

Pages 1 through 2 redacted for the following reasons:

Exempt Sch.3(6)(c)(i) Infringe the privileges of Parliament

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PREMIER'S BRIEFING NOTE

Policy

Tracking Folder No. TF/12/10877

Document No. DOC/12/87286

To: THE PREMIER
Date: 8 May 2012
Subject: Future Direction for Abbot Point Development

Approved / Not Approved / Noted

Premier

Date/...../.....

Date Action Required by:/...../.....

Requested by:
(if appropriate)

• RECOMMENDATION

It is recommended that you:

- **sign** the letter (**Attachment 1**) to Mr Brad Fish, CEO North Queensland Bulk Ports Corporation (NQBP) which provides a clear articulation of the Government's forward direction for development of the Abbot Point Multi Cargo Facility (MCF) and inland coal terminals
- **note** that Lend Lease (LL) and EIG Global Energy Partners (capital investor in energy sector) have submitted an alternative proposal to deliver a scaled down MCF
- **support** further consideration of LL/EIG's proposal.

• KEY ISSUES

- On 1 May 2012, you held a meeting with the Deputy Premier, Minister for State Development and Planning, Coordinator-General, Mr Fish, Minister for Natural Resources and Mines, Director-General of Natural Resources and Mines, Minister for Environment and Heritage, Director-General of Environment and Heritage, and the Under Treasurer to discuss project delays at Abbot Point.
- Following that meeting it was agreed you would write to Mr Fish providing a clear articulation of the Government's going forward direction for the MCF and inland coal terminals.
- Attached is a letter to Mr Fish requesting that work be done to identify a smaller scale MCF and inland coal terminals project that could meet the demands of the Galilee and Bowen Basins for the next 10–15 years for your signature. Refer to **Attachment 1**.
- In early May 2012, Mr Ross Rolfe from LL forwarded me a proposed alternative structure for progressing development of a scaled down MCF multi-user open access coal terminal at Abbot Point. Initially it is proposed a jetty with 4-ship berth platform be constructed with a capacity of 120 million tonnes per annum, which could subsequently be scaled up to accommodate future growth. Refer to **Attachment 2**.
- LL/EIG indicate they would provide up to 100 per cent of the equity capital required (less any shipper and operator equity) and would hold a minimum of 51 per cent of ordinary equity in the project company. They also propose that the NQBP or the State could share in a value uplift on sale of the asset post commencement, and shift the development risk of the MCF to the private sector.
- While LL/EIG's proposal appears to have some merit, it is only based on an initial desktop analysis and would require review by the Coordinator-General and Queensland Treasury before the State could consider it further.

• CONSULTATION

- Office of the Coordinator-General.

Comments (Premier or DG)

Jon Grayson
Director-General

Action Officer: Graham Marshall
Area: Economic Policy

Approvals by Director / ED / DDG documented
in notes in TRIM

For reply please quote: EP/GM02 – TF/12/10877 – DOC/12/87386

Mr Brad Fish
Chief Executive Officer
North Queensland Bulk Ports Corporation
GPO Box 409
BRISBANE QLD 4001

Dear Mr Fish

Following our meeting of 1 May 2012, 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. I also appreciate that this port is a very strategic asset for the State and will play a key role in Queensland's future economic development.

However, the fundamental problem with the current proposal is the magnitude of what is proposed. The significant scale, complexity and potential impacts of the infrastructure are extensive with the individual major elements of the stockpiles, conveyors and MCF itself.

The associated environmental impacts have led to major delays in gaining approvals from the Commonwealth. Approvals have proven to be very lengthy and difficult and there is no guarantee at this point that the project will be approved by the Commonwealth.

**B/C The Honourable Deputy Premier, Minister for State Development,
Infrastructure and Planning.
The Honourable Treasurer and the Minister for Trade.
The Honourable Minister for Transport and Main Roads.**

By direction. For your information.

CAMPBELL NEWMAN

In addition, the management of the process and commercial terms have also created issues and risks for proponents.

These issues, risks and uncertainties have already led to two major proponents withdrawing from the MCF. This places an even greater burden on those remaining.

The effective planning of the necessary future port capacity is one of our top priorities. However, the longer term nature of the MCF and the current approvals issues mean that we have no choice but to re-think where we are heading and consider alternatives.

Ultimately, we may well need the MCF in its full form, but we need to have a more scalable acceptable project that can be delivered and potentially scaled up as demand ramps up.

For all these reasons I would like work to be done to identify a smaller scale project that could meet the demands of the Galilee and Bowen Basins for the next 10–15 years.

We should consider utilising the T0-T3 stockpile areas and providing some additional stockpile capacity around this location to create sufficient capacity to move over 200 million tonnes per annum. Using this space avoids the need for lengthy conveyors and consolidates activity in one location close to the sea. The rail loop could be moved back to accommodate the extra stockpiles.

We should also revisit and consider the future use of T0-T3 and any new stockpile from a multi-user perspective so there is both fair and cost-effective movement of coal from the infrastructure at the port.

Please work closely with my department and the Coordinator-General on the infrastructure planning and environmental assessments of this smaller scale approach at Abbot Point. 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.

Your assistance in this matter is appreciated.

Yours sincerely

CAMPBELL NEWMAN

Pages 6 through 8 redacted for the following reasons:

CTPI

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Nadia Cecil

From: Gary Campbell [GCampbell@nqbp.com.au]
Sent: Tuesday, 3 April 2012 8:56 AM
To: The Premier
Cc: Brad Fish; Joanne Palethorpe
Subject: Abbot Point Issues: Request for Meeting
Attachments: ministerialbrief.docx; ATT00001.txt; ATT00002.htm



Good Morning

I am writing on behalf of the NQBP Chairman, Leonie Taylor, and CEO, Brad Fish, to seek a meeting with the Premier.

The purpose of the meeting is to discuss issues associated with major port development at the Port of Abbot Point and specifically project approval delays. These delays are putting at risk about \$70 billion of associated major projects in the Bowen and Galilee Basins which will rely on the MCF being approved to allow wharf capacity for product exports and for the import of mine plant, machinery and supplies. It is vital for the Queensland economy that these projects to be able to be progressed with certainty and in the necessary timeframes.

Attached for your information is a briefing note on the major issues at Abbot Point which we would like to discuss.

Thank you for considering this request and we await your response.

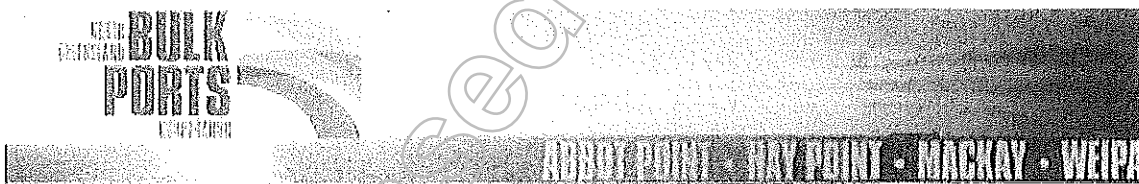
Regards

Gary Campbell

Gary Campbell

General Manager Abbot Point Port Development

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Summary of Major Abbot Point Issues

Sustained global demand for energy and steel, particularly from China and India, is driving the current growth prospects for new and existing Bowen and Galilee Basin Coal mines which in turn is placing a strong demand for both port and rail infrastructure. A crucial infrastructure precinct in Queensland being able to meet this opportunity is the **Port of Abbot**. It will be pivotal to service this and the development needs of the greater North Queensland area. **North Queensland Bulk Ports (NQB)** has been planning the development of the **Multi Cargo Facility (MCF)** at Abbot Point and associated coal export terminals to enable the Port of Abbot Point to reach its full potential to unlock vast resource areas across the State and provide a viable and long-term facility for future industrial development.

The MCF is a crucial element in the strategic infrastructure planning for Queensland.

The MCF at Abbot Point will cater for the growing demand for port facilities in North Queensland to:

- allow for the opening up of the Galilee Coal Basin
- support further growth of the Bowen Basin which is now linked to Abbot Point via the recently completed Goonyella to Abbot Point Expansion Project
- provide a gateway for the import of mine plant, machinery and supplies
- service the North West Minerals Province
- provide a port alternative for the liquefied natural gas industry
- allow for general cargo imports/exports for businesses establishing in the Abbot Point State Development Area (APSDA)
- provide an additional port solution for Queensland as Australia moves into value-added industries.

However, major concerns now exist in relation to Commonwealth approvals for projects at Abbot Point, most significantly being the MCF which NQB had originally hoped to have approved over 12 months ago. A decision on the EPBC referral through the Commonwealth has now been further delayed until the end of 2012.

If the MCF does not proceed, the growth of the coal industry in Queensland (particularly the Galilee Basin, but also further development of the Bowen Basin) and for other industry in the north of the State will be critically impacted.

Active planning for the MCF and approvals started five years ago:

- 2007 started planning processes and agency briefings
- 2009 (April) project approval referral lodged

- 2010 (December) final EIS submitted to SEWPaC
- Approval expected early 2011.

There are significant implications of ongoing delays for the MCF project itself and the many significant other projects which are dependent on the MCF being approved in a timely manner.

Put simply, the delays have the following overall impact:

- coal mining developments with a potential value exceeding \$70 billion unable to proceed
- high likelihood that the development of the Galilee Coal Basin will not proceed due to lack of port facilities
- further development of high value coking coal deposits in the Bowen Basin either being delayed or possibly stopped indefinitely
- significant lost value for the APSDA with no port facility
- loss of opportunity to Queensland as potential developments are deferred including possible lost royalties from coal of \$500 million pa by 2020 and over \$1 billion by 2030
- significant lost employment opportunities in North Queensland
- exposure of NQBP to significant "at risk" early development costs incurred
- lost revenue for the port, Queensland and Australia
- potential loss forever of projects to Queensland as multi-national mining companies switch to alternative investments overseas and shelve their planned Queensland investment.

NQBP alone has committed almost \$100 million in planning to date for the MCF, which is a major exposure for the organisation.

Considering the consequences that delays or a refusal could have on the State finances, it is NQBP's view that the delays being experienced with the Commonwealth should be elevated to the highest possible political level. Accordingly, NQBP will be seeking the early assistance of the Premier/Shareholding Ministers to take this matter forward.

Other options do not exist elsewhere in Queensland if this growth is to be accommodated.

Another issue which NQBP wishes to advise of is in relation to the **T4-T9 project**. Only three of the selected six Preferred Respondents from the public invitation process which was undertaken to select successful possible developers have executed the necessary agreements. NQBP has written to the remaining three entities requesting information as to how they intend to further engage in the T4-T9 process with the objective of signing the Framework Agreement within the Exclusivity Period (currently 30 April 2012). It is expected that one or more of these entities will fail to execute the necessary agreements by 30 April 2012. NQBP has a proposed strategy for dealing with any entity failing to proceed on which it wishes to brief Shareholding Ministers.

NQBP wishes to urgently discuss with Shareholding Ministers the issue of the MCF approval delays and its proposed approach to dealing with the uncommitted T4-T9 parties.

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Description of Current Abbot Point Projects

The Port of Abbot Point has been identified as an area for significant new industrial development, with the Abbot Point State Development Area (APSDA) being established in 2008. Whilst the State continues undertaking work on the development of the APSDA the current focus is on the development of additional coal export infrastructure. The coal developments importantly will underwrite significant supporting infrastructure necessary for the development of the APSDA. Developments currently under consideration include:

Multi Cargo Facility (MCF): construction of a new 12 berth harbour with dredge material managed within a reclamation area by NQBP (final EIS lodged with the Commonwealth in December 2010 and decision now delayed until December 2012). T4-T9 and possibly T2 and T3 are dependent on this project proceeding.

Terminal 0 (T0): 35mt expansion of the existing terminal (T1) by Adani, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2016. NQBP considers this developer timetable to be ambitious.

Terminal 2 (T2): 60mt terminal to be developed in stages by BHP Billiton, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2018.

Terminal 3 (T3): 60mt terminal to be developed by Hancock Coal, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2015. NQBP considers this developer timetable to be optimistic.

The T0 to T3 projects are in the pre-feasibility to feasibility phases. The T2 and T3 proponents have entered into a Framework Agreement with NQBP to govern their developments whilst discussions with Adani for T0 are proceeding. NQBP is working with proponents to progress environmental approvals and to make available the land and seabed needed. Final commitments by proponents critically depend on their ability to secure environmental approvals under the Federal EPBC Act for their activities.

T4 to T9: Six 30 million tonne terminals to be developed by private companies utilising the MCF, with facilitation of the projects by NQBP (referral expected to be lodged in April 2012). The Preferred Developers are Anglo Coal, Rio Tinto, Vale, NQCT, Waratah Coal and MacMines. Preferred Developers were selected in December 2011 after a public invitation process. NQBP is now in discussions with all Preferred Developers with the objective of entering into Framework Agreements to govern each development process. The majority of Preferred Developers are seeking to complete terminal construction and begin exporting coal by 2017 or 2018 and one proponent is targeting earlier dates. However, some of these timeframes appear optimistic.

NQBP is working on ways to stage developments to take place efficiently and economically.

Common User Infrastructure: Planning is well advanced on the provision of necessary infrastructure to service all coal terminals and other development within the APSDA. This includes power, water, roads, tug harbour and other necessary services. NQBP is undertaking the planning and construction of common user infrastructure. However, the majority of the funding for this common user infrastructure is being sought from the terminal developers up front.

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11 April 2012

Hon. Campbell Newman
Premier of Queensland
Level 15 Executive Building
100 George Street
BRISBANE QLD 4000

Doc No	12/13386	Doc Title	PORTS BRIEFING NOTES
Date	17 APR 2012	Date Received in	DOC
Doc. No.			
File No.			
Doc. No. Folder No.			

Dear Mr Newman

Please find attached Briefing Notes covering the major current North Queensland Bulk Ports (NQBP) issues.

I would particularly draw your attention to the Port of Abbot Point paper. Abbot Point is a crucial infrastructure precinct for continued economic growth in Queensland and serious delays are now being experienced in obtaining approvals from the Commonwealth for major projects.

We have requested an urgent meeting with you to discuss this issue and to brief you on NQBP's activities generally.

We look forward to your response and an opportunity to brief you in person.

Yours sincerely


Brad Fish
Chief Executive Officer

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Doc Reference: E12/13386

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Ministerial Briefing Note – No. 1
North Queensland Bulk Ports Corporation (NQBPC) Overview
April 2012

Background

North Queensland Bulk Ports Corporation (NQBPC) was formed in July 2009 as a result of the 2008 Queensland Government Review of the Queensland Port Network Structure. Under its authority are the bulk commodities handling ports of Hay Point, Mackay, Abbot Point and Weipa. The Port of Maryborough (non-operating) is also in NQBPC's portfolio.

NQBPC is a company under the *Corporations Act* and the *Government Owned Corporations Act (GOC Act)* and a port authority under the *Transport Infrastructure Act 1994*. Under the GOC Act, NQBPC's activities are governed by: a Statement of Corporate Intent which is an agreement between the organisation's Board and its shareholding Ministers, and a five-year Corporate Plan.

NQBPC operates from two corporate offices: one in Mackay and one in Brisbane. The Mackay office is the registered office for NQBPC. The Mackay office is responsible for the overall operational tasks of the ports. This includes the commercial, operational, environmental and engineering teams.

The Brisbane office manages the majority of the NQBPC group's extensive customer-base, as well as facilitates some of the major expansion projects which require close involvement with Brisbane-based consultants and infrastructure specialists.

Sustainability and Planning

One of our core values is 'environmentally responsible'. As an organisation, NQBPC's accredited environmental management system (EMS) proves beyond doubt our commitment to sustainable port development and operations.

We undertake long term planning and monitoring of our port environment to ensure sustainability of the ports that we manage. We do not undertake any port planning or operations unless they have not been assessed and approved through a rigorous study and approval regime.

Our track record clearly creates and maintains conditions under which ports and the environment can co-exist. Our EMS has achieved international accreditation and our environmental programs have been recognised internationally.

Critical Issues for NQBP and the Queensland Government

A priority for the economic and regional development for Queensland is the progression of infrastructure development within NQBP's ports.

NQBP is planning the development of significant infrastructure expansion at Abbot Point and Hay Point to meet the increasing demands from the resource industries.

The proposed developments which will secure the future of our resources trade have been stalled largely as a result of misleading information and lobbying by "green" interest groups based on unsubstantiated information.

In particular, the Multi Cargo Facility Federal Government approvals have been delayed putting at risk the economic growth potential in the short and long term for Queensland and Australia. The outcome would be significant losses and/or restrictions in new job creation, financial losses from mining royalties and other taxes and associated income generation opportunities.

This issue is further explained in Ministerial Briefing Paper No. 2 regarding Abbot Point.

Queensland and National Port Strategy

Over the last six months, NQBP has worked closely with Queensland's Department of Transport and Main Roads to develop the Queensland Ports Strategy. The Queensland Ports Strategy will address the recommendations of the National Ports Strategy.

