention to terminate the T4-9 process, you may wish to also flag the Government’s broader intentions to consult on future development options, and thereby seek to retain their interest in potentially playing a role in the expansion of the port.

Thank you for raising these matters with us.

Yours sincerely

TIM NICHOLLS

SCOTT EMERSON

The Hon. Tim Nicholls MP, Treasurer and Minister for Trade
Level 9 Executive Building
100 George Street, Brisbane
GPO Box 611, Brisbane
Queensland 4001 Australia
Telephone +617 322 46900
Facsimile +617 322 90642

The Hon. Scott Emerson MP, Minister for Transport and Main Roads
Level 15 Capital Hill Building
85 George Street, Brisbane
GPO Box 2644, Brisbane
Queensland 4001 Australia
Telephone +617 3237 1111
Facsimile +617 3224 2493
26 June 2012

Hon. Timothy Nicholls, MP
Treasurer and Minister for Trade
GPO Box 611
BRISBANE QLD 4001

Hon. Scott Emerson, MP
Minister for Transport and Main Roads
GPO Box 2644
BRISBANE QLD 4001

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Reference: CM/056/00012

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Yours sincerely

[Signature]

Peter Milton
Chairman

Doc Ref: E/2/24020
See attached for a draft response to NQBP. Let me know if you have any comments before I share more broadly with DSDIP and DTMR.

I returned Brad’s call after our CRD meeting and he will send to us draft letters that they intend to send to the APRA guys (and also to NQCT as a half APRA guy). The others will get no formal notification (as legally they are not entitled to anything). Will review our response in light of this when we see what they are planning to say.

J

(See attached file: SHM ltr T4-9 APRA.docx)

----------------------------------------------------------------------------------------------------
Jason Wishart
Principal Commercial Analyst
Infrastructure Projects Assessment Team
Queensland Treasury and Trade

Phone: (07) 303 51834
Mobile: Contrary to Public Interest

----- Forwarded by Jason Wishart/TO/QTreasury on 27/06/2012 05:00 PM -----
Disallowment:
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Our Reference: TBA

Mr Peter Milton  
Chairman  
North Queensland Bulk Ports Corporation Limited  
GPO Box 409  
BRISBANE QLD 4001

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SCOTT EMERSON

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85 George Street, Brisbane
GPO Box 2644, Brisbane
Queensland 4001 Australia
Telephone +617 3237 1111
Facsimile +617 3224 2493
Jason

Copy of current NQBP brief and letter to David Edwards.

We can add in another dot-point in the letter regarding financing options for port infrastructure projects. Also, we could provide further background info in the briefing note if you think necessary.

regards
Declan

(See attached file: TY_OGOC_n415139_UT_BN_-_Changes_to_the_MCF_and_T4-9_Projects_announced_by_Govt.DOC)(See attached file: TY_OGOC_n415151_Ltr_from_UT_to_DG_State_Development_re_MCF_changes.DOC)

Declan McNamara
Manager (Projects)
Office of Government Owned Corporations
Queensland Treasury and Trade
Phone: 07 3035 1918
Mobile: Contrary to Public Interest
thanks Bill. Do you think it might be worthwhile for us to give David some background on the private finance issues for this project? It would also be good to get a sense of how they see the alternative development options proceeding.

J

FYI.

Regards,

Bill Brett
Deputy Executive Director OGOC

07 30351909

All,

Please be aware that this letter regarding expansion of coal handling facilities at the Port of Abbot Point was emailed to the distribution list attached early this afternoon. Please let me know if you need additional details.
Regards

David Stolz
Director Regional Development
Department of State Development, Infrastructure and Planning
Queensland Government

tel +61 7 3404 3474 ext 43474
m Contrary to Public Interest
post PO Box 15009 City East Qld 4002
visit Level 3, 63 George Street Brisbane
david.stolz@deedi.qld.gov.au

www.deedi.qld.gov.au

-----------------------------------------------
From: Jervis, Alison
Sent: Monday, 21 May 2012 12:34 PM
To: Stolz, David
Subject: Abbot Point letter & contact list

******************************************************************************
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North Queensland Bulk Ports Corporation Limited – Abbot Point Multi-Cargo Facility and Terminals 4-9.

CURRENT STATUS

- On 18 May 2012 the Honourable Jeff Seeney MP, Deputy Premier and Minister for State Development, Infrastructure and Planning wrote to Mr Brad Fish, Chief Executive Officer NQBP to clarify the Government’s position on the multi-cargo facility (MCF) and future development at Abbot Point (copy provided in Attachment 1). Background on the Abbot Point project is provided in Attachment 2.
- Mr Seeney confirmed the Government’s position on the T4-9 and MCF proposal, and advised that NQBP should focus on Terminals 0, 2 and 3 only.
- Over the following weekend of 19-20 May 2012 there was extensive media coverage of the details of the letter and the changed scope of the projects. NQBP did not have the opportunity to communicate with proponents before the media coverage.
- Government representatives have met with various proponents to discuss policy issues such as potential for third party access for T2-3, location of stockpiles for future terminal developments and rail access. NQBP has not been included in these conversations or asked about the potential ramifications of any policy changes.

Role Clarity

- NQBP has also expressed concern about the lack of clarity on roles and responsibilities for the corporation and Government agencies. Role clarity is further clouded by correspondence sent on 21 May 2012 to all proponents by Mr David Edwards, Director-General, Department of State Development, Infrastructure and Planning (Attachment 3) that directs proponents to contact the Government directly to work on new solutions. This implies a change in responsibility for NQBP that has not yet been communicated to the corporation.
- The NQBP board met on 22 May 2012 to discuss the costs and risks resulting from the Government’s decisions, and concerns over a lack of clarity on policy and communication between departments, NQBP and Abbot Point proponents. The board is likely to communicate with shareholders about concerns they have regarding the risks created by the Government’s decision, and the subsequent costs for the corporation.
- To ensure a coordinated Government position moving forward, clarification on roles and responsibilities between key state agencies is required. This warrants your discussion with the Director-General, Department of State Development, Infrastructure and Planning. The following provides a basis for discussion:

Department of State Development, Infrastructure and Planning
- Policy settings in relation to infrastructure development and state-wide planning
- Identification of number, capacity, use and location of coal ports (in conjunction with the Queensland Ports Strategy being developed by the Department of Transport and Main Roads)
- Management of State Development areas and schemes. (As it related to ports, this includes Townsville, Abbot Point and Gladstone).

Treasury
- Funding framework
- GOC Governance
NQBP
- Port planning
- Land use planning for strategic port land
- Market and proponent negotiation
- Commercial arrangements (including third party access arrangements)
- Management of project delivery

Further clarity will also be required in relation to the roles and responsibilities of other State agencies for mining and export infrastructure provision, including Natural Resources and Mines; Environment and Heritage Protection; and Transport and Main Roads.

RECOMMENDATION

- It is recommended that you write to Mr Edwards indicating a need for clarity on:
  - policy issues including third party access and development of future terminals (location and funding); and
  - communication between the Government, NQBP and proponents, and the roles and responsibilities of each party.
- A letter requesting a meeting with Mr Edwards is attached.

Prepared by: Ben Boardman  
Senior Analyst  
OGOC  
Tel: 3035 1895

Endorsed by: Pauline Elliott  
Acting Executive Director  
OGOC  
Tel: 3035 1893

Date: 23 May 2012  
Date: 23 May 2012

Edoc 415139
Recommendation Approved: ........................................................................................................

Date: ........................................................................................................................................
Attachment 1

**Abbot Point Multi-Cargo Facility project**

- The proposed Multi Cargo Facility (MCF) has been in development since 2007. It involves dredging and reclamation of seabed areas at the port of Abbot Point to construct a sheltered harbour with up to 12 land-backed, cape-size shipping berths, shipping channel and tug harbour facility. While coal would be the primary export through the MCF, it can be purpose built to service other industries and trades, including liquefied natural gas. A series of maps of the Abbot Point Development are attached.
- The Terminals 4-9 (T4-9) project involved an additional six coal terminals with a nominal capacity of 180 million tonnes per annum (mtpa). These terminals would be linked to the MCF for ship loading.
- Both projects were devised by North Queensland Bulk Ports Corporation Limited (NQBP) as a response to expected demand for additional coal export facilities.
- In December 2011, the former Queensland Government announced that the following corporations had been awarded preferred respondent status for T4-9:
  - Anglo American Metallurgical Coal Pty Ltd;
  - Rio Tinto Coal Australia Pty Ltd;
  - North Queensland Coal Terminal Pty Ltd (consortium of Macarthur Coal, Peabody Energy, New Hope Corporation, Middlemount Coal and Carabella Resources);
  - Vale S.A.;
  - Waratah Coal Pty Ltd; and
  - Macmines Austasia Pty Ltd.
- Rio Tinto Coal Australia Pty Ltd has since withdrawn.
- Both projects were proposed to be funded by the end users so as to minimise the impact on the State’s balance sheet.

