



## **EXPRESSIONS OF INTEREST FOR PREFERRED PROPONENT STATUS FOR DUDGEON POINT DEVELOPMENT**

### **NQBP**

North Queensland Bulk Ports Corporation Limited (NQBP) is a Government Owned Corporation which manages the ports of Hay Point, Mackay, Abbot Point, Weipa and Maryborough. Under the *Transport Infrastructure Act 1994*, NQBP as a port authority is responsible for the "establishment, management and operation of effective and efficient port facilities and services in its port by other persons". This role includes the strategic and master planning of its port land.

### **PORT OF HAY POINT**

NQBP (through its subsidiary PCQ) has around 1400 ha of land at Dudgeon Point south of Mackay. This land is located in the Port of Hay Point and has been held by NQBP for future port use. Further information on Dudgeon Point is provided in Attachment 2.

Currently, the Port of Hay Point is solely used for coal exports. There are two coal terminals in the Port of Hay Point:

- Hay Point Coal Terminal, which is privately owned and operated by BMA;
- Dalrymple Bay Coal Terminal, which is leased and operated by a private company but providing open access to all coal companies.

### **POSSIBLE INDUSTRIES FOR DUDGEON POINT**

Current land use planning being undertaken by NQBP seeks to designate land at Dudgeon Point as strategic port land. Strategic port land can only be used for particular purposes allowed under the *Transport Infrastructure Act 1994*, which include:

- domestic or international trade;
- industries requiring close proximity to a port;
- for the integration of sea transport with other transport modes;
- as port buffer lands;
- for boating facilities;
- or other purposes prescribed in Regulations.

Of the land at Dudgeon Point, around 16% of the area is proposed as environmental buffer plus another 23% as a general buffer between industry and neighbouring areas, leaving around 800 ha for possible industrial development.

Because of its large size, the land at Dudgeon Point would be suitable for industrial development for industries importing or exporting goods in bulk. Several companies have in the past approached NQBP (previously PCQ) expressing an interest in developing their own coal export infrastructure at Dudgeon Point, although to-date no proponent has undertaken any detailed investigation of the area. Although use of the land for coal export infrastructure is considered the most logical use if any environmental issues can be effectively managed, NQBP does not rule out the use of the land by other import or export industries if they meet the above criteria.

With regard to coal infrastructure, previous studies by NQBP indicate that coal infrastructure capable of exporting up to 100-120 mtpa may fit on the available land at Dudgeon Point, however further studies are required to confirm this and to determine if the infrastructure could be constructed and operated with minimal impact on the surrounding environment. In this case, NQBP would propose that 3 - 4 separate companies be accommodated with parallel infrastructure. Each proponent could have exclusive access to a rail loop, stockpile area, offshore wharf and shiploader.

Even with the construction of coal infrastructure or another major industry at Dudgeon Point, there will be land available for other port support industries. Although land uses below 100 ha will not be considered for "Preferred Proponent" status as part of the current process, NQBP would still be interested in receiving an indication from companies that could want to establish port industries at Dudgeon Point in the future so that they can be considered in the master planning of the area.

## **EXPRESSIONS OF INTEREST**

To facilitate further investigation of development of the Dudgeon Point area and to ensure all companies have equal opportunity to be involved, NQBP is calling for Expressions of Interest for Preferred Proponent Status for major development (>100 ha) at Dudgeon Point.

NQBP is seeking Expressions of Interest from companies interested in investigating development of an industrial complex at Dudgeon Point and who are prepared to share in the funding of these feasibility studies. Only industries requiring port access will be considered.

Key principles for the selection of Preferred Proponents and common requirements are provided in the attachment.

Expressions of Interest should be submitted to:

General Manager Environment & Planning  
North Queensland Bulk Ports Corporation Limited  
GPO Box 409  
Brisbane QLD 4001

Expressions of Interest close at midday on Monday 26 October 2009.

## **FURTHER INFORMATION**

Attachment 2 provides background information on Dudgeon Point.

Any enquiries with regard to the Expressions of Interest process will only be received by email. If you have any questions, please send them to [MMacNamara@nqbp.com.au](mailto:MMacNamara@nqbp.com.au). Please allow a week for any replies.

Land at Dudgeon Point is currently leased to other parties on a short-term lease and access to the site will not generally be provided to interested parties. An aerial photo is provided in the information package for general background. An exception for a visit may be made for companies who have a high potential to be short-listed as a "Preferred Proponent" and an application for a visit should be submitted to NQBP at the above email address.

# KEY PRINCIPLES FOR SELECTION OF PREFERRED PROPONENTS FOR DUDGEON POINT DEVELOPMENT

## 1. Equitable Consideration of All Companies

Calls for Expressions of Interest for *Preferred Proponent Status* will be advertised in the *Courier Mail*, *Mackay Mercury* and *Financial Review*. Companies will be given six weeks to submit their Expressions of Interest for Preferred Proponent status.