NQBP is preparing long term plans for its ports which will complement the Queensland Ports Strategy and the National Ports Strategy. Planning will consider:

- future land needs;
- transport corridors; and
- urban encroachment and buffering of ports and their transport corridors.

Action Required

It is recommended that the Minister notes this information.

For more information contact:

Mary Steele
Manager Corporate Relations
msteele@nqbp.com.au
Phone: S.73 Telephone
Mobile: 0429 496 826
Fax: +61 7 3224 7234

Doc Reference: E12/12759

Ministerial Briefing Note No. 2
Port of Abbot Point
April 2012

Summary of Major Issues

Sustained global demand for energy and steel, particularly from China and India, is driving the current growth prospects for new and existing Bowen and Galilee Basin coal mines which in turn is placing a strong demand for both port and rail infrastructure. A crucial infrastructure precinct in Queensland being able to meet this opportunity is the Port of Abbot. It will be pivotal to service this and the development needs of the greater North Queensland area. North Queensland Bulk Ports Corporation (NQBP) has been planning the development of the Multi Cargo Facility (MCF) at Abbot Point and associated coal export terminals to enable the Port of Abbot Point to reach its full potential to unlock vast resource areas across the State and provide a viable and long term facility for future industrial development.

The MCF is a crucial element in the strategic infrastructure planning for Queensland.

The MCF at Abbot Point will cater for the growing demand for port facilities in North Queensland to:

- allow for the opening up of the Galilee Coal Basin;
- support further growth of the Bowen Basin which is now linked to Abbot Point via the recently completed Goonyella to Abbot Point Rail Expansion Project;
- service the North West Minerals Province;
- provide a port alternative for the liquefied natural gas industry;
- allow for general cargo imports/exports for businesses establishing in the Abbot Point State Development Area (APSDA); and
- provide an additional port solution for Queensland as Australia moves into value-added industries.

However, major concerns now exist in relation to Commonwealth approvals for projects at Abbot Point, most significantly being the MCF which NQBP had originally hoped to have approved over 12 months ago. A decision on the EPBC referral through the Commonwealth has now been further delayed until the end of 2012.

If the MCF does not proceed, the growth of the coal industry in Queensland (particularly the Galilee Basin but also further development of the Bowen Basin) and for other industry in the north of the State will be critically impacted.

Active planning for the MCF and approvals started five years ago:

- 2007 started planning processes and agency briefings;
- 2009 (April) project approval referral lodged; and
- 2010 (December) final EIS submitted to SEWPaC.

Approval was expected in early 2011, however, has now been delayed further until possible December 2012.

This briefing will explain the implications of ongoing delays for the MCF project itself and the many significant other projects which are dependent on the MCF being approved in a timely manner.

The delays have the following overall impact:

- coal mining developments with a potential value exceeding \$70 billion unable to proceed;
- high likelihood that the development of the Galilee Coal Basin will not proceed due to lack of port facilities;
- further development of high value coking coal deposits in the Bowen Basin either being delayed or possibly stopped indefinitely;
- significant lost value for the APSDA with no port facility;
- loss of opportunity to Queensland as potential developments are deferred including possible lost royalties from coal of \$500 million pa by 2020 and over \$1 billion by 2030;
- significant lost employment opportunities in North Queensland;
- exposure of NQBP to significant "at risk" early development costs incurred;
- lost revenue for the port, Queensland and Australia; and
- permanent loss of projects to Queensland as multi-national mining companies switch to alternative investments overseas and shelve their planned Queensland investment.

The importance of Abbot Point and the MCF to Queensland's future growth and economic wellbeing cannot be understated. NQBP estimates that over \$70 billion in mine, rail and port investment will be lost if the MCF is not urgently approved.

NQBP alone has committed almost \$100 million in sound and rigorous planning to date for the MCF. It has been shown that the MCF is a sustainable environmental port solution for Abbot Point and North Queensland which minimises environmental impacts and footprint. This level of financial commitment by NQBP is a major exposure for the organisation.

Considering the consequences that delays or a refusal could have on the State finances, it is NQBP's view that the delays being experienced with the Commonwealth should be elevated to the highest possible political level. Other options do not exist elsewhere in Queensland if this growth is to be accommodated. Accordingly, NQBP is seeking the early assistance of the Premier/shareholding Ministers to take this matter forward.

Another issue which NQBP wishes to advise shareholding Ministers of is in relation to the **T4-T9 project**. This project provides a long term plan for the ongoing expansion of port facilities servicing both the northern Bowen Basin and the Galilee Basin. The plan provides for six new coal terminals which would be developed over time by industry to meet customer demand.

In December 2011, following a public Expressions of Interest process, NQBP awarded Preferred Respondent status to six mining companies for the T4-T9 sites. To date only three of the selected six Preferred Respondents have executed the necessary agreements. NQBP is in negotiations with two of the remaining three entities and has requested information as to how they intend to further engage in the T4-T9 process with the objective of signing the Framework Agreement within the Exclusivity Period (currently 30 April 2012). To date one entity has failed to engage in any negotiations. It is expected that one or more of these entities will fail to execute the necessary agreements by 30 April 2012.

NQBP wishes to urgently discuss with shareholding Ministers the issue of the MCF approval delays and its proposed approach to dealing with the uncommitted T4-T9 parties.

Attachments:

- 1. Description of Current Abbot Point Projects**
- 2. Delays in Approvals – Drivers**
- 3. Delays in Approvals – Impacts**
- 4. Description of Abbot Point Cumulative Impacts Assessment (CIA) Project**
- 5. Ongoing and Future Issues with Potential to Affect Approvals**
- 6. NQBP Meetings with UNESCO**
- 7. Background to the MCF**

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Description of Current Abbot Point Projects

The Port of Abbot Point has been identified as an area for significant new industrial development, with the Abbot Point State Development Area (APSDA) being established in 2008. Whilst the State continues to undertake work on the development of the APSDA, the current focus is on the development of additional coal export infrastructure. The coal developments importantly will underwrite significant supporting infrastructure necessary for the development of the APSDA. Developments currently under consideration include:

Multi Cargo Facility (MCF): Construction of a new 12 berth harbour with dredge material managed within a reclamation area by NQBP (final EIS lodged with the Commonwealth in December 2010 and decision now delayed until December 2012). T4-T9 and possibly T2 and T3 are dependent on this project proceeding.

Terminal 0 (T0): 35 Mtpa expansion of the existing terminal (T1) by Adani, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2016. NQBP considers this developer timetable to be ambitious.

Terminal 2 (T2): 60 Mtpa terminal to be developed in stages by BHP Billiton, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2018.

Terminal 3 (T3): 60 Mtpa terminal to be developed by Hancock Coal, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2015. NQBP considers this developer timetable to be optimistic.

The T0 to T3 projects are in the pre-feasibility to feasibility phases. The T2 and T3 proponents have entered into a Framework Agreement with NQBP to govern their developments whilst discussions with Adani for T0 are proceeding. NQBP is working with proponents to progress environmental approvals and to make available the land and seabed needed. Final commitments by proponents critically depend on their ability to secure environmental approvals under the Federal EPBC Act for their activities.

T4 to T9: Six 30 Mtpa terminals to be developed by private companies utilising the MCF, with facilitation of the projects by NQBP (referral expected to be lodged in April 2012). The Preferred Respondents are Anglo Coal, Rio Tinto, Vale, NQCT, Waratah Coal and MacMines. Preferred Respondents were selected in December 2011 after a public invitation process. NQBP is now in discussions with all Preferred Respondents with the objective of entering into Framework Agreements to govern each development process. The majority of Preferred Respondents are seeking to complete terminal construction and begin exporting coal by 2017 or 2018 and one proponent is targeting earlier dates. However, some of these timeframes appear optimistic.

NQBP is working on ways to stage developments to take place efficiently and economically.

Common User Infrastructure: Planning is well advanced on the provision of necessary infrastructure to service all coal terminals and other development within the APSDA. This includes power, water, roads, tug harbour and other necessary services. NQBP is undertaking the planning and construction of common user infrastructure. However, the majority of the funding for this common user infrastructure is being sought from the terminal developers up front.

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Delays in Approvals – Drivers

The offshore infrastructure for the proposed Abbot Point developments lie within the Great Barrier Reef World Heritage Area (GBRWHA) and have been the focus of a recent visit to Australia by UNESCO, which will report on Australia's performance in preserving the World Heritage Values (WHVs) of the area.

A major concern is the delay now being experienced in gaining an approval for the MCF project and the scrutiny and additional processes being put around project approvals in the WHA by the State and Federal Governments (and UNESCO via its interest in the World Heritage Area).

The most recent delay came on 8 March 2012 when NQBP was advised by the Commonwealth Sustainability, Environment, Water, Population and Communities (SEWPaC) Department that the Environment Minister had postponed making a decision on the MCF project until 31 December 2012. This follows a series of earlier "stop the clock" decisions on the project which until this latest change was due for a determination by 30 March 2012.

This further delay to the approval is based on the Minister's request for further information relating to the direct, consequential and cumulative impacts of the proposals on protected matters to assist him in making an informed decision on whether to approve the project. In respect of this, SEWPaC noted that: "The information is, in part, being gathered through a series of coordinated, cumulative impact assessment studies commissioned by NQBP and other proponents at Abbot Point. It is anticipated that several of these studies may be completed in the second half of 2012, although this is highly dependent on the port proponents and the timeline is, therefore, uncertain. The department is also seeking additional information from the GBR Marine Park Authority, the Queensland Government and port proponents."

SEWPaC have also advised that they are awaiting further information from the Queensland Government on issues including the "Strategic Importance of Abbot Point" and "comparison of Abbot Point to other possible port locations".

NQBP has already faced considerable delays in the Federal Government's approval of the EIS for the MCF. NQBP submitted the final EIS with SEWPaC in December 2010 and anticipated approval would be achieved in early/mid 2011.

Whilst it is appreciated that the MCF is a large project NQBP believes it has undertaken all necessary studies and all consultation necessary to show that the project can be undertaken in an environmentally responsible manner and manage all impacts. Importantly, NQBP considers that the MCF provides the best long term port solution not only for Abbot Point but North Queensland by maximising available berths (12) on the minimum footprint and minimum environment impact.

Delays in Approvals – Impacts

The delays have the following overall impact:

- coal mining developments with a potential value exceeding \$70 billion unable to proceed;
- high likelihood that the development of the Galilee Coal Basin will not proceed due to lack of port facilities;
- further development of high value coking coal deposits in the Bowen Basin either being delayed or possibly stopped indefinitely;
- significant lost value for the APSDA with no port facility;
- loss of opportunity to Queensland as potential developments are deferred including possible lost royalties from coal of \$500 million per annum by 2020 and over \$1 billion by 2030;
- significant lost employment opportunities in North Queensland
- exposure of NQBP to significant “at risk” early development costs incurred;
- lost revenue for the port, Queensland and Australia; and
- permanent loss of projects to Queensland as multi-national mining companies switch to alternative investments overseas and shelve their planned Queensland investment.

The market demand for coal which is driving this planned investment in Queensland requires certainty that the coal can be delivered in time to meet demand. Australia is in a very good position to attract investment due to its stable political position and well developed technical skills and reliable infrastructure.

However, these delays mean that Australia's investment risk profile is elevated and increases the relative attractiveness of alternative investments in competing countries.

Each month of delay in the approval is increasing the risk that the project may not be able to meet the timeframe of future users. Until the conditions of approval are known, the project cannot be planned with any certainty. This creates significant uncertainty about project cost and feasibility. There is also the risk that any design and construction work undertaken by NQBP will need to be re-done once the approval conditions are received. The further delays to the project are also increasing the cost to NQBP of facilitating the project. Should the delays continue, NQBP may need to scale back or stop work on the project.

NQBP recently appointed Macmahons Dredging International (MDI) Joint Venture as the preferred Early Contractor Involvement (ECI) bidder. With the increasing uncertainty surrounding the MCF project, NQBP is now facing the possibility that MDI may withdraw from the project to concentrate on projects with greater certainty and real returns. Should this occur, NQBP will be forced to return to the market to seek bidders, causing a loss in project momentum, further delays in the MCF project delivery timeframes and increased costs and construction prices.

The delay in SEWPAC's approval of the MCF EIS is not isolated to this project but has flow on impacts to all other projects currently proposed at Abbot Point:

- **Terminals 4–9:** All users will be utilising the MCF. These six entities each represent investments in the order of \$5 to \$10 billion in mine, rail and port infrastructure and the proponents are already investing substantial resources to develop their projects.
- **Terminals 2 (BHP Billiton) and 3 (Hancock Coal):** Hancock Coal in particular is concerned that SEWPAC environmental approval for its preferred offshore option may not be achieved in time to meet project timeframes. These two entities are planning to invest in the order of \$40 billion in their mine, rail and port projects over the next 20 years and this investment remains at risk.
- **Terminal 1 expansion:** Adani has a proposal to develop a separate stand-alone trestle at the existing facility. With the delay to its project approvals, it is likely that Adani will reduce its investigative expenditure on this project.
- **Common User Infrastructure:** Delays in the Abbot Point projects invariably impact the timing of project proposals that support mine developments in these regions, such as the Connors River Dam/pipeline project. Other mining support projects that could potentially be negatively impacted include power and social infrastructure projects.

More fundamentally, there is concern that the delays will negatively impact the overall timing of the development of Queensland resource regions. This is particularly pronounced in the Galilee and Bowen Basins.

The Galilee Basin comprises a considerable thermal coal resource and proponents such as Hancock, Vale and Adani were actively working to supply thermal coal to key world markets during an expected peak period of 2015 to 2020. The Galilee is considered to be more advanced as a thermal coal resource than other countries such as Mozambique, Indonesia, Mongolia etc. The further delay of Abbot Point projects has the potential to have the Galilee Basin miss a strategic global market window, and therefore put at risk the Galilee's overall development.

Similarly, the Bowen Basin as a mature coal region (primarily metallurgical coal), has a number of new and mine expansion projects proposed including BHP Billiton's Goonyella mine in the northern Bowen Basin. A further delay to Abbot Point projects puts at particular risk the progression of Northern Bowen Basin mine ventures.

Forecast world demand for coal requires a significant number of large coal projects. Queensland is well positioned to meeting this demand with benefits of national significance. The economic benefits provided by this level of investment in the coal mining industry both at the State and National level are substantial. The coal industry is a major contributor to the Queensland economy and a key driver of employment and growth opportunities in regional areas.

However, significant delays in project approvals could see mining companies switch to alternative investments overseas in preference to Queensland investments.

It is vital that SEWPAC continue to work towards a realistic timeframe that allows Queensland to capitalise on the opportunities that are currently presented for the benefit of the State and the nation as a whole.

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Abbot Point Cumulative Impacts Assessment (CIA) Project

Queensland has been actively engaged with SEWPaC on the Commonwealth/State Strategic Assessment process being undertaken for UNESCO in a collaborative, communicative manner consistent with best practice. In addition, NQBP, Adani, BHP Billiton and Hancock are working collaboratively with SEWPaC to develop the Cumulative Impact Assessment (CIA) of the proposed developments in the Abbot Point area.

It is vital that SEWPaC continue to work towards a realistic timeframe that allows Queensland to capitalise on the opportunities that are currently presented for the benefit of the State and the nation as a whole.

The CIA project came about in response to concerns raised by the State and Federal Governments in relation to the quantum of development being proposed at Abbot Point. The CIA will substantially build on how cumulative impacts from development on environmental and GBR World Heritage Values are assessed and managed. It is considered that the CIA work will become a model for future project assessments in the GBR Marine Park and World Heritage Area.

The current port operator and the proponents of new port capacity at Abbot Point have come together to undertake a comprehensive investigation of environmental impacts from their proposed projects at the port through a Cumulative Impact Assessment.

The CIA process will be wide ranging and involve 15 detailed studies:

- Shipping
- Marine Water Quality
- Dredge Plume Modelling
- Operational Noise
- Groundwater
- Wetland Hydrology and Water Quality
- Underwater Noise
- Visual Amenity
- Lighting
- Coastal Hydrodynamics
- Species and Habitat Assessment
- Dust
- Climate Change
- Fishing
- Joint Offsets Strategy.

The studies are being undertaken by recognised scientific experts in their fields and in turn will be independently reviewed and then consolidated into one overall report. The draft report will be available for public comment before finalisation and submission to the Commonwealth and Queensland Governments.

Responsibility for individual studies is being shared among the project proponents. For example, BHP Billiton has carriage of a reef wide study of shipping. This study is looking at current and potential shipping movements through the reef and in consultation with ports, maritime safety organisations, and the shipping industry will examine future management arrangements to ensure protection of the reef.

SEWPaC, the Great Barrier Reef Marine Park Authority (GBRMPA) and the Queensland Government have been consulted in the preparation of the impact assessment framework and schedule.

The information from the Abbot Point CIA will inform the assessment of the different projects at Abbot Point under national and state environmental law.