Edoc 415139
Page 71 redacted for the following reason:

Out of scope
From: graeme.garrett@projects queensland.qld.gov.au
Sent: Friday, 18 May 2012 3:38 PM
Subject: Fw: Correspondence from the Deputy Premier in relation to the MCF at Abbot Point
Attachments: 180512 Fish NQBPC.pdf

----- Forwarded by Graeme Garrett/TO/QTreasury on 18/05/2012 03:37 PM -----

From: Bill Brett/OGOC/QTreasury
To: Ken Sedgwick/TO/QTreasury@QTreasury, Pauline Elliott/OGOC/QTreasury@QTreasury, Graeme Garrett/TO/QTreasury@QTreasury,
Date: 18/05/2012 02:39 PM
Subject: Fw: Correspondence from the Deputy Premier in relation to the MCF at Abbot Point

Ken,

The attached was letter received by Brad today from the Deputy Premier, in summary saying to stop all work at Abbot Point beyond T0, 1, 2 and 4 (that’s Adani, BHP and Hancock).
The concept of T4/5 is not mentioned.
The final paragraph details that NQBP will work with Treasury to clarify and mitigate risks. I’ll meet with Brad on Monday (he’s interstate today) to discuss his program for communication and risk assessment.

Regards,

Bill Brett
Deputy Executive Director OGOC

07 30351909
Contrary to Public Interest
----- Forwarded by Bill Brett/OGOC/QTreasury on 18/05/2012 02:32 PM -----

(See attached file: 180512 Fish NQBPC.pdf)
18 May 2012

Brad Fish
CEO
North Queensland Bulk Ports Corporation

Dear Mr Fish

I write to clarify the Government’s position on the Multi-Cargo Facility (MCF) at Abbot Point and how we see the future planning of infrastructure progressing.

Firstly, I would like to acknowledge the considerable work done to date on the MCF and the associated T4 – T9 infrastructure. I also appreciate that this port is a very important strategic asset for the State and its successful future development will play a key role in Queensland’s future economic development.

However, I believe the fundamental problem with the current MCF proposal is the magnitude of what is proposed. The significant scale, complexity and potential impacts of the proposed infrastructure are extensive and it would be many years before the whole of the planned capacity would be realistically warranted.

The associated anticipated environmental impacts of such a large proposal have led to major delays in gaining environmental approvals and there is no guarantee at this point, that the project will be approved by the existing processes.

In addition, the management of the proposal to date and the various commercial commitments required have also created issues and risks for potential proponents.

These issues, risks and uncertainties have already led to two major proponents withdrawing their interest from the MCF proposal. This undoubtedly places an even greater burden on those remaining and makes the likelihood of the MCF proposal proceeding to successful completion even more unlikely.

For all these reasons I do not believe the Government can provide any further support for the current proposal for the development of T4 – T9 and the Multi Cargo Facility at Abbott Point.
I would however suggest that the focus should be on ensuring that the T0, T2 and T3 proposals are developed and become realities and then focus on incremental expansion of the port capacity to meet any further future demand.

I would ask that you work closely with my department and the Coordinator-General to make these smaller scale developments at Abbot Point a reality in the shortest possible timeframe.

As the proponent for the Dudgeon Point coal terminal I encourage you also to progress that project through the EIS stage.

Can you also clarify as soon as possible all current commitments and financial risks associated with this and work with Queensland Treasury to mitigate these.

Yours sincerely

JEFF SEENEY MP
DEPUTY PREMIER
Minister for State Development, Infrastructure and Planning
Unless I am missing something, NQBP is saying don't do anything about T4+ until the CIA for T0/2/3 is lodged with the CW by end 2012 (and, by implication, maybe don’t do anything until T2 and 3 are CW approved - which is more like late 2013 for T2 and ??? for T0).
Dear All

Attached please find a Briefing Note relating to Abbot Point T0, T2, T3 Projects. If you require further information please do not hesitate to contact me.

Regards
Brad Fish
Chief Executive Officer

NORTH QUEENSLAND BULK PORTS CORPORATION
ACN 136 880 218 * ABN 36 136 880 218
Level 24, 300 Queen Street, Brisbane Queensland 4001 GPO Box 409 Brisbane

_________________________________________________________________
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Ports Corporation of Queensland Limited
ACN 126 302 994 ABN 49 657 447 879
Mackay Ports Limited
ACN 131 965 707 ABN 69 131 965 707

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(See attached file: Briefing Note - Potential Impact on Abbot Point T0,T2,T3 Projects from Any New Project Accouncements - 22 June 2012.DOC)
Background

Sch. 3(8)(1)

The coal export terminal projects currently most advanced in planning at Abbot Point are T0 (Adani), T2 (BHP Billiton) and T3 (GVK-Hancock Coal) and each of the proposed projects is the subject of environmental assessment and approval requirements under the provisions of the Environment Protection and Biodiversity Act (EPBC Act) due to the potential to impact on Matters of National Environmental Significance (MNES).

Issues

Sch. 3(8)(1)

GVK-Hancock and to a lesser extent Adani are seeking project approvals as soon as possible and
Briefing Note
Potential Impact on Abbot Point T0, T2, T3 Projects
From Any New Project Announcements
22 June 2012

For more information contact:

Brad Fish
CEO, North Queensland Bulk Ports
Contrary to Public Interest

Doc Reference: E12/23547
FYI left a message for David Stolz to call me earlier today - hoping to get DSD view on implications (if any) for Govt appetite to publicly discuss/progress options beyond T3 - but nothing so far...

I note that DSDIP are now advancing a BN regarding Abbot Point developments without any mention of a project team...

In terms recognising this issue in the BN for T4+, I could include some words in the BN re recognition of the environmental approval objective in the DP's announcement and also flag the need for Govt (DSDIP) confirmation of project priority as the first step in the Preliminary Stage, but it may all be moot if there is not Govt support at this time.

J

--------------------------------------------------------------------------------
Jason Wishart
Principal Commercial Analyst
Infrastructure Projects Assessment Team
Queensland Treasury and Trade

Phone: (07) 303 51834
Mobile: Contrary to Public Interest

----- Forwarded by Jason Wishart/TO/QTreasury on 22/06/2012 04:39 PM -----
-----Original Message-----
From: Brad Fish  
Sent: Friday, 22 June 2012 10:44 AM  
To: 'Helen.Gluer@treasury.qld.gov.au'; 'sal.m.petroccitto@tmr.qld.gov.au'; David L. Edwards  
Cc: bill.brett@treasury.qld.gov.au; 'david.stolz@dip.qld.gov.au';  
Subject: NQBP Briefing Note - Potential Impact on Abbot Point T0,T2,T3 Projects from Any New Project Accouncements - 22 June 2012  

Dear All  

Attached please find a Briefing Note relating to Abbot Point T0, T2, T3 Projects. If you require further information please do not hesitate to contact me.  