The information gathered at Abbot Point will also be available to feed into the two strategic assessments recently announced by the Federal and Queensland Governments on future development in or near the Great Barrier Reef World Heritage Area. The Abbot Point CIA will therefore be complementary by providing an information baseline for subsequent project proposals.

It should be noted that NQBP attempted to have the MCF decision kept separate from the CIA work (the MCF EIS was completed in 2010 and should have been approved in early 2011), so as not to extend the decision making period, but was unsuccessful, considering the pressures the Commonwealth Government has come under from UNESCO and public scrutiny.

Ongoing and Future Issues with Potential to Affect Approvals

A further complication has been, again seemingly in response to the UNESCO intervention, the decision by the State and Federal Governments to undertake Strategic Assessment processes, one looking at the entire Marine Park area. This decision was announced in the last month and the work is due for completion in September 2013, although this is an extremely ambitious timeline and similar Commonwealth statutory Strategic Assessments have always taken much longer, some up to five years.

The Port of Abbot Point proponents have argued that decisions covering its projects (T0, T2, T3, T4-T9 and MCF) should not be delayed by the Strategic Assessment process and that the CIA work will provide sufficient, rigorous information for the Commonwealth Minister to make a decision on those projects. However, a risk does exist that the Commonwealth may elect to wait on any decisions until the Strategic Assessment work is complete. At this point that risk is low, as the Commonwealth (and UNESCO) appear to agree that decisions cannot be deferred indefinitely.

In respect of this, and following the discussions over the past weeks with the UNESCO Mission, NQBP along with its CIA project partners has developed a strategy which has been put to UNESCO, to handle interim arrangements on approvals until the Strategic Assessment is complete, so that decisions are not further delayed. This involves industry committing to a package of further measures to assist ourselves and agencies in being able to gather a clearer picture of GBR-wide cumulative impacts from all impacting sources, including port development.

The suggested criteria for projects, such as the MCF, to obtain approval ahead of the Strategic Assessments being completed are:

- projects are to be located in existing designated port precincts;
- port projects will have established port allocations and commercial rights with the relevant Port Authority and State Government;
- projects will demonstrate that they have undertaken a methodical and transparent scientific assessment and considered collective and cumulative impacts on OUV's in their precincts;
- project proponents will agree to participate in future reef-wide, integrated monitoring programs integral to understanding reef-wide cumulative impacts;
- post-approval environmental management will need to be responsive and adaptive to GBRMPA's Reef Outlook Reports and the findings of the SAs at a project and precinct level;
- approvals should be valid for a period of five years. If construction has not started in that time, a renewal would be need to be sought for a designated period, supported by demonstrated financial capacity for project conclusion;
- industry should provide an annual report on the status of projects, forecast execution, tonnage projections and shipping impacts and this information should be supported by independent industry forecasts (e.g. ABARE/Wood Mackenzie); and

-
- these criteria could be included in an Industry Code of Conduct.

Perhaps a greater risk than the Strategic Assessment process to further delays to an MCF decision is the prospect of a legal challenge to the decision, which has been anticipated from the Commonwealth and is quite possible considering the public admission by Greenpeace and others that part of the current campaign against the coal industry is to delay and frustrate projects, including port development. A legal challenge to a project of this type would result in significant delays (possibly several years). On this front, the delay on a decision by the Minister, pending further information including the CIA work, may be advantageous considering the circumstances which exist at present.

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NQBP Meetings with UNESCO

NQBP had two meetings with the UNESCO Mission, the first in Mackay along with the Queensland Resources Council (QRC) and several mining companies and the second in Cairns which was a longer session (one and a half hours) with ourselves and the CIA project partners – Adani, BHP Billiton and Hancock Coal.

Despite the limited time, NQBP was able to outline its position and particularly talk about the proactive work underway at Abbot Point to look at the cumulative impact of all projects. UNESCO responded favourably to the CIA concept and it is very likely this will become a model for other projects and other ports in the future, to the extent that initial discussions have now taken place into how this can be formally undertaken as part of the Dudgeon Point Coal Terminals Project.

UNESCO's overriding concerns were the extent of development planned in the World Heritage Area and how, if all approved, this will impact of World Heritage Values (WHV). In respect of the first issue ourselves, QRC and the mining companies explained in some detail the likely development profile and particularly that not all projects will occur simultaneously and in the short-term and that some may not proceed at all. In relation to WHVs, NQBP and the CIA partners were able to provide what was probably the best way forward that the mission will have had provided to it, in that the CIA work involves assessment of the WHVs present at Abbot Point and how any impact can be avoided or managed.

In summary, the response received from the UNESCO Mission was positive while acknowledging that their general concerns may still translate to a negative/cautious report.

The immediate challenge, as mentioned in the previous section of this paper, is to provide UNESCO, SEWPaC, GBRMPA and the State Government with a path forward so that approvals can be provided ahead of the Strategic Assessment process being complete.

Despite the frustrations being experienced at present, SEWPaC and most within GMRMPA have recognised and acknowledged the strategic and overall port impact benefits of the MCF and nothing at this time would indicate that view has changed.

Background to the Multi Cargo Facility

The Port of Abbot Point and the Abbot Point State development Area (APSDA) are located on the Central Queensland coast about 25 km northwest of Bowen. It is proposed for the Multi Cargo Facility (MCF) to be located within the Port of Abbot Point area, west of the existing Port of Abbot Point off-shore jetty and the Abbot Point Coal Terminal (APCT).

The MCF development comprises a harbour accommodating up to 12 cape size berths, a 370 ha reclamation area, access channel and manoeuvring area, tug facility and associated common user infrastructure.

Material dredged to create the access channel, swing basin and berth pockets will be used to reclaim land. No dredged material from the construction works will need to be disposed in the port's established dredge spoil ground at sea.

It is also proposed for an access road, temporary haul road and laydown area to be constructed linking the MCF to the Industry Precinct within the APSDA.

The MCF will likely be developed in two stages, the first will comprise:

- construction of a bunded reclamation;
- dredging of an access channel, swing basin and berths;
- development of up to six berths;
- development of a tug harbour; and
- development of the access road and temporary haul road.

The second stage would extend the bunded area and include construction of a final six berths. Queensland is preparing a Queensland Ports Strategy as a flow on from the National Ports Strategy which will clearly articulate the role and function of the various ports along Queensland's coastline and where further areas of development may be appropriate from an environmental and supply chain perspective. While the strategy is still to be finalised, it is generally recognised that existing ports should be developed to capacity before considering establishment of new ports. In this way, the further development of the Port of Abbot Point would provide cost efficiencies and public interest benefits.

The drivers for the development of this port, including environmental, economic and social opportunities, constraints and pressures include.

Economic Drivers

The future of Abbot Point is of great economic and development potential for Queensland and an increase in port capacity at Abbot Point is essential for Queensland to be able to respond to world markets and increase its trade opportunities. The proposed MCF will provide a catalyst for major industrial growth in Queensland by providing an opportunity to export goods to market.

The MCF at the Port of Abbot Point is one of the most significant pieces of infrastructure planned in Queensland and key to facilitating future long term exports, State and Federal Government revenue and employment. This proposal optimises the port area at Abbot Point and minimises environmental impacts. The MCF development area comprises 12 shipping berths capable of servicing throughput of over 300 Mtpa. It is anticipated the MCF total project cost could be in the order of \$3 billion and generate thousands of jobs (direct and indirect).

The development of the Port of Abbot Point will have numerous direct and facilitated benefits for the region, Queensland and Australia. The proposed MCF will have much broader economic benefits to the State in terms of increased employment and Gross State Product. Exports from the proposed coal terminals T4 - T9 project alone are expected to provide in excess of \$1.6 billion per annum in royalties once the six terminals reach full capacity.

Significant economic benefits will commence with construction. Stage 1 is estimated to cost approximately \$1.25 billion. The construction workforce will be approximately 260 to 280, peaking at approximately 300 for a construction period of some 30 to 33 months, subject to ground improvement criteria.

Demand

Continued growth in the demand for materials and energy, driven by the ongoing economic growth in rapidly developing countries like China and India, is expected to place a continued demand on Queensland's export infrastructure supply chains, particularly the minerals, gas and coal/energy corridors. Key infrastructure such as roads, rail and ports are vital infrastructure to support the State's long term economic development.

Currently thermal coal prices are favourable for the development of the Galilee Basin and metallurgical coal prices are favourable for expansion of development in the Bowen Basin. Demand for Galilee thermal coal and Bowen Basin metallurgical coal is being primarily driven by Asia.

A number of international coal supply markets that are competitors to Australia and Queensland are also developing infrastructure projects. The State strategy has been to establish Bowen/Abbot Point as a major new industrial hub. The development of the proposed MCF will enable the Port of Abbot Point to reach its full potential to unlock vast resource areas across the State and provide a viable and long term facility for future industrial development.

Social Drivers

Ongoing economic and social benefits will be generated from the operation of the proposed MCF to the local region, Queensland and Australia contributing to national, economic well-being and security through creation of employment opportunities, increased wages and the purchase of regional goods and services.

Some of the social benefits associated with the proposed MCF include:

- improved community infrastructure and services in the Bowen region;
- assistance in maintaining regional population growth;
- regional capacity building opportunities;
- increased opportunities for young people and Indigenous people; and
- consequential improvements to income and wealth accumulation as a result of the increased regional employment.

Constraints and Pressures

If the MCF does not proceed, it is highly unlikely that alternative port capacity will be able to be established in a timely manner to allow new resource areas, such as the Galilee Basin, to fulfil its potential. The non-approval of the MCF, or even significant delays in its approval, carries the significant risk that resource companies would re-focus their activities to other parts of the world such as Africa.

Such an outcome would adversely impact Queensland and Australia's economic growth potential in the short and long term. The outcome would be losses and/or restrictions in new job creation, financial losses from mining royalties and other taxes and associated income generation opportunities.



Hon Jeff Seeney MP
Deputy Premier
Minister for State Development, Infrastructure and Planning

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18 May 2012

Brad Fish
CEO
North Queensland Bulk Ports Corporation
BFish@nqbp.com.au

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

Released under RTI - DPC

Karen Cowell

From: Karen Cowell
Sent: Monday, 30 April 2012 4:57 PM
To: 'karen.glindemann@ministerial.qld.gov.au'
Subject: FW: Abbot Point meeting briefing papers
Attachments: Premier s Briefing Note - Port of Abbot Point.DOCX; Attachment 1 - Premier s Letter to the Hon Julia Gillard Prime Minister regarding the Abbot Point Multi Cargo Facility.PDF; Attachment 2 - Deputy Premier s letters to rail proponents.PDF; Attachment 3 - Copy of North Qld Bulk Ports letter to Coordinator-General.PDF

My apologies Karen, we had the incorrect spelling of your surname on our contact list. kc

From: Karen Cowell
Sent: Monday, 30 April 2012 4:54 PM
To: 'mary.sharp@ministerial.qld.gov.au'; 'kim.mcinnnes@ministerial.qld.gov.au'; 'karen.gilndermann@ministerial.qld.gov.au'; 'susan.mcdonald@ministerial.qld.gov.au'; Jodie Anderson (Environment and Heritage Protection); 'tracy.schneider@coordinatorgeneral.qld.gov.au'; Kim Velia (Natural Resources and Mines); Debby Laing (Natural Resources and Mines); Serena Baker (Treasury)
Cc: Barbara Tollenaere; 'carly.blaik@ministerial.qld.gov.au'
Subject: Abbot Point meeting briefing papers

Good afternoon all

Please find attached background briefing papers for your Minister or Director-General for tomorrow's Premier meeting on Abbot Point.

This meeting is scheduled to be held in the Premiers Boardroom, level 15, Executive Building, 100 George Street from 4:30pm to 5:15pm tomorrow.

Kind regards

Karen Cowell
Office of the Director-General
Department of the Premier and Cabinet

Ph: 07 340 67933
Email: karen.cowell@premiers.qld.gov.au
PO Box 15185 City East Qld 4002 Floor 15, 100 George Street, Brisbane Qld 4000

Karen Cowell

From: Karen Cowell
Sent: Monday, 30 April 2012 4:54 PM
To: 'mary.sharp@ministerial.qld.gov.au'; 'kim.mcinnnes@ministerial.qld.gov.au';
'karen.gilndermann@ministerial.qld.gov.au'; 'susan.mcdonald@ministerial.qld.gov.au';
Jodie Anderson (Environment and Heritage Protection);
'tracy.schneider@coordinatorgeneral.qld.gov.au'; Kim Vella (Natural Resources and
Mines); Debby Laing (Natural Resources and Mines); Serena Baker (Treasury)
Cc: Barbara Tollenaere; 'carly.blaik@ministerial.qld.gov.au'
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Kind regards

Karen Cowell

Office of the Director-General
Department of the Premier and Cabinet

Ph: 07 340 67933

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PREMIER'S BRIEFING NOTE

Policy

Tracking Folder No. TF/12/9890

Document No. DOC/12/80728

To: THE PREMIER
Date: 30 April 2012
Subject: Port of Abbot Point

Approved / Not Approved / Noted

Premier

Date/...../.....

Date Action Required by:/...../.....

Requested by:
(if appropriate)

• RECOMMENDATION

It is recommended that you:

- **note** the contents of this briefing note concerning Port of Abbot Point project delays
- **note** a meeting has been scheduled for you on 1 May 2012 to discuss these issues further. The meeting will be attended by me and the following:
 - the Honourable Jeff Seeney MP, Deputy Premier, Minister for State Development , Infrastructure and Planning
 - Mr Barry Broe, Coordinator-General
 - Mr Brad Fish CEO North Queensland Bulk Ports (NQBP)
 - the Honourable Andrew Cripps MP, Minister for Natural Resources and Mines
 - Mr Dan Hunt, Director-General of Natural Resources and Mines
 - the Honourable Andrew Powell MP, Minister for Environment and Heritage Protection
 - Mr Andrew Chesterman, Director-General of Environment and Heritage Protection.

• KEY ISSUES

- There are several key concerns in relation to the Port of Abbot Point which include:
 - Commonwealth delays in its approval process for the Multi Cargo Facility (MCF)
 - identification of a multi-user rail corridor from the Galilee Basin to Abbot Point
 - Terminals 4-9 site location in the Abbot Point State Development Area (APSDA)
 - delays in Terminals 4-9 Preferred Respondents signing required agreements.

Commonwealth Delays and MCF — the Commonwealth has deferred decision timeframes for the MCF until 31 December 2012. The primary reason given for the delay is to seek further information on the cumulative impacts of development at Abbot Point. This delay has put the MCF project at risk. On 24 April 2012, you wrote to the Prime Minister (**Attachment 1**) advising of your concerns about Commonwealth delays and seeking her assurance that the Commonwealth will grant an approval for the MCF before the end of May 2012.

- The Commonwealth are currently taking a much more precautionary approach to projects following the concerns raised by the UNESCO World Heritage Committee. A number of projects have been asked to provide further information on cumulative impacts, including the MCF, the Great Keppel Island resort development and the South of Embley bauxite project.

Multi-user User Rail Corridor from the Galilee Basin to Abbot Point — under the former Government's approach, multiple rail lines to Abbot Point are being proposed by several proponents. Currently, Hancock and Waratah's proposed rail lines cross each other three times and will be less than 20 kilometres apart for approximately half the distance.

- To address concerns raised by landowners and the mining industry, on 20 April 2012 the Deputy Premier wrote to Hancock Coal, GVK and Waratah Coal, as the most advanced rail project proponents, seeking their commitment towards developing a genuine proposal, which better addresses the State's preferred outcome of a multi-user rail corridor from the Galilee Basin to Abbot Point. The Deputy Premier sought confirmation of their commitment to his request by 4 May 2012, with more detailed proposals to follow soon after. The Deputy

Premier also wrote to other rail proponents advising of this approach. Refer to **Attachment 2. Terminals 4–9 Site Location in APSDA** — on 17 April 2012, NQBP wrote to the Coordinator-

General seeking his approval for a new location for Terminals 4–9 within the APSDA. NQBP claim its proposed new location would avoid a \$150 million cost to realign the North Coast Rail Line for a proponent wishing to be the initial developer. Refer to **Attachment 3.**

- Studies, commissioned by the Office of the Coordinator-General in 2009, identified three potential locations for coal stockpiling within the APSDA, with one of these sites being NQBP's proposed new location. However, as NQBP's preferred site was considered the best site for future higher value industrial use in the APSDA, the former Coordinator-General approved another site location in the APSDA for Terminals 4–9.
- As use of NQBP's preferred site has previously been denied to Waratah, Hancock and other proponents for coal stockpiling, if the State were to allow NQBP uncontested access to its preferred site, the State faces the risk of legal action from unsuccessful proponents.
- In considering NQBP's proposed new location for Terminals 4–9, the State also needs to consider the trade-off of using the site for coal stockpiling versus possible longer term opportunities for higher value industrial use. No specific industrial projects have as yet been unidentified.
- Given the above, the State should continue to preserve NQBP's preferred APSDA site for longer term industrial use or facilitate a public Expression of Interest process for use of the site. It is understood the Coordinator-General is currently considering NQBP's proposal.