Regards  
Brad Fish  
Chief Executive Officer  

NORTH QUEENSLAND BULK PORTS CORPORATION  
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Level 24, 300 Queen Street, Brisbane Queensland 4001 GPO Box 409 Brisbane  

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(See attached file: Briefing Note - Potential Impact on Abbot Point T0,T2,T3 Projects from Any New Project Accouncements - 22 June 2012.DOC)
Briefing Note
Potential Impact on Abbot Point T0, T2, T3 Projects
From Any New Project Announcements
22 June 2012

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GVK-Hancock and to a lesser extent Adani are seeking project approvals as soon as possible and...
Briefing Note
Potential Impact on Abbot Point T0, T2, T3 Projects
From Any New Project Announcements
22 June 2012

Sch. 3(8)(1)

For more information contact:

Brad Fish
CEO, North Queensland Bulk Ports
Contrary to Public Interest

Doc Reference: E12/23547
From: McCallum, Bruce <Bruce.W.McCallum@deedi.qld.gov.au>
Sent: Friday, 22 June 2012 12:08 PM
Subject: FW: NQBP Briefing Note - Potential Impact on Abbot Point T0,T2,T3 Projects from Any New Project Announcements - 22 June 2012
Attachments: Briefing Note - Potential Impact on Abbot Point T0,T2,T3 Projects from Any New Project Announcements - 22 June 2012.DOC

-----Original Message-----
From: Stolz, David
Sent: Friday, 22 June 2012 12:02 PM
To: McCallum, Bruce
Subject: FW: NQBP Briefing Note - Potential Impact on Abbot Point T0,T2,T3 Projects from Any New Project Announcements - 22 June 2012

Regards

David Stolz
(Tel: 3404 3474 or ext 43474)

-----Original Message-----
From: Brad Fish <Brad.Fish@nqbp.com.au>
Sent: Friday, 22 June 2012 10:44 AM
To: 'Helen.Gluer@treasury.qld.gov.au'; 'sal.m.petroccitto@tmr.qld.gov.au'; David L. Edwards
Cc: bill.brett@treasury.qld.gov.au; 'david.stolz@dip.qld.gov.au';
Subject: NQBP Briefing Note - Potential Impact on Abbot Point T0,T2,T3 Projects from Any New Project Announcements - 22 June 2012

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Brad Fish
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Sch. 3(8)(1)

GVK-Hancock and to a lesser extent Adani are seeking project approvals as soon as possible and

Sch. 3(8)(1)

Sch. 3(8)(1)
Briefing Note
Potential Impact on Abbot Point T0, T2, T3 Projects From Any New Project Announcements
22 June 2012

For more information contact:

Brad Fish
CEO, North Queensland Bulk Ports

Contrary to Public Interest

Doc Reference: E12/23547
Dear all

Attached please find the agenda for this morning's briefing being held in NQBP's Brisbane Corporate Office, Level 24 HSBC Building, 300 Queen Street.

Kind regards

Executive Co-ordinator and Assistant Company Secretary

NORTH QUEENSLAND BULK PORTS CORPORATION
ACN 136 880 218 * ABN 36 136 880 218
GPO Box 409 Brisbane Qld 4001

http://www.nqbp.com.au

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(See attached file: Transport - Treasury Briefing with NQBP Post Board - 24 May 2012.DOC)
Combined Transport / Treasury Briefing with North Queensland Bulk Ports Corporation Limited

10.00 a.m. Thursday, 24 May 2012
NQBP Offices
Floor 24 HSBC Building, 300 Queen Street, Brisbane

A G E N D A

Key Strategic Issues

Out of scope

Major outstanding issues / requests with:
- Nil

Performance issues / update:
Out of scope

Board decisions / issues

HR / IR matters
Out of scope

Corporate Planning
Out of scope

National Port Strategy
Out of scope

Port specific issues:

Abbot Point
- T2/T3
  - Hancock Framework Agreement
  - Purchase of land
- T4 – T9
  - Dealing with participants
- Adani Expansion
- Rail corridors
- MCF
  - Alternative options
- Construction Camp
- Towage – Bowen Upgrade

Future Meetings

Proposed meetings for 2012 as per the attached scheduled.
### 2012 MEETING DATES

<table>
<thead>
<tr>
<th>2012 Board Meeting Date</th>
<th>PROPOSED BRIEFING DATE/TIME</th>
<th>Proposed Venue</th>
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<tr>
<td>22 May</td>
<td>Thursday 24 May – 10.00 a.m.</td>
<td>NQBP Offices</td>
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<td>26 June</td>
<td>Thursday 28 June – 10.00 a.m.</td>
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<td>300 Queen Street</td>
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</tbody>
</table>
From: nqbp.com.au
Sent: Friday, 13 July 2012 4:51 PM
Subject: FW: Abbot Point T4/5
Attachments: Abbot Point Further Coal Terminal Development Paper.doc; Untitled attachment 00003.txt; Untitled attachment 00006.htm

Jason
As discussed the other day, I forward the latest version of the paper that NQBP sent to DSDIP.

Regards
Commercial Consultant

From: Graham Rawlings
Sent: Thursday, 12 July 2012 9:26 AM
To: Paul Crack
Subject: FW: Abbot Point T4/5

Graham Rawlings
General Manager Commercial (Major Projects)

Please consider the environment before printing this email
Brad Fish
Chief Executive Officer

From: Brad Fish
Sent: Tuesday, 10 July 2012 11:28 AM
To: David Edwards
Subject: Abbot Point T4/5

David

Further to our discussions last week with the Deputy Premier and NQBPs’s Chairman regarding the above.

A number of meetings have been held between NQBPs staff and staff from State Development and Treasury to determine the best path forward for dealing with prospective customers.

In order to try and summarise the results of these discussions NQBPs has prepared the attached document which is meant to be a Roadmap of a possible pathway forward for these discussions to occur with a Facilitator.

If you have 15 to 30 minutes available this week I would appreciate the opportunity to have a quick catch up to discuss the path forward.

Regards Brad
Abbot Point Further Coal Terminal Development

Purpose

The purpose of this document is to outline a roadmap for the State to work with industry in the provision of coal export terminal capacity.

Project Scope

Facilitate development of new coal export infrastructure at Abbot Point in a manner consistent with the State’s objectives.

State’s Objectives (to be confirmed by facilitator with Government)

- Facilitate development of port infrastructure to meet required demand and facilitate economic and jobs growth in Queensland.
- Expansion should be staged and aligned with real demand.
- Multi user access to be provided to future terminal developments.
- minimise any negative impact on the State’s fiscal position and balance sheet.

Mining company objectives (to be confirmed by facilitator with users)

- At exploration stage miners seek confidence that there is planning in place to allow long term development of sufficient onshore terminals and marine infrastructure to meet future demand.
- Before proceeding with pre-feasibility studies access seekers require a high level of certainty that the State has stable and transparent processes in place which enable a mining company to secure long term port capacity.
- Before committing to fund mining developments, proponents require certainty that they have binding port capacity entitlement matching the economic life of their mine.
- Mining companies require certainty that the project can be delivered:
  - Is there a viable technical solution?
  - What will the project cost?
  - What is the approval and construction timetable?
  - Are the risks of approvals and construction acceptable?
  - Certainty regarding cost and deliverability of common user infrastructure?
  - Can the project be “banked” with financiers?
- Mining companies wish to control or have input into expenditure on studies and infrastructure which they are required to fund.
- Mining companies prefer to control their own destiny and not share infrastructure. Proponents are prepared to work together where project economics or State policy require such co-operation, however will seek to avoid cross counterparty risk.
Requirement for Additional Infrastructure (to be ascertained/confirmed by facilitator with users and State agencies)

- In order to assess the level of real demand, it is understood that a series of structured discussions with mining companies will be undertaken to identify;
  - Which mining companies require capacity?
  - What level of capacity is required?
  - The timing of required capacity? (ramp up profiles)
  - The mine source to support the request and the status of the mine project?

- This information should be reviewed by relevant State agencies to determine the real level of demand?

- Historically, requiring proponents to financially commit to preliminary studies has assisted determining who is real and who isn’t.

- The working assumption at this point in time is for the staged development of two additional multi-user coal terminals each with an ultimate nominal capacity of 50-60mtpa, including up to two marine berths each (four in total).

- The Co-ordinator General has requested NQBP to have Aurecon prepare an Expansions Options Concept Study. This report is currently the subject of a peer review process. The report analyses Sch. 3(2)(1)(b) Sch. 3(2)(1)(b)

- Users will wish to individually evaluate the respective risks and merits of proposed options and provide guidance as to a preferred option.

Preliminary Technical and Approval Studies Required to Support Feasibility Studies of Mining Proponents

- Concept/ Preliminary Design for Onshore and Offshore Port Terminal Infrastructure, in accordance with a Master Plan for the Port. Ultimately detailed design supported by construction drawings and specifications.

- Geotechnical and Seismic investigations - significant areas already completed.

- Environmental Studies – noise, light, terrestrial and marine ecology, water quality, air quality etc. – largely completed. However, some further work will be required to assess cumulative impact from all-of-port perspective.

- Environmental Approvals – EBPC approval, State approvals.

- Land Tenure – Land tenure acquisition with Native Title extinguished.

- Indigenous land Use Agreement (ILUA) – identify and seek to implement changes required to cater for proposed development.
- P90 Cost Estimate (P90 definition—An estimate which has 90% confidence that cost will not be exceeded at completion while not being overly conservative).

- Risk Register in place

- Communication and Community Consultation Strategy

- Project Construction Programme—Develop staged construction and procurement strategy

- Common User Infrastructure requirements understood with agreements in place for provision of critical items (power and water likely to be on critical path).

- It is estimated that up to $40M may be required to achieve Bankable Feasibility Stage.

- A considerable amount of technical information and data has been developed by NQBP via the MCF and T4-T9 projects. This information would provide the basis for the further work required to progress preliminary studies and approvals to support taking the staged development of Abbot Point forward.

- The responsibility and approach for these studies should be determined by the State following consultation with mining proponents.

**Funding Options for Feasibility Studies**  
*Mining proponents expected to provide guidance on preferred option for consideration by State*

- The State, potentially via NQBP, could initially fund these studies. This approach provides greatest control for the State, although it places at commercial risk the cost of such studies.

- The State, potentially via NQBP, could co-ordinate these studies on behalf of proponents who are prepared to proportionately share the cost of the studies either upfront or through secured undertakings. This is a common approach where there is an open, transparent cost recovery process and users have a level of control over the costs and outcomes. **NQBP recommends this option for funding feasibility studies.**

- Proponent directly engages studies (either jointly or individually).

- In relation to the ILUA and cultural heritage arrangements, there is an existing agreement between Traditional Owners, NQBP and the Co-ordinator General which NQBP recommends that proponents join, where developments are consistent with the its terms and conditions.
Funding Approaches for Overall Terminal Development

The Expansion Options report advocates a staged development of both onshore and offshore (marine) terminal infrastructure capable of being developed independently from that of another terminal.

As the identity of mining proponents and required terminal infrastructure becomes more evident, an appropriate approach to funding terminal developments and co-ordination of that funding is expected to be developed. Projects Queensland is expected to bring valuable expertise to evaluating such options on behalf of the State.

1. Prepare site for allocation to Preferred Developer
   - Terminal development undertaken by private sector, who arrange and manage their own financing.
   - Commercial take or pay arrangements negotiated between proponent and users.
   - Allocation of site to successful proponents with Development Agreements which include State’s objectives such as multi user access and “use it or lose it” development timeframes.
   - Proponents could be drawn from mining proponents, consortiums or aggregators e.g. Brookfield/QR National.
   - Access seekers may be concerned with cost impost of aggregators. Similarly users may be concerned by being dominated by a single mine owner/operator or rail operator.
   - Potential for full recovery of costs to date and success premium if projects proceed.

2. Third Party Financing supported by Take or Pay Contracts (e.g. NCIG/WICET)
   - Establish a special purpose development company. Shares held within this company is in proportion to the tonnage volume commitments by each user.
   - Combination of Senior Debt/Mezzanine Debt/ Small User equity
   - Rolling 15 year take or pay contracts.
   - Previous applications of this model have had long gestation periods, but model has precedent it can deliver.
   - This option could be facilitated by either a State agency or by the private sector.

3. Abbot Point X50 Terminal Model
   - NQBP Build, Own and Sell.
   - State debt & equity funded.
   - Backed by long-term take or pay arrangements with users.
   - NQBP/State exposed to counterparty and residual commodity risk.
   - Highly subject to credit position of the State, given the Commission of Audit findings.

4. Common to all funding options is that:
   - Responsibility for co-ordination of preliminary studies and approvals to be determined between NQBP/State and proponents.
   - Funding or underwriting of preliminary studies and approvals to be determined between NQBP/State and proponents.
   - NQBP is seeking to conceptually design predominantly standalone terminal funding packages (combined onshore terminal + marine infrastructure).
There is the construction and operation of the facilities (assumed to be private sector);

NQBP has funded and undertaken to date a significant body of work including preliminary planning, geotechnical studies, land tenures, approvals etc. What value is ascribed to this work and how is it to be recovered?

**Common User Infrastructure**

There will remain a requirement for common user infrastructure to provide overall port efficiency and effectiveness eg service corridors, roads, power, water, tug moorings and marine inloading facilities for construction equipment.

NQBP is actively engaged with T0-T3 proponents in a Common User Infrastructure Action Group to which other Abbot Point proponents would be invited to join.

**Value to State**

The right to develop coal terminal infrastructure is highly regarded and valued by mining companies and development proponents.

Preferred developers have previously offered in excess of per site, with a preference that this success fee only be payable when there is certainty the project is proceeding.

---

E12/26015
Thanks Bill,

My view on this is to prepare a response from SHM that indicates the following points:

- Note that APRAs will expire on 30 June
- Note that DSDIP is working with NQBP to consider development options that would involve a more incremental approach that is more able to be funded by private sector developers
- Stress that private sector development of infrastructure at the port will be necessary due to the States current fiscal position and the need to prioritise funds to core government services
- Indicate that, consistent with the Dep Prem's statements, DSDIP will lead consultation with industry on planning for broad development options. This process should also involve NQBP and Projects Queensland to provide for any subsequent transition to negotiation of commercial agreements with private developers, should there be sufficient demand at this time
- NQBP may flag this process with T4-9 respondents

Any comments? Once we get the key messages sorted, I think we should run it past DTMR, DSDIP and NQBP for comment.

In a process sense, I think it would make sense for this to continue to be done through OGOC, given the SHM aspects, but we can maybe include a PQ signoff so its clear about joint preparation - this will likely be an ongoing issue of overlap, so we will have to establish some suitable process at some stage anyhow.

J

------------------------------------------------------------------------------------------------------------------
Jason Wishart
Principal Commercial Analyst
Infrastructure Projects Assessment Team
Queensland Treasury and Trade

Phone: (07) 303 51834
Mobile: Contrary to Public Interest
Gents

Brad Fish has asked me to forward the attached draft letter for your information.

NQBP intends to raise this matter at its board meeting early next week, and subject to board decision, it is proposed that this letter be sent to Shareholding Ministers immediately thereafter.

Regards

Commercial Consultant

Please consider the environment before printing this email

[attachment "Draft letter to Shareholders regarding APRA termination.docx" deleted by Jason Wishart/TO/QTreasury]

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Level 1, Wellington House, 181 Victoria Street, Mackay Queensland is the Registered Office of: North Queensland Bulk Ports Corporation Limited
From: bill.brett@treasury.qld.gov.au
Sent: Wednesday, 23 May 2012 10:16 AM
Subject: Re: Fw: Abbot Point letter & contact list

Jason,

We’re working on the brief for the UT. We’ll send down a draft and could you have a look at adding in some funding info as another item for Helen to discuss with David Edwards.

Regards,

Bill Brett
Deputy Executive Director OGOC
07 30351909

contrary to Public Interest

Jason Wishart---22/05/2012 12:55:40 PM---thanks Bill. Do you think it might be worthwhile for us to give David some background on the privat

From: Jason Wishart/TO/QTreasury
To: Bill Brett/OGOC/QTreasury@QTreasury,
Cc: Graeme Garrett/TO/QTreasury@QTreasury
Date: 22/05/2012 12:55 PM
Subject: Re: Fw: Abbot Point letter & contact list

thanks Bill. Do you think it might be worthwhile for us to give David some background on the private finance issues for this project? It would also be good to get a sense of how they see the alternative development options proceeding.

J

-------------------------------------------------------------------------------------------------------------------------------------
Jason Wishart
Principal Commercial Analyst
Infrastructure Projects Assessment Team
Queensland Treasury and Trade

Phone: (07) 303 51834
Mobile: Contrary to Public Interest

Bill Brett---22/05/2012 09:09:37 AM---FYI. Regards,

From: Bill Brett/OGOC/QTreasury
To: Jason Wishart/TO/QTreasury@QTreasury,
Date: 22/05/2012 09:09 AM
Subject: Fw: Abbot Point letter & contact list

contrary to Public Interest
FYI.

Regards,

Bill Brett
Deputy Executive Director OGOC

07 30351909
Contrary to Public Interest
----- Forwarded by Bill Brett/OGOC/QTreasury on 22/05/2012 09:09 AM -----
thanks Bill. Do you think it might be worthwhile for us to give David some background on the private finance issues for this project? It would also be good to get a sense of how they see the alternative development options proceeding.

J

From: Jason.Wishart@treasury.qld.gov.au
Sent: Tuesday, 22 May 2012 12:56 PM
Subject: Re: Fw: Abbot Point letter & contact list

thanks Bill. Do you think it might be worthwhile for us to give David some background on the private finance issues for this project? It would also be good to get a sense of how they see the alternative development options proceeding.

J

FYI.