Delays in Terminals 4–9 Preferred Respondents signing Framework Agreements — of the six Preferred Respondents (Anglo, Rio Tinto, North Queensland Coal Terminal Pty Ltd, Vale, Waratah Coal and Macmines Australia) for Terminals 4–9, only Anglo, Vale and Macmines have signed Preferred Respondent Agreements with NQBP.

- Rio Tinto recently announced it was withdrawing from the Abbot Point additional port capacity process. Reasons cited include changes in the economic climate, commitments required to progress the option, a sustained upward pressure on costs and long timeframes for regulatory approvals. In response to this announcement, the Deputy Premier and Treasurer issued a joint media statement on 20 April 2012 criticising the Commonwealth for project approval delays. It is understood that Vale is also considering withdrawing from the additional port capacity process due to MCF delays and their own project timeframes being extended.
- Under NQBP's proposed timeframes, Framework Agreements were to be finalised with Preferred Respondents by 30 April 2012. Due to MCF delays, it is understood that signed Preferred Respondents are reluctant to pay the \$75 million Participation Charge to NQBP required upon execution of the Framework Agreements.

• **CONSULTATION**

- Office of the Coordinator-General, Office of Government-Owned Corporations.

Comments (Premier or DG)

Jon Grayson
Director-General



Premier of Queensland

For reply please quote: *MBN12/53 – TF/12/9578 – DOC/12/77698*

24 APR 2012

The Honourable Julia Gillard MP
Prime Minister
PO Box 6022
House of Representatives
Parliament House
CANBERRA ACT 2600

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100 George Street Brisbane
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Website www.thepremier.qld.gov.au

Dear Prime Minister

I write to you about a critical infrastructure project in Queensland that the Commonwealth has delayed in the approvals process and placed the project at great risk.

The issue is that the Honourable Tony Burke MP, Minister for Sustainability, Environment, Water, Population and Communities (SEWPaC) decided to defer his decision on the Environmental Impact Statement (EIS) for the proposed Multi Cargo Facility (MCF) at the Port of Abbot Point from March 2012 until 31 December 2012.

Even before the Minister decided to defer a decision, the North Queensland Bulk Ports Corporation Limited (NQBP) had already faced considerable delays from SEWPaC's assessment of the EIS for the proposed facility. NQBP submitted their final EIS for the MCF with SEWPaC in late 2010 and had a reasonable expectation that approval would be achieved by early 2011. For each month that approval of the MCF is delayed, the risk that the MCF may not meet the timeframes of its future users is greatly increased. It also increases the risk and uncertainty for investors and project developers. It is now 16 months since this EIS was finalised and no decision taken.

The MCF at the Port of Abbot Point is one of the most significant pieces of infrastructure planned in Queensland and Australia. It is critical to facilitating future long-term exports, and increasing State and Federal Government revenue and employment. An increase in port capacity at Abbot Point is essential for Queensland to be able to respond to world markets and increase its trade opportunities.

The impacts of the delay in SEWPaC's approval of the MCF is not isolated to this project, as it has flow-on implications to all other projects currently proposed at Abbot Point. The proposed coal stockpile terminals 4–9 require the MCF to export coal to world markets with associated proponents making considerable investment in the development of mine, rail and port infrastructure.



Queensland
Government

The delays caused by the Commonwealth have made it more difficult to meet project delivery and market timeframes as potential developments have been deferred resulting in loss of potential revenue. The delays have also increased costs for proponents. As a result, Queensland and more broadly Australia, is facing a serious risk that proponents may move their investment interests overseas and choose not to pursue their Queensland investments.

I acknowledge that a proposed port expansion of this size, adjacent to the Great Barrier Reef World Heritage Area requires a thorough environmental assessment. I note, however, that in addition to approval under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), the proposed MCF is subject to the parallel stringent state approval processes that will address all the impacts and issues.

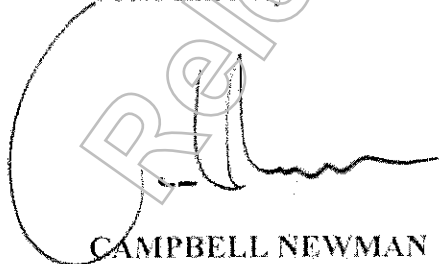
While Queensland already has rigorous environmental assessment processes embedded in legislation, the Queensland Government has committed to a comprehensive strategic assessment under the EPBC Act, to protect World Heritage values and ensure that the impacts of development on the Great Barrier Reef World Heritage Area are taken into account.

Given the extensive amount of information already provided in the EIS and subsequent submissions to SEWPaC from the Queensland Government, a decision timeframe for this approval of 31 December 2012 is not in the best interest of Queensland or Australia. It can only threaten economic growth and jobs. It is also quite the opposite approach to that articulated last week by the Commonwealth to streamline approvals for major projects.

Queensland is in a strong position to capitalise on the economic opportunities that will ultimately increase our trade opportunities for the benefit of both the State and Australia. But this will only occur if we have the necessary infrastructure in place in time. We, therefore, must avoid any further delays and I seek your assurance that SEWPaC will grant an approval for the MCF by the end of May 2012 at the latest.

As a closing point, can I reflect on our discussion last week at the Council of Australian Governments (COAG) meeting regarding the Commonwealth handing over approvals to Queensland to reduce duplication. This example itself is a real example of where the Queensland Government would move the project faster, still deal with all the impacts and avoid unnecessary delays and cost to proponents. I seek your assistance in bedding down our agreement last week to ensure this hand over occurs as quickly as possible.

Yours sincerely



CAMPBELL NEWMAN



Queensland
Government

Hon Jeffrey Seeney
Deputy Premier

20 April 2012

Our ref: MBN12/65

Ms Georgina Rinehart
Chairperson
Hancock Prospecting Pty Ltd
PO Locked Bag No 2
WEST PERTH WA 6872

Dr G V Sanjay Reddy
Vice Chairman
GVK Resources
sanjayreddy@gvk.com

Dear Ms Rinehart and Dr Reddy

I write to you about development of the Galilee coal basin and projects being proposed by different mine and infrastructure proponents. In so doing I would firstly like to emphasise the importance of developing the basin as a major centre for coal mining, processing and export. The Government views the Galilee basin as a key economic region critical for the future economic prosperity of the State. In this regard I congratulate you for your efforts to date, which are contributing to the long held vision of the Galilee basin becoming a major new resource region.

The LNP has come into Government with a very clear policy position with respect to the development of railway infrastructure to service the needs of the Galilee coal basin. This policy is simple and is to *"identify the best corridor for the rail line from the Galilee basin to Abbot Point and institute multiple user requirements for all proponents"*.

Inherent in this statement is the proposition that we will facilitate the development of a corridor that to the greatest extent possible minimises real and potential impacts, including land acquisition issues, ongoing farm management, severance, floodplain issues and the environment generally.

The previously uncoordinated approach has led to multiple rail lines being proposed by several proponents. It has been identified by both coal companies and local landholders as a failure of planning and coordination. It must be addressed for the successful development of the Galilee basin coal reserves and minimisation of impacts. Additionally, the Government also wishes to ensure that the broader infrastructure requirements of the region, such as roads, power and water are understood and better coordinated so the best outcomes for the State can be achieved.

Level 12 Executive Building
100 George Street
PO Box 115009
City East Queensland 4002
Telephone + 61 7 3224 4600
Facsimile + 61 7 3224 4781
Email: deputypremier@ministerial.qld.gov.au

I have now met with a number of proponents including Hancock Coal/GVK, Waratah Coal and QR National. It is clear to me that the projects proposed by Hancock Coal/GVK and Waratah Coal are well advanced ones, potentially capable of servicing the needs of the southern part of the basin. However, the considerable community concern that has been expressed to me regarding the impact of the multiple proposals on local communities and landholders is a significant issue that the Government has a duty to address.

The *State Development and Public Works Organisation Act 1971*, for which I am the responsible Minister, provides the Coordinator-General with a wide range of powers that may be used to support achievement of the Government's policy. As a number of proponents are at various stages of project development and are now seeking Government support with respect to acquisition of land needed for their railway projects, it is important that the Government carefully considers which powers are best used to achieve its preferred outcome of a multi-user corridor.

At this stage the Coordinator-General has given a commitment that he will continue to progress your assessment processes. However, in light of the stated Government policy position, I am seeking a genuine proposal from Hancock Coal/GVK and Waratah Coal which addresses the concerns raised by the community and mining industry and which better achieves the preferred outcomes sought by the Government.

I ask that both Hancock Coal/GVK and Waratah Coal, as the most advanced project proponents in the southern part of the Galilee basin, engage in a serious and genuine dialogue aimed at identifying common ground between the respective proposals and identifying the multi-user corridor from the southern basin area to the Port of Abbot Point. Such a corridor might also be capable of accommodating other infrastructures if appropriate.

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My Department will be pleased to assist in facilitating this outcome. In the first instance I suggest you contact Mr David Edwards, Director-General, Department of State Development, Infrastructure and Planning on (07) 3227 8451, who will support this process at the highest levels.

Yours sincerely



JEFF SEENEY MP
DEPUTY PREMIER

Minister for State Development, Infrastructure and Planning

Executive Building
100 George Street
PO Box 15517
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Telephone + 61 7 3404 0999
Facsimile + 61 7 3698 0486
Website www.deedl.qld.gov.au



Queensland
Government

Hon Jeffrey Seeney
Deputy Premier

20 April 2012

Our ref: MBN12/65

Professor Clive Palmer
Chairman
Minerology
GPO Box 1538
BRISBANE QLD 4001

Dear Professor Palmer

I write to you about development of the Galilee coal basin and projects being proposed by different mine and infrastructure proponents. In so doing I would firstly like to emphasise the importance of developing the basin as a major centre for coal mining, processing and export. The Government views the Galilee basin as a key economic region critical for the future economic prosperity of the State. In this regard I congratulate you for your efforts to date, which are contributing to the long held vision of the Galilee basin becoming a major new resource region.

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DEPUTY PREMIER

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Website www.deedf.qld.gov.au



Queensland
Government

Hon Jeffrey Seeney
Deputy Premier

20 April 2012

Our ref: MBN12/65

Mr Jignesh Derasari
Chief Executive Officer
Adani Mining Pty Ltd
GPO Box 2569
BRISBANE QLD 4001

Dear Mr Derasari

I write to you about development of the Galilee coal basin and projects being proposed by different mine and infrastructure proponents. In so doing I would firstly like to emphasise the importance of developing the basin as a major centre for coal mining, processing and export. The Government views the Galilee basin as a key economic region critical for the future economic prosperity of the State. In this regard I congratulate you for your efforts to date, which are contributing to the long held vision of the Galilee basin becoming a major new resource region.

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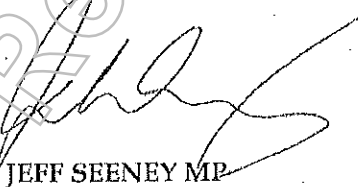
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JEFF SEENEY MP

DEPUTY PREMIER

Minister for State Development, Infrastructure and Planning



Queensland
Government

Hon Jeffrey Seeney
Deputy Premier

20 April 2012

Our ref: MBN12/65

Mr Brett Fraser
Manager - Corporate Affairs & Communications
Vale
GPO Box 731
BRISBANE QLD 4001

Dear Mr Fraser

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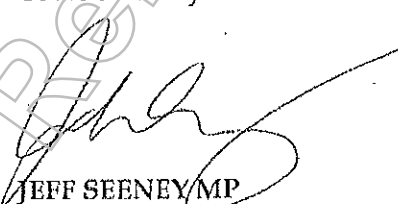
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Yours sincerely



JEFF SEEHEY/MP
DEPUTY PREMIER

Minister for State Development, Infrastructure and Planning



20 April 2012

Our ref: MBN12/65

Mr Michael Li
Chief Representative
Macmines Austasia Pty Ltd
Suit 22, Level 9
320 Adelaide Street
BRISBANE QLD 4000

Dear Mr Li

I write to you about development of the Galilee coal basin and projects being proposed by different mine and infrastructure proponents. In so doing I would firstly like to emphasise the importance of developing the basin as a major centre for coal mining, processing and export. The Government views the Galilee basin as a key economic region critical for the future economic prosperity of the State. In this regard I congratulate you for your efforts to date, which are contributing to the long held vision of the Galilee basin becoming a major new resource region.

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Yours sincerely



JEFF SEENEY MP
DEPUTY PREMIER
Minister for State Development, Infrastructure and Planning



Queensland
Government

Hon Jeffrey Seeney
Deputy Premier

Our ref: MBN12/66

Mr Lance Hockridge
Managing Director and CEO
QR National
GPO Box 456
BRISBANE QLD 4001

Dear Mr Hockridge

I write to you about development of the Galilee coal basin and projects being proposed by different mine and infrastructure proponents. In so doing I would firstly like to emphasise the importance of developing the basin as a major centre for coal mining, processing and export. The Government views the Galilee basin as a key economic region critical for the future economic prosperity of the State. In this regard I congratulate you for your efforts to date, which are contributing to the long held vision of the Galilee basin becoming a major new resource region.

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Yours sincerely



JEFF SEENEY MP
DEPUTY PREMIER

Minister for State Development, Infrastructure and Planning



Queensland
Government

20 April 2012

Hon Jeffrey Seeney

Deputy Premier

Our ref: MBN12/65

Mr Shane Condon
Managing Director
East West Line Parks
Level 16, 344 Queen Street
BRISBANE QLD 4000

Dear Mr Condon

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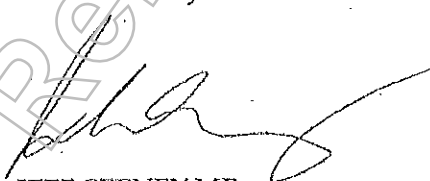
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Yours sincerely



JEFF SEENEY MP
DEPUTY PREMIER
Minister for State Development, Infrastructure and Planning



20 April 2012

Our ref: MBN12/65

Mr Rob McNamara
General Manager Project Development
American Metals and Coal International (Alpha) Pty Ltd
GPO Box 1118
BRISBANE QLD 4001

Dear Mr McNamara

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Inherent in this statement is the proposition that we will facilitate the development of a corridor that to the greatest extent possible minimises real and potential impacts, including land acquisition issues, ongoing farm management, severance, floodplain issues and the environment generally.

The previously uncoordinated approach has led to multiple rail lines being proposed by several proponents. It has been identified by both coal companies and local landholders as a failure of planning and coordination. It must be addressed for the successful development of the Galilee basin coal reserves and minimisation of impacts. Additionally, the Government also wishes to ensure that the broader infrastructure requirements of the region, such as roads, power and water are understood and better coordinated so the best outcomes for the State can be achieved.

I have now met with a number of proponents including Hancock Coal/GVK, Waratah Coal and QR National. It is clear to me that the projects proposed by Hancock Coal/GVK and Waratah Coal are well advanced ones, potentially capable of servicing the needs of the southern part of the basin. However, the considerable community

concern that has been expressed to me regarding the impact of the multiple proposals on local communities and landholders is a significant issue that the Government has a duty to address.

The *State Development and Public Works Organisation Act 1971*, for which I am the responsible Minister, provides the Coordinator-General with a wide range of powers that may be used to support achievement of the Government's policy. As a number of proponents are at various stages of project development and are now seeking Government support with respect to acquisition of land needed for their railway projects, it is important that the Government carefully considers which powers are best used to achieve its preferred outcome of a multi-user corridor.

At this stage the Coordinator-General has given a commitment that he will continue to progress various assessment processes. However, in light of the stated Government policy position, I have written to Hancock Coal/GVK and Waratah Coal to seek a genuine proposal which addresses the concerns raised by the community and mining industry and which better achieves the preferred outcomes sought by the Government.

I have asked that both Hancock Coal/GVK and Waratah Coal, as the most advanced project proponents in the southern part of the Galilee basin, engage in a serious and genuine dialogue aimed at identifying common ground between their respective proposals and identifying the multi-user corridor from the southern basin area to the Port of Abbot Point. Such a corridor might also be capable of accommodating other infrastructures if appropriate.

In order to provide a meaningful input to Government considerations I am seeking commitment to this request by 4 May 2012, with more detailed proposals to follow soon thereafter and at a date agreed between both parties and the Department.

I realise that the plans of your company are also likely to be impacted by these considerations and therefore I will also be pleased to receive a submission about how your plans either currently support, or can be enhanced to support, Government policy with respect to development of the railway and other infrastructure needed for the basin to be opened to mining. In so doing I will also need an indication of your participation in these considerations by 4 May 2012.

My Department will be pleased to assist in facilitating this outcome. In the first instance I suggest you contact Mr David Edwards, Director-General, Department of State Development, Infrastructure and Planning on (07) 3227 8451, who will support this process at the highest levels.