Regards,

Bill Brett
Deputy Executive Director OGOC

07 303 51834

Contrary to Public Interest

----- Forwarded by Bill Brett/OGOC/QTreasury on 22/05/2012 09:09 AM -----
Regards

David Stolz
Director Regional Development
Department of State Development, Infrastructure and Planning
Queensland Government

tel +61 7 3404 3474 ext 43474
m Contrary to Public Interest
post PO Box 15009 City East Qld 4002
visit Level 3, 63 George Street Brisbane
david.stolz@deedi.qld.gov.au

www.deedi.qld.gov.au

From: Jervis, Alison
Sent: Monday, 21 May 2012 12:34 PM
To: Stolz, David
Subject: Abbot Point letter & contact list

**************************************************************************************************
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Virus scanning software is used. However, this department is not liable for viruses present in this e-mail or in any attachment.
**************************************************************************************************
Thanks Jason, looks good.
I'm seeing Brad today at the NQBP Post Board meeting.
I'll advise if he has any update.

Regards,

Bill Brett
Deputy Executive Director OGOC
07 30351909

Contrary to Public Interest

Jason Wishart—27/06/2012 05:06:32 PM—See attached for a draft response to NQBP. Let me know if you have any comments before I share more

From: Jason Wishart/TO/QTreasury
To: Bill Brett/OGOC/QTreasury@QTreasury, Graeme Garrett/TO/QTreasury@QTreasury,
Date: 27/06/2012 05:06 PM
Subject: Fw: Abbot Point - Ltr to Shareholders RE APRAs

See attached for a draft response to NQBP. Let me know if you have any comments before I share more broadly with DSDIP and DTMR.

I returned Brad’s call after our CRD meeting and he will send to us draft letters that they intend to send to the APRA guys (and also to NQCT as a half APRA guy). The others will get no formal notification (as legally they are not entitled to anything). Will review our response in light of this when we see what they are planning to say.

J

[attachment "SHM ltr T4-9 APRA.docx" deleted by Bill Brett/OGOC/QTreasury]

----------------------------------------------------------------------------------------------------

Jason Wishart
Principal Commercial Analyst
Infrastructure Projects Assessment Team
Queensland Treasury and Trade

Phone: (07) 303 51834
Mobile: Contrary to Public Interest

----- Forwarded by Jason Wishart/TO/QTreasury on 27/06/2012 05:00 PM -----
For your information I attach a copy of the letter, signed yesterday by the NQBP Chairman, that has been sent to NQBPs Shareholding Ministers.

Regards

Contrary to Public Interest

Commercial Consultant
Contrary to Public Interest

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From: Jason.Wishart@projects queensland.qld.gov.au
Sent: Friday, 31 August 2012 1:21 PM
Subject: Re: NQBP MCF T4-9 impairment

Ben

Regarding your request from the Treasurer's office on what information we had at what time regarding the potential financial impact, the following outlines the timeline of relevant events as far as I can recall after checking my records. You'll note that we (CommD and OGOC - mostly myself and Bill Brett) discussed the financial implications very early on with NQBP and immediately also raised with DSDIP. I would presume that NQBP also raised these risks directly with DSDIP but can not confirm from my records. I understand you have sought info from NQBP.

In regard to why proponents are not meeting all costs, NQBP would be better placed to respond, but I would expect that it relates to NQBP's legal ability to seek funding for those costs given that the Govt has effectively used its discretion as shareholder (even though not a formal SHM direction) to withdraw support for the project and thereby nullified the potential commercial value of that work to those entities. Ultimately, depending on what subsequent development now takes place at the port, some of that work may yet become useful and have some value to a developer. I presume NQBP has considered this in terms of assessing a quantum for impairment of the asset value held against this capital WIP.

Please give me a call if you'd like to discuss

regards
Jason

early May 2012 - DPC and DSDIP discussions with NQBP about industry concerns with the T4-9 terminal expansions (including the MCF development as the offshore solution) and govt preference for non-MCF and non-inland stockpile options

8 May 2012 Brad Fish NQBP & Bill Brett OGOC discussed the potential implications of changing project, including financial risk of recovery of at least underwrite of expenditure incurred to date (Bill provided debrief to CommD)

9 May 2012 Pauline Elliott, Bill Brett (OGOC) and Jason Wishart (CommD) discussed potential implications (including risk of recovery of costs) with DSDIP (Phil Dash and others)

10 May 2012 NQBP provided advice to DPC & DSDIP on alternative on/offshore engineering options (high level report provided by Aurecon)

11 May 2012 NQBP provided advice to DSDIP and DPC on legal issues from ceasing the T4-9 & MCF projects (advice from Minters, subject to legal privilege) - this included risks of Sch. 3(7)

18 May 2012 - DP wrote to NQBP withdrawing Govt support for the project - reported in Courier Mail on 19 May, DG DSDIP wrote to industry on 21 May.

22 May 2012 NQBP sought a more detailed engineering assessment by Aurecon of alternative options (scope approved by DSDIP) based on instructions from DSDIP

29 May 2012 NQBP provided detailed briefing for DSDIP and Treasury (OGOC and CommD) - including that about had been spent and the extent of recoverability would depend on what eventual development took place - NQBP seeking confirmation from Govt of what process would replace T4-9

12 June 2012 NQBP input to DSDIP briefing for Dep Prem - noted risk and need to cease T4-9 process and reengage with miners in a new process
13 June 2012 NQBP provide Treasury and DSDIP with a breakdown of the costs incurred to date

14 June 2012 Aurecon’s more detailed report provided to NQBP and DSDIP - DSDIP engaged KBR to do peer review (yet to be finalised as far as I am aware)

26 June 2012 Chair NQBP sought SHM approval to discontinue T4-9 development process (BN TOQ-00925 noted potential financial risk for costs, dependent on future development path taken) - response provided by SHM on 6 July 2012

----------------------------------------------------------------------------------------------------

Jason Wishart
Project Manager
Projects Queensland
Queensland Treasury and Trade
Level 6, Executive Building, 100 George Street, Brisbane Qld 4000
Telephone: (07) 303 51834 Mobile: Email: jason.wishart@projectsqueensland.qld.gov.au

Hi Jason,

The Treasurer has asked for more information regarding the write-off of costs associated with the cancellation of the MCF & T4-9 projects. Specifically he wants to know when we first became aware of the write-off, what correspondence we received from NQBP and any briefs on this matter. He also wants to know why proponents are not paying all costs.

Could you please provide me with copies of any documents you have on this matter. I need to provide a summary today.

Regards

Ben Boardman
Senior Treasury Analyst
Office of Government Owned Corporations
Queensland Treasury
Ph: 07 3035 1895
Pages 122 through 131 redacted for the following reasons:

Exempt - Sch.3, s.6(c)(i)
A timeline of events and discussions regarding the cost risks is listed below:

- Early May 2012: Department of the Premier and Cabinet (DPC) and the Department of State Development, Infrastructure and Planning (DSDIP) held discussions with NQBP about industry concerns with the T4-9 terminal expansions (including the MCF development as the offshore solution) and the Government’s preference for non-MCF and non-inland stockpile options.

- 8 May 2012: Mr Brad Fish, Chief Executive Officer NQBP and Mr Bill Brett, Deputy Executive Director, Office of Government Owned Corporations (OGOC) discussed the potential implications of changing the projects, including the financial risk of recovery of at least underwrite of expenditure incurred to date. OGOC provided a briefing to Projects Queensland (PQ).

- 9 May 2012: Ms Pauline Elliott, Acting Executive Director OGOC, Mr Brett and Mr Jason Wishart, Project Manager PQ discussed potential implications (including risk of recovery of costs) with Mr Phil Dash, Assistant Coordinator-General and DSDIP representatives.

- 10 May 2012: NQBP provided advice to DPC & DSDIP on alternative on/offshore engineering options based on a high level report provided by Aurecon Limited (Aurecon).

- 11 May 2012: NQBP provided advice to DSDIP and DPC on legal issues from ceasing the T4-9 & MCF projects (advice from Minters Solicitors, subject to legal privilege). This included risks of Sch. 3(7)

- 18 May 2012: The Honourable Jeff Seeney MP, Deputy Premier and Minister for State Development, Infrastructure and Planning wrote to NQBP withdrawing Government support for the projects; reported in the Courier Mail on 19 May 2012; Director-General DSDIP wrote to industry on 21 May 2012.

- 22 May 2012: NQBP sought a more detailed engineering assessment by Aurecon of alternative options (scope approved by DSDIP) based on instructions from DSDIP.

- 29 May 2012: NQBP provided detailed briefing for DSDIP and Queensland Treasury (Treasury) (OGOC and PQ) including that about had been spent and the extent of recoverability would depend on what eventual development took place. NQBP sought confirmation from Government of what process would replace T4-9/MCF.

- 12 June 2012: NQBP input to DSDIP briefing for the Deputy Premier noted the risk and need to cease T4-9 process and re-engage with miners in a new process.

- 13 June 2012: NQBP provided Treasury and DSDIP with a breakdown of the costs incurred to date.

- 14 June 2012: Aurecon’s more detailed report provided to NQBP and DSDIP. DSDIP engaged KBR Inc. to do a peer review (yet to be finalised).

- 26 June 2012: Mr Peter Milton, Chair NQBP, sought shareholding Minister approval to discontinue the T4-9 development process (TOQ-00925 prepared by PQ noted potential financial risk for costs, dependent on future development path taken). Response provided by SHM on 6 July 2012.
29 June 2012: Ms Pauline Elliot and Mr Ken Sedgwick, Deputy Under Treasurer, met with NQBP to discuss the treatment of sunk costs.

31 July 2012: Mr Milton wrote to shareholding Ministers advising of the financial impact of the cancellation of T4-9/MCF and subsequent change to the dividend recommendation.
Pages 134 through 136 redacted for the following reasons:
- - - - - - - - - - - - - - - - - - - - - - - - - - - -
Exempt - sch.3, s.7
21 May 2012

Contrary to Public Interest

Queensland Resources Council
Level 13, 133 Mary Street
BRISBANE QLD 4000

Contrary to Public Interest

Dear

As you are aware, the Government holds clear views with respect to the improved coordination of infrastructure development in Queensland. This is particularly true of infrastructure to support continued expansion of the State’s critically important coal sector, and has therefore been a key early focus of the Government and Deputy Premier and Minister for State Development, Infrastructure and Planning.

As you are an important stakeholder in these considerations, I would like to provide you with some advice about the Government’s position related to the proposed Multi-Cargo Facility (MCF) and Terminals 4 through 9 (T4-T9) at the Port of Abbot Point.

Firstly, I would like to acknowledge the considerable work done to date on the MCF and T4-T9 project proposals by both the North Queensland Bulk Ports Corporation (NQBP) and a number of Bowen and Galilee basin miners and infrastructure providers. I also appreciate that this port is a very important strategic asset for the State and that its successful future development will play a key role in Queensland’s economic future.

Essentially, the Government believes that there can be a more practical and efficient approach to expansion of coal infrastructure at the port and views there to be fundamental issues of scale and staging with the current proposals. The significant magnitude, complexity and potential impacts of the proposed infrastructure are extensive and it will be many years before the planned capacity is realistically warranted. Also, the anticipated environmental impacts of such large scale proposals have led to major delays in gaining environmental approvals and there is no guarantee at this point that these projects will be approved by the existing processes.
Additionally, it is now clear that the management of these proposals to date and the various commercial commitments required have created issues and risks for potential proponents. These issues, risks and uncertainties have already led to two major proponents withdrawing their interest from the MCF and T4-T9 proposals. This undoubtedly places an even greater burden on those remaining and further challenges the likelihood of these proposals proceeding to successful completion.

It is for these reasons that the Government believes it can no longer support the continued development of the MCF and T4-T9 proposals. Instead, the Government would like, at the earliest opportunity, to involve the industry in developing plans and proposals to replace and enhance these developments, and intends to do so in a way that provides greater development certainty and better process control moving forward. The Deputy Premier has asked that I invite you to work closely with the Government to make reduced in scale developments at Abbot Point a reality in the shortest possible timeframe.

The Government appreciates that many companies will have made varying levels of commitment to NQBP and that those commitments will need to be considered in detail by the companies involved, NQBP and the State in light of the Government’s position. The Government is confident however that a scaled back and staged approach to infrastructure development at Abbot Point will provide a better growth solution to Bowen and Galilee basin miners, and the Coordinator-General and I look forward to meeting with you in the near future to work on a more achievable and practical solution.

If you require any further information, please contact David Stolz, Director Regional Development on (07) 3404 3474 or david.stolz@deedi.qld.gov.au who will be pleased to assist.

Yours sincerely

David Edwards
Director-General
Department of State Development, Infrastructure and Planning
NQBP Post Board meeting
24 May 2012

Attendees

NQBP: Brad Fish, Jeff Stewart-Harris
OGOC: Bill Brett, Declan McNamara, Jason Wishart
TMR: Jason Humphreys, Greg Hollands

Performance update

Out of scope

- Unknowns relating to Abbot Point expansions - may need to write off expenditure in the current year

Board decisions/considerations

Out of scope

- Abbot Point expansion plans
  - Out of scope
Out of scope

Follow up actions

Out of scope
SUBJECT

North Queensland Bulk Ports Corporation Limited – Abbot Point Multi-Cargo Facility and Terminals 4-9.

CURRENT STATUS

- On 18 May 2012 the Honourable Jeff Seeney MP, Deputy Premier and Minister for State Development, Infrastructure and Planning wrote to Mr Brad Fish, Chief Executive Officer, North Queensland Bulk Ports (NQBP) to clarify the Government’s position on the multi-cargo facility (MCF) and future development at Abbot Point (Attachment 1). Background on the Abbot Point project is provided in Attachment 2.

- Mr Seeney confirmed the Government ‘cannot provide any further support for the current proposal’ and indicated that ‘the focus should be on ensuring that the T0, T2 and T3 proposals are developed and become realities and then focus on incremental expansion of the port capacity to meet any further future demand’.

- There was a significant delay between the Premier’s initial advice to the CEO of NQBP and issuing of formal correspondence. During this period there was a degree of confusion across agencies as to lines of responsibility.

- Queensland Treasury and Trade (Treasury) understands that Government representatives have also met with various proponents to discuss policy issues such as potential for third party access for T2-3, location of stockpiles for future terminal developments and rail access. NQBP has not been a party to these discussions.

- Correspondence sent on 21 May 2012 to all proponents by Mr David Edwards, Director-General, Department of State Development, Infrastructure and Planning (Attachment 3) directs proponents to contact the Government directly to work on new solutions. This implies a change in responsibility for NQBP that has not yet been communicated to the Corporation. Also note the Ministerial Media Statement released on 21 May 2012 (Attachment 4).

Role Clarity

- The NQBP Board met on 22 May 2012 to discuss the costs and risks resulting from the Government’s decisions, and concerns over a lack of clarity on policy and communication between departments, NQBP and Abbot Point proponents. The board is likely to communicate with shareholders about concerns they have regarding the risks created by the Government’s decision, and the subsequent costs for the Corporation.

- NQBP has had multiple approaches from several key parts of Government in recent weeks on the matter. To ensure a coordinated and consistent Government position moving forward, further clarification on roles and responsibilities between key state agencies may be required.

- The following is some initial thoughts on the division of responsibilities within Government:

  Department of State Development, Infrastructure and Planning
  - policy settings in relation to infrastructure development and state-wide planning;
  - identification of number, capacity, use and location of coal ports (in conjunction with the Queensland Ports Strategy being developed by the Department of Transport and Main Roads); and
management of State Development areas and schemes. (As it relates to ports, this includes Townsville, Abbot Point and Gladstone).

Co-ordinator General
- EIS development and approval

Treasury
- frameworks for funding and ownership of terminal developments to minimise the risk and balance sheet impact for the State;
- Government owned corporation governance; and
- advice on third party policy framework (discussed further below).

NQBP
- port planning;
- land use planning for strategic port land;
- facilitator of private sector development of port land;
- project sponsor and manager of common user infrastructure on port land;
- lessor of port land to private sector developers; and
- port authority and developer of long term port plans.

- Although maybe not as critical at the immediate stage, there may also be a need for further clarity to the roles and responsibilities of other State agencies for mining and export infrastructure provision, including Natural Resources and Mines; Environment and Heritage Protection; and Transport and Main Roads.

- It should also be noted that proposed development of Projects Queensland would add another party to the process and again highlight the need for clarity of roles and responsibilities.

Out of scope
The State should consider third party access requirements in the initial planning stages of any future coal terminals at the port. Early consideration of third party access issues enables the Government to provide a very clear indication of its expectations regarding open access (e.g. during tender processes) and facilitates appropriate and timely capacity expansions which have regard to industry demand as a whole. That is, it is undesirable to leave consideration of the Government’s expectations about providing open access to third parties until too late in the project development process e.g. once a proponent has developed the infrastructure plans, achieved the necessary approvals but may not have provided capacity for the needs of third parties if surplus capacity exists.