Yours sincerely



JEFF SEENEY MP
DEPUTY PREMIER
Minister for State Development, Infrastructure and Planning



17 April 2012

Mr Barry Broe
Coordinator-General
Department of State Development
Infrastructure & Planning
PO Box 15517
CITY EAST QLD 4002

Dear Barry

Abbot Point T4-T9 – Location
Reference: PM/056/00016 (E12/13971)

Introduction

As discussed during our meeting last Friday (13 April), I write concerning the location of our proposed Terminal 4 – Terminal 9 (T4-T9) export coal project at Abbot Point.

Your support is being sought for a proposed new location, as per the attached drawing (the New Location). Your support is critically important in facilitating the project's development and subsequently other significant development proceeding at the port.

The project planning and commercial negotiations at Abbot Point are now at a crucial stage and coal export companies are considering their options. Reducing start-up costs, which the proposed New Location would provide, are paramount in order to get the first project/s to commit.

Planning For Infrastructure

The planning for the T4-T9 project has been progressing for some time following considerable collaboration between our respective organisations to determine the most appropriate site at Abbot Point.

The plan for the six terminals is based on the long-term needs for the port, in particular the emerging needs of the Galilee Basin, as well as the further development of the Northern Bowen Basin.

Given the long-term nature of investment in port infrastructure, NQBP remains convinced of the need to provide robust strategic planning for its ports and therefore, the need to identify now the location for the T4 to T9 terminals, even though some may not start construction for some time.

By way of context, NQBP has already committed in the order of \$100 million into the studies and preliminary planning for the Multi Cargo Facility (MCF), T0-T3 and T4-T9, while the mining companies will have invested considerably more in aggregate in their individual feasibility studies.

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Practical Benefits of New Location

Apart from cost, there are other compelling reasons why NQBP needs to pursue the New Location over the Original Location. They are:

- As planning has developed and on further analysis, this work has shown that the flood boundaries of Splitters Creek are more extensive than originally assumed and this could potentially impact on any future development proposed for the Original Location; and
- In order to accommodate the six terminals, there is a need to realign the North Coast Railway Line (NCRL) if the Original Location is used. It is also now apparent that the NCRL cannot be moved in a timeframe to meet the planned first coal in 2017.

Commercial Hurdle without New Location

The preferred proponents, being the foundation customers for the project, were announced by the then Premier in December 2011. The proponents will use the proposed MCF at the Port of Abbot Point following its approval.

While the six original proponents all indicated their desire to construct their own terminal in the next five to eight years, it was always envisaged by NQBP that development of the terminals would be at a slower pace given the cost and size of the respective developments. The cost of developing mines will be approximately \$2 billion and rail and other supporting infrastructure would easily take this number to \$6 to \$10 billion depending on the location of the mine.

It has also become apparent that there has been a softening in demand and that while it was originally assumed that at least two terminals would commence initially, it is now likely that only one terminal will start with the others following in subsequent years.

This initial terminal will have substantial additional costs as the "first mover" for base infrastructure including power, water and MCF development costs. The imposition of an additional \$150 million for the realignment of the NCRL (plus timing delays) places a major hurdle for any proponent wishing to be the initial developer.

Commercial Pragmatism

NQBP considers that the New Location for the T4-T9 represents the best planning and development outcome for the project, the development of the MCF, the Abbot Point State Development Area (APSDA) and ultimately is in the State's best economic interest.

The current economic and approvals climate makes it critical to obtain financial surety for foundation customer/s, tangible outcomes for the MCF and the APSDA. The proponents for T4-T9 are the only real customers showing sufficient interest and having the financial capability to start and continue with development of the port and coal terminals or any real development in a planned way.

APSDA Development - Contract NQBP - MIDQ

NQBP currently has an application with the Minister for Industrial Development of Queensland (MIDQ) to purchase an area of land which accommodates the proposed New Location for T4-T8 of the T4-T9 terminals. NQBP is close to finalising negotiations with MIDQ and has exchanged a draft contract.

The provision of base infrastructure is also important for the future development of the APSDA by MIDQ. As you are aware, the State has invested a significant sum in purchasing land and on initial studies in relation to the APSDA.

A major hurdle in attracting industry to the APSDA is the cost of base infrastructure. It is vital that a cost environment be provided for the developer/s of the first T4-T9 terminal which is competitive with other terminal developments in the State and which underwrites the provision of the base infrastructure.

Moving the site to the New Location will remove a major cost impediment, the realignment of the NCRL. While it will mean losing part of the industrial development area, it will most likely lead to the early development of the APSDA.

It is also expected there would be major and well justified criticism by proponents and the public of the costs and inconvenience associated with relocating the NCRL while an abundance of land within the APSDA that has already been purchased by the State, sits idle and unused for what could be a long period of time.

A further financial advantage to the State as a whole is that the New Location land has already been purchased by the State. Using the previous T4-T9 site would require the State to embark on further purchases while land it had already purchased at a significant cost sits idle.

Investigation Program

NQBP is planning a comprehensive investigation program costing in excess of \$300,000 as soon as conditions on site are suitable and also needs to finalise the Contract with MIDQ. Accordingly, we look forward to receiving your urgent support for the purchase of the land and our proposed New Location.

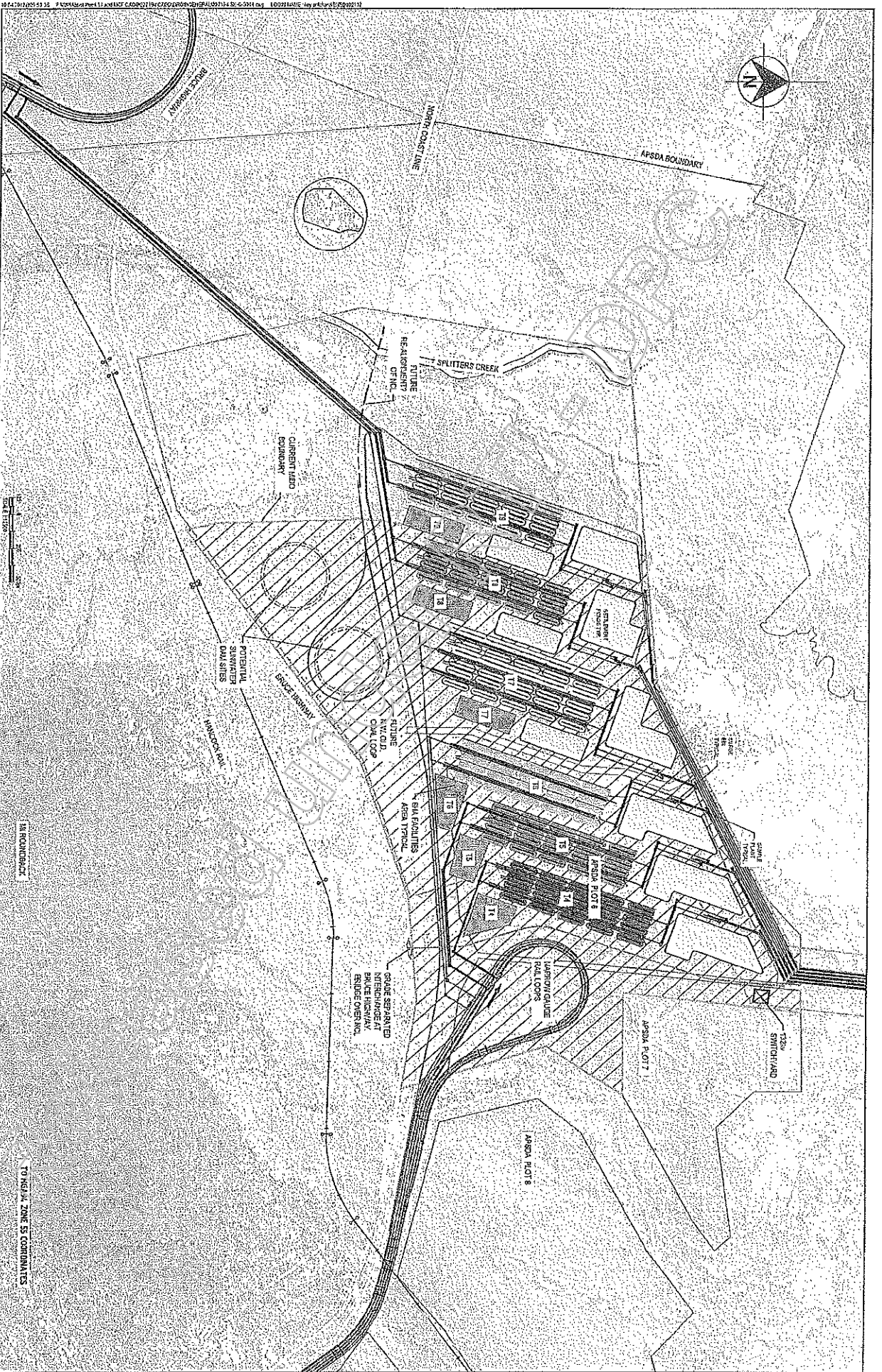
A decision on the location for T4-T9 is also necessary to allow NQBP to refer the T4-T9 project to start the approval process.

If you have any queries please do not hesitate to contact me.

Yours sincerely


Brad Fish
Chief Executive Officer

Enquiries: Brad Fish
Telephone: (07) 3224 8728
Email: bfish@nqbp.com.au



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1. This plan is a preliminary design and is not to be used for construction. It is subject to change without notice. 2. The client is responsible for ensuring that the plan is accurate and complete. 3. The client is responsible for ensuring that the plan is in accordance with all applicable laws and regulations. 4. The client is responsible for ensuring that the plan is in accordance with all applicable standards and specifications. 5. The client is responsible for ensuring that the plan is in accordance with all applicable codes of practice. 6. The client is responsible for ensuring that the plan is in accordance with all applicable best practice. 7. The client is responsible for ensuring that the plan is in accordance with all applicable industry standards. 8. The client is responsible for ensuring that the plan is in accordance with all applicable professional standards. 9. 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Treasurer and Minister for Trade The Honourable Tim Nicholls

Friday, April 20, 2012

Labor delays risk Queensland investment and jobs

Joint Media Release

Hon Jeff Seeney MP
Deputy Premier and Minister for
State Development, Infrastructure and Planning

Hon Tim Nicholls MP
Treasurer and Minister for Trade

The LNP Government said today that Rio Tinto's decision to withdraw from the Abbot Point additional port capacity process is further proof the Federal Government's regulatory approval 'game playing' could undermine Queensland's economic growth and result in massive job losses.

Deputy Premier and Minister for State Development, Infrastructure and Planning Jeff Seeney said the LNP

Government has considerable concerns about the long timeframes for regulatory approvals and the impact that can have on future investment decisions.

"There are 135 projects in Queensland currently awaiting some form of consideration or approval by the Federal Labor Government.

"I am seeking a meeting with Federal Environment Minister Tony Burke to discuss this bottleneck. It is very concerning that companies such as Rio Tinto are withdrawing from potential developments in part because of the time they wait for regulatory approval," Mr Seeney said.

Treasurer and Minister for Trade, Tim Nicholls said Rio Tinto's decision was a salutary warning to the Federal Government that its behaviour risks billions of dollars of investment and hundreds if not thousands of jobs.

"The Federal Government, through its deliberately obstructionist approach to the regulatory approvals process was clearly frustrating many businesses and creating huge uncertainty over their investment decisions.


"This uncertainty caused by an approvals process which clearly does more to tie up approvals than process them, combined with uncertainty in global economic markets could see more businesses pull out of infrastructure projects around Queensland.

"Queensland investment and job growth cannot continue to be put at risk by a Federal Labor Government which refuses to make decisions affecting Queensland's future," Mr Nicholls said.

ENDS

Contact:

John Wiseman (Deputy Premier's office) S.73 Telephone Number
Rachael Power (Treasurer's office) S.73 Telephone Number

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DIRECTOR-GENERAL'S BRIEFING NOTE

Policy

Tracking Folder No. TF/12/8461

Document No. DOC/12/72207

To: John Grayson
Date: 13 April 2012
Subject: Meeting with North Queensland Bulk Ports Corporation on 18 April 2012

Approved / Not Approved / Noted

Addressee

Date/...../.....

• RECOMMENDATION

That you **note** the contents of this briefing note for your meeting with Mr Brad Fish, CEO, North Queensland Bulk Ports (NQBP) and Mr Gary Campbell, General Manager, Abbot Point Port Development, NQBP.

• KEY ISSUES

- NQBP's briefing note (refer to **Attachment 1**) highlights two key concerns, namely:
 - Commonwealth delays in its approval process for the Multi Cargo Facility (MCF); and
 - delays in Terminals 4-9 Preferred Respondents signing required agreements.
- MCF Commonwealth Delays - NQBP referred the MCF to the Commonwealth on 7 April 2009, was declared a controlled action in May 2009, and a Commonwealth Environmental Impact Statement (EIS) process commenced. Due to the Commonwealth EIS process, a State EIS process was not considered necessary by the former Coordinator-General.
- The Commonwealth has exceeded normal decision timeframes with a further deferral until 31 December 2012 in order to seek further information. Key flow on impacts include:
 - reluctance to grant State approvals until the Commonwealth makes a decision;
 - the project cannot be planned with certainty and NQBP is exposed to financial risk;
 - NQBP could lose its Early Contractor Involvement contractors and potentially \$7 million; and
 - delays to other projects including other terminal developments at Abbot Point and rail and water infrastructure projects planned to support new mine developments.
- Due to UNESCO World Heritage Committee concerns about Great Barrier Reef impacts, the Commonwealth are taking a much more precautionary approach to projects.
- Terminals 4-9 at Port of Abbot Point - only three of six Preferred Respondents for Terminals 4-9 have signed Preferred Respondent Agreements with NQBP.
- NQBP is currently seeking legal advice on the course of action to be undertaken should it terminate the Preferred Respondent status of any/all unsigned respondents. It is also understood that NQBP may review their proposed Terminals 4-9 project with the potential option of relocating its location within the Abbot Point State Development Area.
- The Coordinator-General met with Mr Fish and Mr Campbell on 13 April 2012 to discuss their concerns. Due to the critical nature of the MCF to the State's economic development at Abbot Point, it is understood the Coordinator-General will be briefing the Deputy Premier that he write to the Premier recommending that the Premier raise Queensland's concerns about the MCF delays with the Prime Minister. The Department of the Premier and Cabinet (DPC) supports this approach.
- **Attachment 2** includes detailed information on the above issues provided by the Office of Government-Owned Corporations, Office of the Coordinator-General and Reef Secretariat.

Action Officer: Graham Marshall
Area: Economic Policy
Telephone: 32242433

Approvals by Director / ED /DDG
documented in notes in TRIM

• **CONSULTATION**

- Office of the Coordinator-General, Office of Government-Owned Corporations and DPC Reef Secretariat.

Craig Evans
Deputy Director-General

_____/_____/_____

Comments

[Empty box for comments]

Released under RTI - DPC



ATTACHMENT 1

North Queensland Bulk Ports Briefing Note Summary of Major Abbot Point Issues

Sustained global demand for energy and steel, particularly from China and India, is driving the current growth prospects for new and existing Bowen and Galilee Basin Coal mines which in turn is placing a strong demand for both port and rail infrastructure. A crucial infrastructure precinct in Queensland being able to meet this opportunity is the **Port of Abbot**. It will be pivotal to service this and the development needs of the greater North Queensland area. **North Queensland Bulk Ports (NQBP)** has been planning the development of the **Multi Cargo Facility (MCF)** at Abbot Point and associated coal export terminals to enable the Port of Abbot Point to reach its full potential to unlock vast resource areas across the State and provide a viable and long-term facility for future industrial development.

The MCF is a crucial element in the strategic infrastructure planning for Queensland.

The MCF at Abbot Point will cater for the growing demand for port facilities in North Queensland to:

- allow for the opening up of the Galilee Coal Basin
- support further growth of the Bowen Basin which is now linked to Abbot Point via the recently completed Goonyella to Abbot Point Expansion Project
- provide a gateway for the import of mine plant, machinery and supplies
- service the North West Minerals Province
- provide a port alternative for the liquefied natural gas industry
- allow for general cargo imports/exports for businesses establishing in the Abbot Point State Development Area (APSDA)
- provide an additional port solution for Queensland as Australia moves into value-added industries.

However, major concerns now exist in relation to Commonwealth approvals for projects at Abbot Point, most significantly being the MCF which NQBP had originally hoped to have approved over 12 months ago. A decision on the EPBC referral through the Commonwealth has now been further delayed until the end of 2012.

If the MCF does not proceed, the growth of the coal industry in Queensland (particularly the Galilee Basin, but also further development of the Bowen Basin) and for other industry in the north of the State will be critically impacted.

Active planning for the MCF and approvals started five years ago:

- 2007 started planning processes and agency briefings
- 2009 (April) project approval referral lodged
- 2010 (December) final EIS submitted to SEWPaC
- Approval expected early 2011.

There are significant implications of ongoing delays for the MCF project itself and the many significant other projects which are dependent on the MCF being approved in a timely manner.