**RECOMMENDATION**

- It is recommended that you:
  - confirm Treasury’s roles being as outlined above or, if not, advise of necessary variations; and
  - consider whether it is necessary to discuss enhanced role clarity with the various Government agencies outlined above and, if so, whether you wish the Office of Government Owned Corporations to prepare any further advice or material e.g. a letter or email to relevant Director-Generals.

Prepared by:
Ben Boardman  
Senior Analyst  
OGOC  
Tel: 3035 1895

Date: 25 May 2012

Endorsed by:
Pauline Elliott  
Acting Executive Director  
OGOC  
Tel: 3035 1893

Date: 25 May 2012

**Out of scope**
18 May 2012

Brad Fish  
CEO  
North Queensland Bulk Ports Corporation

Dear Mr Fish

I write to clarify the Government's position on the Multi-Cargo Facility (MCF) at Abbot Point and how we see the future planning of infrastructure progressing.

Firstly, I would like to acknowledge the considerable work done to date on the MCF and the associated T4 - T9 infrastructure. I also appreciate that this port is a very important strategic asset for the State and its successful future development will play a key role in Queensland’s future economic development.

However, I believe the fundamental problem with the current MCF proposal is the magnitude of what is proposed. The significant scale, complexity and potential impacts of the proposed infrastructure are extensive and it would be many years before the whole of the planned capacity would be realistically warranted.

The associated anticipated environmental impacts of such a large proposal have led to major delays in gaining environmental approvals and there is no guarantee at this point that the project will be approved by the existing processes.

In addition, the management of the proposal to date and the various commercial commitments required have also created issues and risks for potential proponents.

These issues, risks and uncertainties have already led to two major proponents withdrawing their interest from the MCF proposal. This undoubtedly places an even greater burden on those remaining and makes the likelihood of the MCF proposal proceeding to successful completion even more unlikely.

For all these reasons I do not believe the Government can provide any further support for the current proposal for the development of T4 – T9 and the Multi Cargo Facility at Abbott Point.
I would however suggest that the focus should be on ensuring that the T0, T2 and T3 proposals are developed and become realities and then focus on incremental expansion of the port capacity to meet any further future demand.

I would ask that you work closely with my department and the Coordinator-General to make these smaller scale developments at Abbot Point a reality in the shortest possible timeframe.

As the proponent for the Dudgeon Point coal terminal I encourage you also to progress that project through the EIS stage.

Can you also clarify as soon as possible all current commitments and financial risks associated with this and work with Queensland Treasury to mitigate these.

Yours sincerely

JEFF SEENEY MP
DEPUTY PREMIER
Minister for State Development, Infrastructure and Planning
Abbot Point Multi-Cargo Facility project

- The proposed Multi Cargo Facility (MCF) has been in development since 2007. It involves dredging and reclamation of seabed areas at the port of Abbot Point to construct a sheltered harbour with up to 12 land-backed, cape-size shipping berths, shipping channel and tug harbour facility. While coal would be the primary export through the MCF, it can be purpose built to service other industries and trades, including liquefied natural gas. A series of maps of the Abbot Point Development are attached.

- The Terminals 4-9 (T4-9) project involved an additional six coal terminals with a nominal capacity of 180 million tonnes per annum. These terminals would be linked to the MCF for ship loading.

- Both projects were devised by North Queensland Bulk Ports Corporation Limited as a response to expected demand for additional coal export facilities.

- In December 2011, the former Queensland Government announced that the following corporations had been awarded preferred respondent status for T4-9:
  - Anglo American Metallurgical Coal Pty Ltd;
  - Rio Tinto Coal Australia Pty Ltd;
  - North Queensland Coal Terminal Pty Ltd (consortium of Macarthur Coal, Peabody Energy, New Hope Corporation, Middlemount Coal and Carabella Resources);
  - Vale S.A.;
  - Waratah Coal Pty Ltd; and
  - Macmines Austasia Pty Ltd.

- Rio Tinto Coal Australia Pty Ltd has since withdrawn.

- Both projects were proposed to be funded by the end users so as to minimise the impact on the State's balance sheet.
+ Hancock (T3)
+ T4 - T7 and MCF
Adani – T0 Abbot Point expansion

SEWPaC briefing - 19 October 2011
Dear «Salutation» «Surname»

As you are aware, the Government holds clear views with respect to the improved coordination of infrastructure development in Queensland. This is particularly true of infrastructure to support continued expansion of the State’s critically important coal sector, and has therefore been a key early focus of the Government and Deputy Premier and Minister for State Development, Infrastructure and Planning.

As you are an important stakeholder in these considerations, I would like to provide you with some advice about the Government’s position related to the proposed Multi-Cargo Facility (MCF) and Terminals 4 though 9 (T4-T9) at the Port of Abbot Point.

Firstly, I would like to acknowledge the considerable work done to date on the MCF and T4-T9 project proposals by both the North Queensland Bulk Ports Corporation (NQBP) and a number of Bowen and Galilee basin miners and infrastructure providers. I also appreciate that this port is a very important strategic asset for the State and that its successful future development will play a key role in Queensland’s economic future.

Essentially, the Government believes that there can be a more practical and efficient approach to expansion of coal infrastructure at the port and views there to be fundamental issues of scale and staging with the current proposals. The significant magnitude, complexity and potential impacts of the proposed infrastructure are extensive and it will be many years before the planned capacity is realistically warranted. Also, the anticipated environmental impacts of such large scale proposals have led to major delays in gaining environmental approvals and there is no guarantee at this point that these projects will be approved by the existing processes.
Additionally, it is now clear that the management of these proposals to date and the various commercial commitments required have created issues and risks for potential proponents. These issues, risks and uncertainties have already led to two major proponents withdrawing their interest from the MCF and T4-T9 proposals. This undoubtedly places an even greater burden on those remaining and further challenges the likelihood of these proposals proceeding to successful completion.

It is for these reasons that the Government believes it can no longer support the continued development of the MCF and T4-T9 proposals. Instead, the Government would like, at the earliest opportunity, to involve the industry in developing plans and proposals to replace and enhance these developments, and intends to do so in a way that provides greater development certainty and better process control moving forward. The Deputy Premier has asked that I invite you to work closely with the Government to make reduced in scale developments at Abbot Point a reality in the shortest possible timeframe.

The Government appreciates that many companies will have made varying levels of commitment to NQBP and that those commitments will need to be considered in detail by the companies involved, NQBP and the State in light of the Government’s position. The Government is confident however that a scaled back and staged approach to infrastructure development at Abbot Point will provide a better growth solution to Bowen and Galilee basin miners, and the Coordinator-General and I look forward to meeting with you in the near future to work on a more achievable and practical solution.

If you require any further information, please contact David Stolz, Director Regional Development on (07) 3404 3474 or david.stolz@deedi.qld.gov.au who will be pleased to assist.

Yours sincerely

David Edwards
Director-General
Department of State Development, Infrastructure and Planning
Pages 155 through 164 redacted for the following reasons:

Out of scope
Hi Helen,

For your information, Pauline Elliott and I just attended a meeting with Brad Fish, CEO North Queensland Bulk Ports Corporation Limited (NQBP) regarding the Multi Cargo Facility (MCF) at Abbot Point.

This coming Monday, 22 October 2012, the NQBP board is expected to decide that the MCF project is not economically viable, and will subsequently be writing to shareholding Ministers seeking acknowledgment of the board's decision and that NQBP propose to seek recovery of certain costs from proponants.

Under the MCF framework agreement, BHP and Hancock/GVK agreed to underwrite the costs of feasibility studies for up to $20,000 each. If, in NQBP's opinion, the studies indicated that the MCF was not economical the two parties forfeit these funds.

To date, Hancock/GVK has paid and NQBP are holding a bank guarantee for the remaining $20,000. BHP has not made a contribution.

NQBP expect that there will be some resistance shown by BHP and the Government may be contacted in relation to this matter. However, NQBP is confident of its legal position in seeking recovery of the funds.

Further detail will be provided by NQBP in the letter to shareholding Ministers.

Regards

Ben Boardman
Senior Treasury Analyst
Commercial Monitoring
Queensland Treasury and Trade
Ph: 07 3035 1895
13 December 2012

Hon. Timothy Nicholls, MP
Treasurer and Minister for Trade
GPO Box 611
BRISBANE QLD 4001

Hon. Scott Emerson, MP
Minister for Transport and Main Roads
GPO Box 2844
BRISBANE QLD 4001

Dear Mr Nicholls and Mr Emerson

Port of Abbot Point - Multi Cargo Facility (MCF)
Reference: CM/056/00045

We refer to our letter of 28 October 2012.

The MCF required approval under the Environmental Protection and Biodiversity Conservation Act (EPBC) from the Commonwealth Government due to the potential impacts of the proposed development on the Great Barrier Reef Marine Park. Initial advice was provided to the Commonwealth Environment Minister in 2009 and the environmental impact statement (EIS) was lodged in late 2010. There were a number of delays to the approval process and in the latest decision the Minister extended the time to make a decision until 31 December 2012. The Department of Sustainability, Environment, Water, Population and Communities (SEWPAC) has recently enquired whether or not the MCF referral will be withdrawn before 31 December 2012.

The Board has determined that in all the circumstances the MCF is not economic and has resolved to withdraw the EPBC referral to SEWPAC (subject to clarifying some commercial issues with proponents). We request that shareholders note this position.

Please let me know if your require any further information on this issue.

Yours sincerely,

Brad Fish
Chief Executive Officer

Doc Ref. E12/46142
28 March 2013

Helen Gluer  
Under Treasurer  
Queensland Treasury and Trade  
GPO Box 611  
BRISBANE QLD 4001

Dear Helen,

As you are aware, NQBP took a decision to cancel the MCF project in October 2012 as the project proved to be uneconomic. In its 2011/12 Financial Statements, NQBP wrote off $23m of the $53m of expenditure incurred for the MCF and T4-T9 projects.

While NQBP still has a significant investment in intellectual property associated with developing the MCF and T4-T9 projects, which it expects to recover through commercial negotiations in the APX project, the NQBP Board is of the view that there is no longer a sound basis for continuing to debt fund this expenditure.

By repaying the QTC loan, NQBP is seeking to closely manage its balance sheet by ensuring that it only debt funds investments which provide commercial returns at or above the Board approved hurdle rate. This is consistent with the NQBP Board’s approval of a draft Capital Management Plan. I will shortly be in contact with your Commercial Monitoring section to discuss the content of this plan.

Sch. 3(8)(1)

Please feel free to give me a call on 3011 7918 should you wish to discuss NQBP’s repayment of the QTC Loan and/or the status of negotiations with Hancock and BHPB to recover underwriting for the MCF project.

Yours sincerely,

Bernie Wilson
Chief Financial Officer

Doc Reference: E13/08278

RTI Document No.167
NORTH QUEENSLAND BULK PORTS CORPORATION LIMITED

Our Reference: TRY-02925
Your Reference: E13G7230

14 FEB 2013

Mr Peter Milton
Chairman
North Queensland Bulk Ports Corporation Limited
GPO Box 409
BRISBANE QLD 4001

Dear Mr Milton

Thank you for your letter of 26 October 2012 regarding matters relating to the Multi Cargo Facility project (MCF).

Sch. 3(8)(1)

Sch. 3(8)(1) These are matters for the commercial judgement of the NQBP Board and your advice regarding these matters is noted.

Sch. 3(8)(1) The position of the State regarding the MCF is as detailed in the letter sent to NQBP on 18 May 2012 by the Honourable Mr Jeff Seeney, Deputy Premier and Minister for State Development, Infrastructure and Planning.

Yours sincerely

TIM NICHOLLS

SCOTT EMERSON

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GPO Box 2444, Brisbane
Queensland 4001 Australia
Telephone +617 3237 1111
Facsimile +617 3234 2493

RTI Document No.168
Dear Pauline and Michael

As discussed with Brad Fish, attached is information as requested.

Kind regards

Executive Coordinator & Asst Company Secretary

NORTH QUEENSLAND BULK PORTS CORPORATION
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ACN 136 880 218 ABN 36 136 880 218
Ports Corporation of Queensland Limited
ACN 126 302 994 ABN 49 657 447 879
Mackay Ports Limited
ACN 131 965 707 ABN 69 131 965 707
Abbot Point Multi Cargo Facility (MCF)

Background

NQBP commenced initial studies into the feasibility of developing a protected harbour at Abbot Point in 2006 in response to investigations by CHALCO and the possible development of an Alumina Refinery in the newly established Abbot Point State Development Area (APSDA). It was also recognised by the State, at this time, that if Abbot Point was to be developed as an industrial centre then a protected harbour would be required.

As a result, NQBP commissioned a study which was completed in 2007 looking at possible sites which would accommodate a protected harbour. Of the four sites considered, Clark Shoal was identified as the preferred option, on a number of criteria including cost and environmental impact.

Over the next three years NQBP further developed the concept of what was now called the Multi Cargo Facility or MCF. This work with a value of approximately $7 million included:

- Further development of potential layouts
- Environmental studies leading to the full EIS
- Preliminary offshore geotechnical studies
- Commencement of Indigenous land Use Agreement

The initial planning of the MCF was for up to 12 berths to be developed in a staged process. Initially it was envisaged that Stage 1 would accommodate 2 to 4 berths and a tug harbour which had been identified as a necessity for Abbot Point for the T1 terminal and irrespective of whether any further terminals were developed or not.

Development of MCF Concept

In 2010, at the request of the State, NQBP marketed the T2 and T3 coal terminal sites at Abbot Point. This resulted in the award of the T2 site to BHP Billiton and the T3 site to Hancock Coal. At this stage the development of both terminals was planned to utilise berths within the MCF. Based on information from both companies a total of 4 berths would be required to satisfy both developments. Hancock subsequently requested a further berth within the MCF.
Approval was obtained from Shareholding Ministers in November 2010 for the additional expenditure.

The ongoing development of the MCF was managed by way of a Steering Committee chaired by NQBP with BHP and Hancock as the other members. It was agreed that the preferred path forward was for a competitive Early Contractor Involvement (ECI) process to be undertaken to allow for innovation to be brought into the design and delivery of the project.

A dedicated project team was established to run this process which involved significant geotechnical studies, further modelling and ship simulation, environmental studies etc.

Further Developments BHP and Hancock

Sch. 3(8)(1)

Additional Coal Terminals

Following the arrangements for T2 and T3 being finalised, NQBP was receiving many requests for further port capacity at Abbot Point. In late 2010, NQBP together with the Coordinator General (CG) determined the preferred location for additional coal terminals within the APSDA. An Expression of Interest process was undertaken to determine the level of interest in developing coal infrastructure at Abbot Point. This resulted in significant requests for additional port capacity totalling over 300 million tonnes per annum.

Accordingly, NQBP commenced planning and environmental studies for up to 6 additional coal terminals which could be constructed by industry as demand warranted. Whilst the planning was for up to 6 terminals it was recognised by NQBP that their development would be over many years and
in the end it was highly possible not all would be constructed. However, NQBP was responding to industry requests.

It was also recognised that with the restrictions of the Great Barrier Reef Marine Park that the only way in which sufficient berths could be provided was by way of a protected harbour with multiple berths.

CG at this stage was also wishing to ensure sufficient berths were available to support the State Development Area.

**Finalisation of MCF Studies**

Following approval from Shareholding Ministers in December 2011 NQBP committed further funds to the development of the MCF. This funding was primarily to cover additional geotechnical investigations, refinement of ECI design concepts, additional environmental studies and ongoing project team support.

In 2011 the State advised that NQBP would need to consider alternative funding models for the development of the MCF. As a consequence, in conjunction with Treasury and QTC, NQBP engaged external financial advisers to develop funding models for the MCF. This work was managed by a Steering Committee including senior Treasury and QTC officers but funded wholly by NQBP.

**Current Status**

In May 2012 NQBP was advised that the MCF and associated projects would not be proceeding. NQBP then commenced finalising all existing work and studies and minimising costs.

At the same time NQBP was cognisant of its continuing obligations to BHP and Hancock under the User Funding Deed and Framework Agreements.

**Costs**

*Contrary to Public Interest*
Contrary to Public Interest

Sch. 3(8)(1)

Contrary to Public Interest

Staffing - MCF

NQBP had a number of staff working directly on the MCF and T4- T9 projects.

Out of scope

Staffing – NQBP Total

Out of scope
Out of scope
Pages 175 through 180 redacted for the following reasons:
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Out of scope