Put simply, the delays have the following overall impact:

- coal mining developments with a potential value exceeding \$70 billion unable to proceed
- high likelihood that the development of the Galilee Coal Basin will not proceed due to lack of port facilities
- further development of high value coking coal deposits in the Bowen Basin either being delayed or possibly stopped indefinitely
- significant lost value for the APSDA with no port facility
- loss of opportunity to Queensland as potential developments are deferred including possible lost royalties from coal of \$500 million pa by 2020 and over \$1 billion by 2030
- significant lost employment opportunities in North Queensland
- exposure of NQBP to significant "at risk" early development costs incurred
- lost revenue for the port, Queensland and Australia
- potential loss forever of projects to Queensland as multi-national mining companies switch to alternative investments overseas and shelve their planned Queensland investment.

NQBP alone has committed almost \$100 million in planning to date for the MCF, which is a major exposure for the organisation.

Considering the consequences that delays or a refusal could have on the State finances, it is NQBP's view that the delays being experienced with the Commonwealth should be elevated to the highest possible political level. Accordingly, NQBP will be seeking the early assistance of the Premier/Shareholding Ministers to take this matter forward.

Other options do not exist elsewhere in Queensland if this growth is to be accommodated.

Another issue which NQBP wishes to advise of is in relation to the **T4-T9 project**. Only three of the selected six Preferred Respondents from the public invitation process which was undertaken to select successful possible developers have executed the necessary agreements. NQBP has written to the remaining three entities requesting information as to how they intend to further engage in the T4-T9 process with the objective of signing the Framework Agreement within the Exclusivity Period (currently 30 April 2012). It is expected that one or more of these entities will fail to execute the necessary agreements by 30 April 2012. NQBP has a proposed strategy for dealing with any entity failing to proceed on which it wishes to brief Shareholding Ministers.

NQBP wishes to urgently discuss with Shareholding Ministers the issue of the MCF approval delays and its proposed approach to dealing with the uncommitted T4-T9 parties.

Description of Current Abbot Point Projects

The Port of Abbot Point has been identified as an area for significant new industrial development, with the Abbot Point State Development Area (APSDA) being established in 2008. Whilst the State continues undertaking work on the development of the APSDA the current focus is on the development of additional coal export infrastructure. The coal developments importantly will underwrite significant supporting infrastructure necessary for the development of the APSDA. Developments currently under consideration include:

Multi Cargo Facility (MCF): construction of a new 12 berth harbour with dredge material managed within a reclamation area by NQBP (final EIS lodged with the Commonwealth in December 2010 and decision now delayed until December 2012). T4-T9 and possibly T2 and T3 are dependent on this project proceeding.

Terminal 0 (T0): 35mt expansion of the existing terminal (T1) by Adani, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports

from the expansion are planned for 2016. NQBP considers this developer timetable to be ambitious.

Terminal 2 (T2): 60mt terminal to be developed in stages by BHP Billiton, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2018.

Terminal 3 (T3): 60mt terminal to be developed by Hancock Coal, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2015. NQBP considers this developer timetable to be optimistic.

The T0 to T3 projects are in the pre-feasibility to feasibility phases. The T2 and T3 proponents have entered into a Framework Agreement with NQBP to govern their developments whilst discussions with Adani for T0 are proceeding. NQBP is working with proponents to progress environmental approvals and to make available the land and seabed needed. Final commitments by proponents critically depend on their ability to secure environmental approvals under the Federal EPBC Act for their activities.

T4 to T9: Six 30 million tonne terminals to be developed by private companies utilising the MCF, with facilitation of the projects by NQBP (referral expected to be lodged in April 2012). The Preferred Developers are Anglo Coal, Rio Tinto, Vale, NQCT, Waratah Coal and MacMines. Preferred Developers were selected in December 2011 after a public invitation process. NQBP is now in discussions with all Preferred Developers with the objective of entering into Framework Agreements to govern each development process. The majority of Preferred Developers are seeking to complete terminal construction and begin exporting coal by 2017 or 2018 and one proponent is targeting earlier dates. However, some of these timeframes appear optimistic.

NQBP is working on ways to stage developments to take place efficiently and economically.

Common User Infrastructure: Planning is well advanced on the provision of necessary infrastructure to service all coal terminals and other development within the APSDA. This includes power, water, roads, tug harbour and other necessary services. NQBP is undertaking the planning and construction of common user infrastructure. However, the majority of the funding for this common user infrastructure is being sought from the terminal developers up front.

ATTACHMENT 2

Queensland Treasury Dot Points

North Queensland Bulk Ports Corporation Limited (NQBP)

Multi Cargo Facility at the Port of Abbot Point

- The proposed Multi Cargo Facility (MCF) 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 will be the primary export through the MCF, it can be purpose built to service other industries and trades, including liquefied natural gas.
- The project was referred to the then Australian Government Department of the Environment, Water, Heritage and the Arts (now the Department of Sustainability, Environment, Water, Population and Communities (SEWPAC)) and declared to be a controlled action for which an approval under the *Environment Protection and Biodiversity Conservation Act 1999* (Cwlth) is required on 12 May 2008. On 29 May 2009, the delegate for the Minister determined that assessment by Environmental Impact Statement (EIS) was required.
- In October 2009, the Coordinator-General declared the MCF project to be a 'significant project for which an Environmental Impact Statement (EIS) is not required' in accordance with section 26(1)(b) of the *State Development and Public Works Organisation Act 1971*.
- North Queensland Bulk Ports Corporation Limited (NQBP) submitted the final EIS for the MCF with SEWPAC in late 2010, and anticipated approval in mid-2011.
- NQBP has faced considerable delays in the Australian Government's approval of the EIS for the proposed MCF.
- Earlier this year, SEWPAC advised of an extension to its assessment of the EIS from early January 2012 to March 2012. On 8 March 2012, the Honourable Tony Burke MP, Minister for Sustainability, Environment, Water, Population and Communities, advised he would defer his decision until 31 December 2012 as he considers he needs additional information, including the Abbot Point Cumulative Impact Assessment being undertaken by NQBP, the Adani Group (Adani), BHP Billiton Ltd (BHP Billiton) and Hancock Coal Pty Ltd (Hancock). [info on Cumulative Impact Assessment is provided at the end of these dots points].
- Each month of delay in the approval of the MCF EIS is increasing the risk that the project may not be able to meet the timeframe of future users. In addition, the delay in the SEWPAC approvals has flow on impacts including:
 - Reluctance of the State to grant State approvals, permits and Material Change of Use applications until the SEWPAC decision is provided. These subsequent approvals are expected to take a further six months to obtain;
 - Until the conditions of approval are known the project cannot be planned with certainty – this creates significant uncertainty about project cost. Further, there is a risk that any work that NQBP does on design and construction will need to be re-

- done once the approval conditions are received;
- o The possibility that NQBP could lose its Early Contractor Involvement (ECI) contractor. Two joint venture construction companies put in bids for which NQBP has committed to pay each bidder \$3.5 million. NQBP has recently appointed Macmahons Dredging International (MDI) Joint Venture as the preferred bidder but with the uncertainty surrounding the MCF project, NQBP faces the possibility that MDI may withdraw from the project to concentrate on projects with greater certainty. This would result in NQBP having to go back to the market to seek bidders, causing a loss in project momentum and further delays in MCF project delivery timeframes. NQBP would also have wasted \$7 million on the ECI bids.
- The delay in the SEWPAC approvals also has flow on impacts to the following Abbot Point projects which are all part of the Cumulative Impact Assessment which the Honourable Tony Burke wants to consider to inform his decision on the MCF EIS:
 - o The Terminals 4-9 preferred respondents which will be utilising the MCF;
 - o Terminals 2 (BHP Billiton) and 3 (Hancock) may also now use the MCF, with the cost of the MCF appearing to be cheaper for BHP Billiton than an offshore jetty and Hancock concerned that environmental approval for their preferred offshore option may not be achieved in time to meet their project timeframes;
 - o Terminal 1 expansion – Adani has a proposal to develop T0 (a separate stand-alone Trestle); and
 - o Rail and water infrastructure projects planned to support new mine developments.
- There is concern that the further delay in the SEWPAC assessment of the Abbot Point projects may negatively impact the overall timing of the development of Queensland resource regions including the Galilee and Bowen Basins.
- The former, Deputy Premier, Treasurer and Minister for State Development and Trade, the Honourable Andrew Fraser, wrote to the Honourable Wayne Swan MP, Deputy Prime Minister and Treasurer in mid March 2012 to raise his concerns regarding the decision to defer consideration of the MCF EIS until end 2012. The Honourable Tony Burke MP, the Honourable Martin Ferguson MP and the Honourable Anthony Albanese MP were copied in on the correspondence. A copy of this letter is attached to these dot points.
- The approach to SEWPAC has emphasised the need for a best practice timeframe to be established (and adhered to) for the EIS assessment process.

Terminals 4 – 9 at the Port of Abbot Point

- In December 2011, the Queensland Government announced that the following corporations had been awarded preferred respondent status for Terminals 4-9 (T4-9) at Abbot Point:
 - o Anglo American Metallurgical Coal Pty Ltd (Anglo);
 - o Rio Tinto Coal Australia Pty Ltd (Rio Tinto);
 - o North Queensland Coal Terminal Pty Ltd (NQCT) (consortium of Macarthur Coal, Peabody Energy, New Hope Corporation, Middlemount Coal and Carabella Resources);
 - o Vale S.A (Vale);
 - o Waratah Coal Pty Ltd (Waratah Coal); and
 - o Macmines Austasia Pty Ltd (Macmines).
- The T4-9 project involves an additional six coal terminals with a nominal capacity of 180 million tonnes per annum (mtpa). NQBP originally sought to have all T4-9 Preferred

Respondent Agreements executed by 31 January 2012. By that time, NQBP was yet to sign Preferred Respondent Agreements with Rio Tinto; NQCT and Waratah Coal.

- The Preferred Respondent Agreement provides a period of exclusivity until 30 April 2012 (or such later date as NQBP may nominate but no later than 30 June 2012), for the Preferred Respondent to negotiate a Framework Agreement with NQBP. The Preferred Respondent Agreement also requires the Preferred Respondent to pay 10 per cent of the \$75 million participation charge on signing of the agreement. The three Preferred Respondents which have signed the Preferred Respondent Agreements have all paid 10 per cent of the participation charge.
- Once the Preferred Respondent Agreements are executed, NQBP will negotiate Framework Agreements with the Preferred Respondents. NQBP had targeted 30 April 2012 for the finalisation of the Framework Agreements, with a possible extension to 30 June 2012, however, it is becoming increasingly doubtful that either timeframe will be achieved. If the Framework Agreements are finalised by 30 June 2012, this would provide a period until 30 June 2014 to guide the negotiation of detailed project development agreements and leases for terminal land. Construction could then commence in mid-2014 with first coal exports potentially commencing in 2017.
- On 29 February 2012, NQBP wrote to each of the unsigned respondents indicating that no formal action to exclude participants from the process is proposed prior to 30 April 2012. NQBP considered that by 30 April 2012, the Queensland State election result should have been finalised and NQBP expected it would have briefed incoming shareholding Ministers on recommended actions, including any requirement for a process/strategy to identify replacement Preferred Respondents if required.
- NQBP's proposed strategy for dealing with the unsigned respondents is to write a second letter to each of the respondents requesting their urgent attention to signing the Preferred Respondent Agreements:
 - Waratah Coal – Waratah Coal has repeatedly delayed an initial meeting with NQBP to discuss the Preferred Respondent Agreement. NQBP's proposed letter to Waratah Coal will detail Waratah's course of conduct to date and advise that, in the absence of progress on negotiations, Waratah Coal's status as a Preferred Respondent will be reviewed by NQBP at the end of April 2012;
 - Rio Tinto and NQCT – NQBP has been in negotiations with Rio Tinto and NQCT. NQBP's proposed letter to Rio Tinto and NQCT will request their urgent attention to finalising the agreements and to advise that their Preferred Respondent status will be revised by NQBP at the end of April 2012.
- Unless advised otherwise, NQBP is intending to send correspondence to the T4-9 proponents by close of business on 13 April 2012.
- NQBP has advised that following receipt of these letters, if the unsigned Preferred Respondents do not progress negotiations, NQBP will write a third letter advising the unsigned respondents that their Preferred Respondent status will be terminated on a specified date (for example, three weeks from the date of the letter).

- NQBP is currently seeking legal advice on the course of action to be taken should NQBP terminate the Preferred Respondent status of any or all of the unsigned respondents. Options under consideration but not yet fully developed include:
 - continuing to deal just with the Preferred Respondents that have signed Preferred Respondent Agreements ie Anglo, Vale and Macmines;
 - conducting a new EOI process to identify replacement Preferred Respondents;
 - conducting a targeted process, whereby the unsuccessful respondents to the T4-9 EOI process are given an opportunity to refresh their bids; or
 - revisiting the results of the T4-9 Expressions of Interest process to offer Preferred Respondent status to unsuccessful respondents by merit order.
- As noted earlier, it is increasing doubtful that Framework Agreements will be finalised by 30 April 2012. NQBP advises that none of the preferred respondents, signed or unsigned, appear prepared to execute a Framework Agreement by 30 April 2012 (and pay the required \$75 million Participation Charge upon execution).
- NQBP therefore proposes to seek to negotiate a Cost Sharing Agreement for \$15 million per Preferred Respondent (which will effectively be non-refundable due to committed expenditure), in exchange for an extension of the date for the finalisation of the Framework Agreements to 30 September 2012.

Strategic Assessment

- In June 2011, the United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Committee raised concerns in relation to the development of areas adjacent to the world heritage listed Great Barrier Reef. In response, SEWPAC recommended to the Queensland Government that a Strategic Assessment be undertaken of the entire Great Barrier Reef World Heritage Area property and Queensland's adjacent coastal strip. The Strategic Assessment process may further delay environmental approvals of Abbot Point projects.
- A delegation from UNESCO visited Australia from 6 to 14 March 2012 to compile a report on the state of conservation within the Great Barrier Reef. The UNESCO report is due to be considered by the World Heritage Committee in June 2012.
- There is a risk that following their Australian visit, UNESCO may recommend that all Queensland coal, Liquefied Natural Gas and other projects requiring shipping out of Queensland north of Bundaberg be deferred until the Strategic Assessment process is complete. The number of projects that such a moratorium would capture is substantial.

Cumulative Impact Assessment

- The Cumulative Impact Assessment is a coordinated assessment of impacts of proposed developments in the Abbot Point area. The proponents have developed a framework which has been reviewed and approved by SEWPAC and the Queensland Office of Coordinator General. The studies will focus on project impacts on Matters of National Environmental Significance listed under the Environment Protection and Biodiversity Conservation Act 1999. Once completed, the studies will be compiled into a report and presented to SEWPAC. The report will assist SEWPAC in making an informed decision

regarding the potential impacts on Matters of National Environmental Significance, including the Great Barrier Reef World Heritage Area.

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Office of the Coordinator-General Dot Points

Meeting with North Queensland Bulk Ports Corporation Limited (NQBP)

- The Multi Cargo Facility (MCF) is the preferred long term solution for providing additional export and shipping capacity at Abbot Point.
- NQBP referred the proposed MCF to the Commonwealth on 7 April 2009.
- In May 2009 the MCF was declared to be a controlled action under the EPBC Act and a Commonwealth EIS process commenced. As this EIS had commenced the Coordinator-General on 2 October 2009, declared the MCF to be a 'significant project for which an EIS was not required' and was satisfied appropriate environmental assessments under the EPBC Act and other State approval processes would be adequate.
- The final Environmental Impact Statement (EIS) was publicly notified on 8 December 2010. SEWPaC has exceeded the normal timeframe in which to make a decision under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act).
- The Honourable Tony Burke MP, Minister for Sustainability, Environment, Water, Population and communities has further extended the time for a decision pursuant to the EPBC Act on the proposed MCF until 31 December 2012.
- This decision has put the status of the proposed MCF into a difficult financial position, which may ultimately impact on future investment in the MCF and related industry projects may be delayed as a result.
- It is understood that only three of the preferred respondents for Terminals 4 – 9 have signed agreements to proceed.
- Given the significant expenditure to-date and market scepticism, NQBP are currently reviewing their proposed Terminals 4-9 project with the potential option of relocating to another location within the Abbot Point State Development Area (APSDA).
- While this proposal may achieve construction cost savings for NQBP, this may ultimately jeopardise the longer term economic development capacity of the APSDA. Economic development at Abbot Point is based on providing viable and long term land and facilities (the proposed MCF) for future large scale industrial development of state, regional and national significance.
- NQBP's proposal is considered premature, as Commonwealth approval of the MCF would provide a greater level of certainty to proponents in progressing with projects given the significant level of investments being made in mine, rail and port infrastructure.

DPC Reef Secretariat Dot Points

- The original environmental approval for the project was expected from the Commonwealth in approximately May 2011. In December 2011, Minister Burke decided to defer his decision to March 2012 in order to seek further information. In March 2012, he decided to further defer the decision to December 2012. Copies of the decisions are attached.
- The primary reason given is to obtain further information including on the cumulative impacts of the development and other developments at Abbot Point, which NQBP is currently preparing in collaboration with the various proponents. This work is not expected to be completed until around August 2012.
- NQBP are setting a high standard in terms of the cumulative impact studies being undertaken, including a significant investment in a reef wide shipping risk assessment, funded by BHP Billiton.
- SEWPAC has also sought further information from the Queensland Government on the drivers and planning context for the MCF in a letter to the Coordinator General dated 9 December 2011. This advice has been provided, but SEWPAC has informally advised on a number of occasions that it is not adequate. The reasons for the inadequacy have not been explained.
- The Commonwealth routinely rely on the Queensland Coordinator-Generals reports to obtain this type of information as well as assisting in conditioning approvals. In the case of the MCF, the proponents decided to seek Commonwealth approval before seeking State approvals, so this report is not available. While the proponents intention was to avoid going through numerous state approvals to then be potentially rejected by the Commonwealth (eg as happened with Traveston Dam), this may have contributed to some of the delays.
- The Commonwealth are currently taking a much more precautionary approach to projects following the concerns raised by the UNESCO World Heritage Committee. A number of projects have been asked to provide further information on cumulative impacts, including the MCF, the Great Keppel Island resort development and the South of Embley bauxite project.

Graham Marshall

From: Gary Campbell [GCampbell@nqbp.com.au]
Sent: Tuesday, 10 April 2012 11:52 AM
To: Lynette Williams
Cc: Tina Marsh; Brad Fish
Subject: FW: Abbot Point Issues: Request for Meeting
Attachments: ministerialbrief.docx; ATT00001.txt; ATT00002.htm

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Lynette

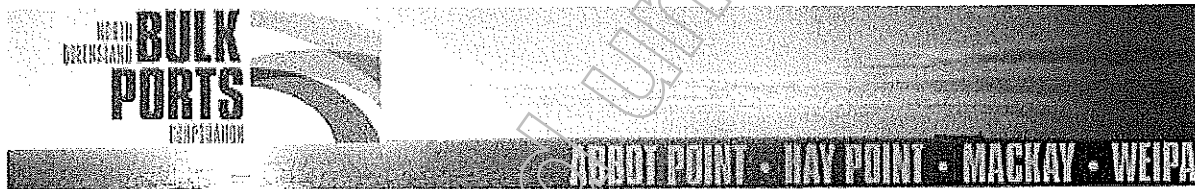
Thanks for providing some times to meet with Jon. Our CEO, Brad Fish, is available to meet at 3pm on Wednesday 18 April. He and myself will be attending the meeting. The main item for discussion is as per the Briefing Note which has been provided. However, I will provide a more detailed draft agenda prior to Wednesday.

Many Thanks

Gary

Gary Campbell
General Manager Abbot Point Port Development

gcampbell@NOBP.com.au



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From: Gary Campbell
Sent: Tuesday, 3 April 2012 9:04 AM
To: 'lynette.williams@premiers.qld.gov.au'
Cc: Brad Fish; Joanne Palethorpe
Subject: Abbot Point Issues: Request for Meeting

Good Morning Lynette

I am writing on behalf of the NQBP Chairman, Leonie Taylor, and CEO, Brad Fish, to seek a meeting with Jon Grayson the Director-General, Premier and Cabinet.

The purpose of the meeting is to discuss issues associated with major port development at the Port of Abbot Point and specifically project approval delays. These delays are putting at risk about \$70 billion of associated major projects in the Bowen and Galilee Basins which will rely on the MCF being approved to allow wharf capacity for product exports and for the import of mine plant, machinery and supplies. It is vital for the Queensland economy that these projects to be able to be progressed with certainty and in the necessary timeframes.

Attached for your information is a briefing note on the major issues at Abbot Point which we would like to discuss.

Thank you for considering this request and we await your response.

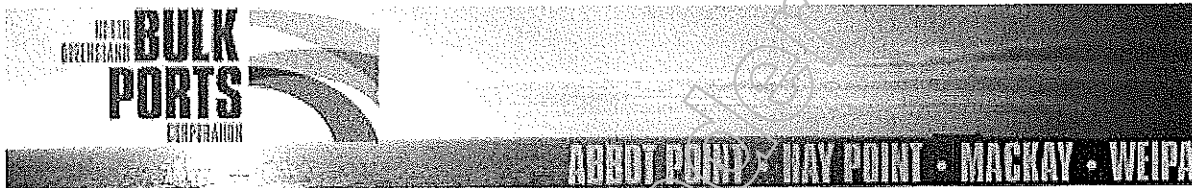
Regards

Gary Campbell

Gary Campbell

General Manager Abbot Point Port Development

gcampbell@NQBP.com.au



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Summary of Major Abbot Point Issues

Sustained global demand for energy and steel, particularly from China and India, is driving the current growth prospects for new and existing Bowen and Galilee Basin Coal mines which in turn is placing a strong demand for both port and rail infrastructure. A crucial infrastructure precinct in Queensland being able to meet this opportunity is the **Port of Abbot**. It will be pivotal to service this and the development needs of the greater North Queensland area. **North Queensland Bulk Ports (NQB)** has been planning the development of the **Multi Cargo Facility (MCF)** at Abbot Point and associated coal export terminals to enable the Port of Abbot Point to reach its full potential to unlock vast resource areas across the State and provide a viable and long-term facility for future industrial development.

The MCF is a crucial element in the strategic infrastructure planning for Queensland.

The MCF at Abbot Point will cater for the growing demand for port facilities in North Queensland to:

- allow for the opening up of the Galilee Coal Basin
- support further growth of the Bowen Basin which is now linked to Abbot Point via the recently completed Goonyella to Abbot Point Expansion Project
- provide a gateway for the import of mine plant, machinery and supplies
- service the North West Minerals Province
- provide a port alternative for the liquefied natural gas industry
- allow for general cargo imports/exports for businesses establishing in the Abbot Point State Development Area (APSDA)
- provide an additional port solution for Queensland as Australia moves into value-added industries.

However, major concerns now exist in relation to Commonwealth approvals for projects at Abbot Point, most significantly being the MCF which NQB had originally hoped to have approved over 12 months ago. A decision on the EPBC referral through the Commonwealth has now been further delayed until the end of 2012.

If the MCF does not proceed, the growth of the coal industry in Queensland (particularly the Galilee Basin, but also further development of the Bowen Basin) and for other industry in the north of the State will be critically impacted.

Active planning for the MCF and approvals started five years ago:

- 2007 started planning processes and agency briefings
- 2009 (April) project approval referral lodged

- 2010 (December) final EIS submitted to SEWPaC
- Approval expected early 2011.

There are significant implications of ongoing delays for the MCF project itself and the many significant other projects which are dependent on the MCF being approved in a timely manner.

Put simply, the delays have the following overall impact:

- coal mining developments with a potential value exceeding \$70 billion unable to proceed
- high likelihood that the development of the Galilee Coal Basin will not proceed due to lack of port facilities
- further development of high value coking coal deposits in the Bowen Basin either being delayed or possibly stopped indefinitely
- significant lost value for the APSDA with no port facility
- loss of opportunity to Queensland as potential developments are deferred including possible lost royalties from coal of \$500 million pa by 2020 and over \$1 billion by 2030
- significant lost employment opportunities in North Queensland
- exposure of NQBP to significant "at risk" early development costs incurred
- lost revenue for the port, Queensland and Australia
- potential loss forever of projects to Queensland as multi-national mining companies switch to alternative investments overseas and shelve their planned Queensland investment.

NQBP alone has committed almost \$100 million in planning to date for the MCF, which is a major exposure for the organisation.

Considering the consequences that delays or a refusal could have on the State finances, it is NQBP's view that the delays being experienced with the Commonwealth should be elevated to the highest possible political level. Accordingly, NQBP will be seeking the early assistance of the Premier/Shareholding Ministers to take this matter forward.

Other options do not exist elsewhere in Queensland if this growth is to be accommodated.

Another issue which NQBP wishes to advise of is in relation to the **T4-T9 project**. Only three of the selected six Preferred Respondents from the public invitation process which was undertaken to select successful possible developers have executed the necessary agreements. NQBP has written to the remaining three entities requesting information as to how they intend to further engage in the T4-T9 process with the objective of signing the Framework Agreement within the Exclusivity Period (currently 30 April 2012). It is expected that one or more of these entities will fail to execute the necessary agreements by 30 April 2012. NQBP has a proposed strategy for dealing with any entity failing to proceed on which it wishes to brief Shareholding Ministers.

NQBP wishes to urgently discuss with Shareholding Ministers the issue of the MCF approval delays and its proposed approach to dealing with the uncommitted T4-T9 parties.

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Description of Current Abbot Point Projects

The Port of Abbot Point has been identified as an area for significant new industrial development, with the Abbot Point State Development Area (APSDA) being established in 2008. Whilst the State continues undertaking work on the development of the APSDA the current focus is on the development of additional coal export infrastructure. The coal developments importantly will underwrite significant supporting infrastructure necessary for the development of the APSDA. Developments currently under consideration include:

Multi Cargo Facility (MCF): construction of a new 12 berth harbour with dredge material managed within a reclamation area by NQBP (final EIS lodged with the Commonwealth in December 2010 and decision now delayed until December 2012). T4-T9 and possibly T2 and T3 are dependent on this project proceeding.

Terminal 0 (T0): 35mt expansion of the existing terminal (T1) by Adani, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2016. NQBP considers this developer timetable to be ambitious.

Terminal 2 (T2): 60mt terminal to be developed in stages by BHP Billiton, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2018.

Terminal 3 (T3): 60mt terminal to be developed by Hancock Coal, along with an additional two offshore berths (approval referral lodged with SEWPaC). First coal exports from the expansion are planned for 2015. NQBP considers this developer timetable to be optimistic.

The T0 to T3 projects are in the pre-feasibility to feasibility phases. The T2 and T3 proponents have entered into a Framework Agreement with NQBP to govern their developments whilst discussions with Adani for T0 are proceeding. NQBP is working with proponents to progress environmental approvals and to make available the land and seabed needed. Final commitments by proponents critically depend on their ability to secure environmental approvals under the Federal EPBC Act for their activities.

T4 to T9: Six 30 million tonne terminals to be developed by private companies utilising the MCF, with facilitation of the projects by NQBP (referral expected to be lodged in April 2012). The Preferred Developers are Anglo Coal, Rio Tinto, Vale, NQCT, Waratah Coal and MacMines. Preferred Developers were selected in December 2011 after a public invitation process. NQBP is now in discussions with all Preferred Developers with the objective of entering into Framework Agreements to govern each development process. The majority of Preferred Developers are seeking to complete terminal construction and begin exporting coal by 2017 or 2018 and one proponent is targeting earlier dates. However, some of these timeframes appear optimistic.

NQBP is working on ways to stage developments to take place efficiently and economically.

Common User Infrastructure: Planning is well advanced on the provision of necessary infrastructure to service all coal terminals and other development within the APSDA. This includes power, water, roads, tug harbour and other necessary services. NQBP is undertaking the planning and construction of common user infrastructure. However, the majority of the funding for this common user infrastructure is being sought from the terminal developers up front.

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Adam Pennicott

From: Adam Pennicott
Sent: Monday, 8 April 2013 10:03 AM
To: Rachel Lunnon; Tracey O'Meara
Subject: FW: Final RCC papers for 9 April 2013
Attachments: Agenda Item 3.3 - Abbot Point Expansion Project_FINAL.pdf; Agenda Item 3.1 Coal Mine Pilot - Update_FINAL.pdf; Agenda Item 3.4 Productivity Commission_Major Projects Development Assessment Processes_FINAL.pdf; Agenda Item 3.4 Productivity Commission_Major Projects Development Assessment Processes_Att_FINAL.pdf; FINAL Agenda_vers 2.doc

Importance: High
Sensitivity: Confidential

Hi guys,

The final RCC papers have come in. Rachel, I think you are 3.1 and Tracey I think you have responsibility for 3.3 and 3.4?

Would it be possible to get some dot points on your areas by 2pm today? The meeting is early tomorrow morning. (Rachel thanks for getting me early dots on 3.5).

Thanks guys. Happy to discuss.

Adam Pennicott

Economic Policy
Department of the Premier and Cabinet

Ph (07) 3224 2162
Extension 42162
Adam.Pennicott@premiers.qld.gov.au

Level 14, Executive Building
100 George St, Brisbane, QLD 4000

From: Sandy Williams [<mailto:Sandy.Williams@dsdip.qld.gov.au>]
Sent: Monday, 8 April 2013 9:40 AM
To: DAFF CLLO; DEHP CLLO; DNPRSR CLLO; DNRM CLLO; Don Sfiligoj; Kirsten Moore; Martin Reside; Mary-Anne Wilson; Peter Webber; TREASURY CLLO
Cc: Andrew Chesterman; Barry Broe (Coordinator-General); Dan Hunt; David Edwards (State Development, Infrastructure and Planning); David Hourigan; Dennis Bird; Greg Fahey; Helen Gluer (Treasury); Jack Noye (DAFF); Jamie Merrick; Jeff Popp; John Giaister (Parks, Recreation, Sport and Racing); Jon Grayson; Matt Adams (DEEDICON); Adam Pennicott; Bernadette Zerba; Bruce Mills; Johanna DeWinter; Matt Jeffries; Paul Leven; Susan McDonald; Troy Collings
Subject: Final RCC papers for 9 April 2013
Importance: High
Sensitivity: Confidential

All,

Please find attached an updated Agenda and the final papers for the RCC meeting tomorrow.

Regards

<<Agenda Item 3.3 - Abbot Point Expansion Project_FINAL.pdf>> <<Agenda Item 3.1 Coal Mine Pilot - Update_FINAL.pdf>> <<Agenda Item 3.4 Productivity Commission_Major Projects Development Assessment

Processes_FINAL.pdf>> <<Agenda Item 3.4 Productivity Commission_Major Projects Development Assessment
Processes_Att_FINAL.pdf>> <<FINAL Agenda_vers 2.doc>>

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Page 88 redacted for the following reason:

Exempt Sch.3(2)(1)(a) Consideration of Cabinet

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Susan Lucas

From: Noble, Mark [Mark.Noble@deedi.qld.gov.au]
Sent: Tuesday, 16 April 2013 1:38 PM
To: Grant Stidiford
Subject: FW: Dot points for the Premier meeting with GVK April 18 2013 (2).doc

Importance: High

Hi Grant,

Below is an email from Karen Wilk that provides an update from the GVK meeting this morning.

Karen felt there was nothing that would impact on the Premier's meeting tomorrow.

Regards,

Mark Noble
Policy Manager

Economic and Infrastructure Policy
Department of State Development, Infrastructure and Planning

Tel: 07 3224 2124 (42124)

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aren
. 16 April 2013 1:28 PM
rk
tt
E: Dot points for the Premier meeting with GVK April 18 2013 (2).doc
High

Hi Mark

No issues raised at our meeting today that we feel would impact on meeting with the Premier tomorrow.

As you may be aware, GVK Hancock Coal (both the Alpha and Kevin's Corner projects) are on our priority client list that we will be reporting regularly on to the Resources Cabinet Committee.

At this point, we will be assisting GVK with the following:

- interpretation of their CG conditions from a road perspective
- water pipeline options
- assisting with co-ordination of the engagement process between their potential contractors and local and state government relating to approvals, timeframes etc

Regards

Karen Wiik
Project Manager
Significant Resource Projects
Resource Sector Facilitation

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Great state. Great opportunity.

Mark

15 April 2013 1:33 PM

tt

in

ot points for the Premier meeting with GVK April 18 2013 (2).doc

Hi Matt, Karen,

Please find attached bullet points that were sent as input into the Premier's meeting brief for his meeting with GVK on 18 April 2013.

I would appreciate if you could let me know if anything is discussed that the Premier should know about. I will then forward the info to Grant Stidiford who is writing the meeting brief.

Regards,

Mark

<< File: Dot points for the Premier meeting with GVK April 18 2013 (2).doc >>

Released under RTI - DPC

Susan Lucas

From: Tracey O'Meara
Sent: Friday, 12 April 2013 3:38 PM
To: Grant Stidiford
Subject: FW: URGENT - dot point information for DPC
Attachments: Dot points for the Premier meeting with GVK April 18 2013 (2).doc

Follow Up Flag: Follow up
Flag Status: Completed

Tracey O'Meara
Director Economic Policy
Department of the Premier and Cabinet
Telephone +61734056663
Mobile S.73 Telephone Number
email tracey.o'meara@premiers.qld.gov.au
web www.premiers.qld.gov.au



From: Jane Koosney [mailto:Jane.Koosney@dsdip.qld.gov.au]
Sent: Friday, 12 April 2013 3:16 PM
To: Tracey O'Meara
Subject: FW: URGENT - dot point information for DPC

Hi Tracey

I'm sending this to you now but it hasn't received DG approval yet. I will notify you once the DG has seen it in case he wishes to remove/add info.

Remember, this is a draft only!!

Cheers

Jane

Jane Koosney
Principal Advisor
Cabinet and Executive Services
Department of State Development, Infrastructure and Planning
Queensland Government
tel +61 7 3404 8317 (ext 64317)

post PO Box 15009 City East Qld 4002 visit Level 12 Executive Building, 100 George Street, Brisbane
jane.koosney@dsdip.qld.gov.au

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Great state. Great opportunity

From: Bird, Dennis [mailto:Dennis.Bird@deedi.qld.gov.au]

Sent: Friday, 12 April 2013 2:52 PM

To: Jane Koosney

Cc: Manuela Costello(DEEDICON); Lynda Plint (DEEDICON); Mark Noble(DEEDICON); David Stolz(DEEDICON)

Subject: RE: URGENT - dot point information for DPC

Jane,

Here is the approved updated version. It is a little long but this is a complex and difficult matter.

Thank you

Dennis Bird
Executive Director

Resource Sector Facilitation

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From: Jane Koosney [mailto:Jane.Koosney@dsdip.qld.gov.au]

Sent: Friday, 12 April 2013 12:22 PM

To: Dennis Bird

Subject: FW: URGENT - dot point information for DPC

Jane Koosney
Principal Advisor
Cabinet and Executive Services
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Queensland Government
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post PO Box 15009 City East Qld 4002 **visit** Level 12 Executive Building, 100 George Street, Brisbane
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www.dsdip.qld.gov.au

Please consider the environment before printing this email

Great state. Great opportunity

From: Jane Koosney
Sent: Friday, 12 April 2013 12:21 PM
To: Karina Green
Subject: FW: URGENT - dot point information for DPC

Jane Koosney
Principal Advisor
Cabinet and Executive Services
Department of State Development, Infrastructure and Planning
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www.dsdip.qld.gov.au

Please consider the environment before printing this email

Great state. Great opportunity

From: Jane Koosney
Sent: Friday, 12 April 2013 12:14 PM
To: Karina Green
Subject: URGENT - dot point information for DPC

Hi Karina

Would you please follow up with Denis for his approval of the dot point information for the Premier's meeting with GVK. Mark Noble has prepared the information and forwarded it to Fiona this morning for Denis's approval.

DPC is chasing me!

Cheers

Jane

Jane Koosney
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Great state. Great opportunity

From: Jane Koosney
Sent: Wednesday, 10 April 2013 9:50 AM

To: Mark Noble
Cc: 'Toogood, Fiona'; David Stolz; Sandy Williams
Subject: Galilie Basin

<<Proposed Relationship between GVK Hancock and Aurizon - GR150313.PDF>> <<Deputy Premier letter template - REDDY, Sanjay.DOC>> <<FW: Premier Campbell Newman Meeting with GVK Resources - 17 April 2013>>

Hi Mark

Would you please prepare a response to the above incoming letter from Sanjay Reddy. Due to an error in ESU this correspondence was not sent to State Development for a response. I apologise for this error.

I have also attached a request from DPC for dot point information to be included in a meeting brief to the Premier. Could you please provide the dot point information to me by cob tomorrow as I will need to run this past the DG before I send it to DPC.

Regards

Jane

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Points for the Premier's meeting with GVK Hancock - 17 April 2013

Background

- The GVK Group is a privately owned Indian company with interests in power, airports, transport, oil and gas, mining, urban development, hotels, and bioscience.
- In November 2011, GVK acquired from the Hancock Group:
 - a shareholding interest of up to 79 per cent in the Alpha (Tad's Corner) and Alpha West (Paul's Corner) Coal Projects, located in the Galilee Basin in Queensland. The Hancock Group retains the remainder of the shareholding
 - a 100 per cent shareholding in the Kevin's Corner Coal Project, located immediately adjacent to Alpha
 - a 100 percent shareholding in the rail project that will connect the above coal projects to the port of Abbot Point and the Abbot Point T3 expansion project.

AP-X Registration of Interest (ROI) Process

- On 21 December 2012, the government announced it was seeking expressions of interest to participate in the first stage of potential development of new export coal terminal capacity at the Port of Abbot Point over and above prospective terminals T0, T2, and T3.
- 19 submissions were received.
- GVK Hancock made a submission in respect to its proposed Alpha West Mine. This mine is not catered for in GVK Hancock's proposed T3.
- Submissions were evaluated against the following three evaluation criteria:
 - demonstrated access or a credible strategy to achieve access to long-term coal resources and rail infrastructure
 - demonstrated ability to finance the development and operation of new infrastructure
 - willingness and a strategy in place to develop infrastructure that achieves the government's objectives and is consistent with key commercial principles.
- The process of evaluation of the ROI's comprised three steps:
 - evaluation of responses against ROI requirements
 - evaluation of responses against the evaluation criteria
 - overall evaluation of each ROI and short listing of applications.
- The Deputy Premier announced on 10 April 2013 that Anglo American Metallurgical Coal Pty Ltd and the NorthHub Consortium (a joint venture between Aurizon and Lend Lease) have been invited to move into Stage 2 of the AP-X process.
- On 10 April 2013, GVK Hancock was advised by the Deputy Premier of the short listed proponents.
- GVK Hancock was encouraged to continue developing its plans and was assured that there will be future opportunities to seek further export capacity at the Port of Abbot Point.
- GVK Hancock was also advised that there is an opportunity to engage with the AP-X Preferred Proponents with a view to joint venturing or seeking third party access to the proposed infrastructure.
- It is considered that the priority for GVK Hancock should be the pursuance of its T3 development.
- GVK Hancock has been offered the opportunity to seek feedback on its submission and plans from the Project Team.
- Due to probity arrangements for the AP-X process, it is the Department's **strong preference** that any feedback on the process and its outcome should be given directly to GVK Hancock by the Project Director, Mr David Stolz, Executive Director, Infrastructure Policy, Department of State Development, Infrastructure and Planning. David's contact details are:
 - Phone: 07 3404 3474
 - Email: david.stolz@dndip.qld.gov.au

Galilee Basin Rail Policy Development

- On 6 June 2012, the government articulated its policy with respect to development of railway(s) to service the Galilee Basin. The Deputy Premier announced the government supported:
 - a west to east common rail corridor to connect the central and northern areas of the Basin to the existing Aurizon (formerly QR National) coal rail systems, combining greenfield rail line development with further development of existing coal rail system corridors
 - a south to north common rail corridor in the vicinity of the area studied by GVK/Hancock for the Alpha Coal Project EIS, which reflected the advanced stage of development of the Alpha Coal Project, and was to support development of a number of large scale vertically integrated projects in the medium to long term.
- The government is encouraging incremental expansion where feasible and sought that proponents minimise impacts on landholders and the environment wherever possible.
- The government remains committed to its preference for shared use of infrastructure and facilities with open access arrangements and the common use of corridors being important considerations to minimise impacts on landholders and the environment.
- As a result of changes in world economic circumstances, on 14 January 2013, the Deputy Premier wrote to mining proponents in the Galilee Basin asking them to provide an update on their progress for the development of rail infrastructure in the Galilee Basin.
- On 14 March 2013, Mr GV Sanjay Reddy, Vice Chairman, GVK Hancock, responded via letter to the Deputy Premier.
- A response is currently progressing through the approvals process that advises Mr Reddy that Adani's submission is currently being further considered, and along with other submissions, will have a bearing on the government's rail policy deliberations for development of the Galilee Basin's rail infrastructure.
- In this regard it is important to note that Adani's ongoing discussions with Aurizon are likely to influence the position the government takes. The government, therefore, encourages Adani to continue discussions with Aurizon.
- The government will respond to Adani about its policy preferences in due course.

GVK Hancock – Aurizon non binding agreement

- On 11 March 2013 Aurizon (formerly QR National) and GVK Hancock signed a non-binding term sheet to jointly progress the development of rail and port infrastructure to unlock Galilee Basin coal reserves including GVK Hancock's Alpha, Kevin's Corner and Alpha West coal mines. Under the proposed framework, Aurizon will acquire a majority (51 percent) interest in Hancock Coal Infrastructure Pty Ltd (HCI), which owns GVK Hancock's rail and port projects, and would invest through upfront consideration at completion of the transaction and deferred consideration at financial close of each phase of the projects.

Abbot Point T3 Expansion

- In 2010, Hancock Coal Pty Ltd gained exclusive rights under Framework Agreements to develop T3 until 30 June 2015. GVK Hancock has indicated that up to 60Mtpa could be exported through the terminal.
- During the Exclusivity period, NQBP will not allow any other person to investigate or develop the Offshore Wharf Area. To obtain development rights during the Exclusivity Period, GVK Hancock must give NQBP a Development Decision Notice and sign project agreements with NQBP which require GVK Hancock to commence development within two years.
- Construction of T3 (and T0 and T2) will require up to 3 million cubic metres in total to be dredged in possibly three separate campaigns over a five year period. During the public consultation period NQBP became aware of several issues including a World War II plane wreck site and local Mackerel fishing grounds. NQBP has consulted with various stakeholders to achieve the best possible outcome. In cooperation with the proponents NQBP intends to announce a new disposal site by the end of April 2013.

Project Approvals

- The Alpha Coal Project was approved subject to 128 conditions by the Coordinator-General on 24 May 2012.
- The Federal Government approved the Alpha Coal project subject to 19 conditions on 23 August 2012.
- On 4 October 2012, the Commonwealth approved with 60 conditions GVK Hancock's proposed new T3 coal terminal at the existing Port of Abbot Point. At this stage GVK Hancock has advised their intention to commence construction in 2014.
- Public submissions for the Kevin's Corner Supplementary Environmental Statement closed on 3 December 2012. Submissions are currently being assessed.

Released under RTI - DPO

Graham Marshall

From: Baker, Krystal [Krystal.Baker@coordinatorgeneral.qld.gov.au]
Sent: Thursday, 26 April 2012 3:17 PM
To: Graham Marshall
Subject: NQBP's T4-T9 proposal
Attachments: 20120417155759251.pdf

Hi Graham

Here is NQBP's latest design.

Regards

Krystal Baker

Acting Project Manager

State Development Areas

Department of **State Development, Infrastructure and Planning**

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Graham Marshall

From: David Hourigan
Sent: Friday, 18 May 2012 4:01 PM
To: Jon Grayson
Cc: Craig Evans; Graham Marshall
Subject: FW: signed correspondence from Deputy Premier to Mr Brad Fish NQBPC
Attachments: 180512 Fish NQBPC.pdf

You might or might not have seen this so am sending through to make sure.

cheers

David Hourigan
Executive Director
Economic Policy
Department of the Premier and Cabinet
Ph: (07) 322 45870
david.hourigan@premiers.qld.gov.au

From: David Edwards (State Development, Infrastructure and Planning)
Sent: Friday, 18 May 2012 2:55 PM
To: David Stolz (DEEDI)
Cc: Barry Broe (Coordinator-General); Damien Walker (DEEDI); David Hourigan
Subject: FW: signed correspondence from Deputy Premier to Mr Brad Fish NQBPC

David

The change in policy for MCF will hit the papers tomorrow. See copy of letter from the DP to NQBP attached.

The Deputy Premier's Office has asked that I send a letter to the miners affected first thing Monday morning and I was hoping in your role as coordinator for planning all things infrastructure in the Galilee and surrounds, you could draft something based on the attached.

The only point we need to add is that the Government intends to involve industry in developing plans and proposals to replace and enhance the current MCF proposal and that we aim to give industry back certainty and better control over the process going forward. This will occur in the near future.

Can you have a crack and come back to Barry and I with a draft please?

Thanks again for all your help.

DE

David Edwards
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From: Jeff Popp [mailto:Jeff.Popp@ministerial.qld.gov.au]
Sent: Friday, 18 May 2012 2:07 PM
To: David Edwards; Broe, Barry (Barry.Broe@deedi.qld.gov.au)
Subject: FW: signed correspondence from Deputy Premier to Mr Brad Fish NQBPC

Letter to Mr Fish

Jeff Popp
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M +S.73 Telephone Number
jeff.popp@ministerial.qld.gov.au

Office of The Hon Jeff Seeney MP
Deputy Premier
Minister for State Development, Infrastructure and Planning.
Level 12, Executive Building
100 George Street Brisbane Qld 4000

From: Tracie Beck
Sent: Friday, 18 May 2012 11:04 AM
To: Jeff Popp; John Wiseman
Subject: signed correspondence from Deputy Premier to Mr Brad Fish NQBPC

Tracie Beck
Office Manager & Executive Assistant to the Chief of Staff
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Hon Jeff Seeney MP
Deputy Premier
Minister for State Development, Infrastructure and Planning

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Queensland 4002 Australia
Telephone +61 0 3224 4600
Facsimile +61 0 3224 4781
Email deputypremier@ministerial.qld.gov.au

18 May 2012

Brad Fish
CEO
North Queensland Bulk Ports Corporation
BFish@nqbp.com.au

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.

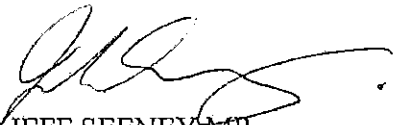
I would however suggest that the focus should be on ensuring that the T0, T2 and T3 proposals are developed and become realities and then focus on incremental expansion of the port capacity to meet any further future demand.

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

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Graham Marshall

From: Stolz, David [David.Stolz@deedi.qld.gov.au]
Sent: Tuesday, 22 May 2012 10:00 AM
To: Graham Marshall
Subject: FW: Abbot Point letter & contact list
Attachments: DG_Letter_APCT_21 05 12.DOC; MCF contact list 21May2012.doc

, David
ay, 22 May 2012 8:33 AM
lourigan@premiers.qld.gov.au'
FW: Abbot Point letter & contact list

David,

David asked I get a copy of this to you this morning.

Regards

David Stolz

(Tel: 3404 3474 or ext 43474)

, David
y, 21 May 2012 2:37 PM
gluer@treasury.qld.gov.au'; 'Jon.Grayson@premiers.qld.gov.au'; Jeff Popp; Broe, Barry
s, David (Director-General)
FW: Abbot Point letter & contact list

All,

David Edwards asked that I let you know 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 S.73 Telephone

Number

post PO Box 15009 City East Qld 4002

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david.stolz@deedi.qld.gov.au

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s, Alison
y, 21 May 2012 12:34 PM
avid
Abbot Point letter & contact list

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Our ref: DGC12/

Your ref:

«Salutation» «First_Name» «Surname»
«Position_Title»
«Company»
«Address»

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 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.

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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

□

Salutation	First Name	Surname	Position Title	Company	Address	Email
Mr	Ross	Williams	Vice President, External Affairs, Metallurgical Coal	BHP Billiton	PO Box 7863 Waterfront PI Brisbane QLD 4001	ross.h.williams@bhpbilliton.com
Mr	Gautam	Adani	Chairman	Adani Group	GPO Box 2569 Brisbane QLD 4001	Gautam.Adani@adani.com
Mr	Paul	Mulder	Managing Director - Coal	Hancock Coal Pty Ltd	GPO Box 963 Brisbane QLD 4001	Paul.Mulder@hancockcoal.com.au
Mr	Seamus	French	Chief Executive Officer	Anglo American Metallurgical Coal Pty Ltd	GPO Box 1410 Brisbane QLD 4001	seamus.french@angloamerican.com.au
Mr	Michael	Li	Chief Representative	Macmines Austasia Pty Ltd	Suite 22, Level 9, 320 Adelaide Street Brisbane QLD 4000	macmines@bigpond.com
Mr	Julian	Thornton	Executive Director and Chief Executive Officer	Macarthur Coal	GFO Box 1025 Brisbane QLD 4001	receptionpct@peabodyenergy.com
Mr	Ian	Gray	Government Relations and Communications Manager	Peabody Energy Australia Pty Ltd	GPO Box 164 Brisbane QLD 4001	igray@peabodyenergy.com
Mr	Robert	Neale	Chief Executive Officer	New Hope Corporation	PO Box 47 Ipswich QLD 4305	awright@newhopecoal.com.au

Mr	Allan	Fidock	Chief Executive Officer	Middlemount Coal	GPO Box 1025 Brisbane QLD 4001	afidock@maccoal.com.au
Mr	Anthony	Quin	Managing Director	Carabella Resources	Locked Bag 7 Fortitude Valley Business Centre QLD 4006	anthony.quin@carabellaresources.com
Mr	Doug	Ritchie	Chief Executive, Energy	Rio Tinto Coal	GPO Box 391 Brisbane QLD 4001	sue.magson@riotinto.com
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Mr	Nui	Harris	Managing Director	Waratah Coal Pty Ltd	GPO Box 1538 Brisbane QLD 4001	NHarris@waratahcoal.com
Mr	Michael	Roche	Chief Executive Officer	Queensland Resources Council	Level 13, 133 Mary Street Brisbane QLD 4000	michael.roche@qrc.org.au