## 2. Port Related Industry

Only industries that require port access for the import or export of raw materials or products in bulk, or other land uses meeting the land use requirements for strategic port land under the *Transport Infrastructure Act*, will be considered for possible land development at Dudgeon Point. Suitable industries already identified that meet the above criteria include the establishment of an export coal terminal at Dudgeon Point.

The neighbouring Port of Mackay already provides infrastructure for the import of petroleum product, general goods and the export of sugar and grain. Public boating infrastructure is already provided in the Port of Mackay. NQBP considers that these type of industries are already well serviced by the Port of Mackay using general existing infrastructure and these type of industries will not be considered for Dudgeon Point.

NQBP will determine at its sole discretion, after consultation with relevant government agencies, industries that may be short-listed for Dudgeon Point development.

## 3. Third Party Access

For coal infrastructure, a condition that will be imposed on all lessees is that they must allow third parties to use their terminal facilities if there is capacity in excess of their own requirements in a manner which is consistent with any current QCA determinations for access to similar port facilities in Queensland.

## 4. Ability and Capacity to Proceed

Each proponent must have the technical expertise, or have access to this expertise through consultants, to do both the concept design and detailed design for the infrastructure.

Each proponent must also have a demonstrated strong capacity to fund studies and be able to procure funds for future development of the site. NQBP will assess the submissions from proponents for their capacity to meet these criteria. Proponents that meet these criteria will be considered eligible for short-listing consideration. These proponents will be given the first opportunity to develop the site.

## 5. Method of Short-listing

For proponents proposing coal infrastructure, NQBP seeks to award three companies, and potentially a fourth, Preferred Proponent status for allocation of area sufficient for coal infrastructure of 25 - 30 mtpa. The offer would be for a tranche that will consist of a single rail loop, inloading and outloading conveyors, a stockyard area of 5-6 % of annual throughput, an offshore lease of area sufficient for a single offshore wharf and a single shiploader. No proponent will be awarded lease rights to land for more than one tranche of 25 - 30mtpa unless there are less than three companies indicating interest or the proponent is proposing a multi-user terminal.

For other industries, the land needs of the short-listed companies will be assessed to determine how the individual needs of companies can best be met while maximizing the beneficial use of the available industrial land at Dudgeon Point.

Only companies that in the opinion of NQBP have the demonstrated capacity to both fund feasibility studies and access funds for construction will be considered for Preferred Proponent status.

If more than four companies seek Preferred Proponent status, then short-listing and ranking will be based on NQBP's assessment of:

- Financial capacity to complete construction of the proposed development;
- Technical capability to proceed;
- The type of industry and its reasons or special needs for location at Dudgeon Point;
- The suitability of the industry for location at Dudgeon Point, including compatibility with existing coal terminal operation in the port and the neighbouring land uses;
- Benefit of the development to the State and region.

## **6. Development Model**

Development of the site will be based on a model of NQBP owning the underlying land and leasing it to the Preferred Proponents for infrastructure construction and operation.

NQBP will coordinate studies to develop a Master Plan for the area. The Master Plan will assess:

- Land requirements of the preferred proponents;
- Design for common site infrastructure and utilities, including sizing and location, of power, roads, utility water, sewage etc.
- Siting of industries to maximize land use efficiency, safety and protection of the environment;
- A concept design for any stockpiling, loading and unloading infrastructure; and
- Evaluation of potential environmental, social and cultural heritage impacts of the proposed industries and methods to manage these potential impacts.

NQBP will also obtain environmental and planning approval for any proposed coal infrastructure at Dudgeon Point. If other industries are proposed, NQBP will only obtain environmental and planning approvals if their scale and environmental impacts can be properly assessed at this concept stage of the study.

Cost of development of the Master Plan and the obtaining of environmental and planning approvals will be shared equally by the proponents.

The master plan will not include any preliminary or detailed design of individual facilities - this will be the responsibility of proponents.

The studies to be undertaken will be solely of the Dudgeon Point area and they will not address rail infrastructure requirements from the mine to the port area. It is the responsibility of any proponent considering development at Dudgeon Point to also liaise with rail providers, such as QR Network, in parallel with any studies being undertaken for Dudgeon Point.

Proponents will be allocated lease area based on the Master Plan developed. The area assigned will be at NQBP's sole discretion based on the industry, environmental impacts and the expected construction program of each proponent to minimise interactions. The Master Plan will be subject to the review of proponents before finalization.

NQBP will set minimum design and environmental requirements for all infrastructure on the site based on environmental studies undertaken and best practice standards. Compliance with these requirements will form part of the lease conditions for individual proponents.

Each proponent will design, construct and operate their own infrastructure to fit within their lease area and to comply with Master Plan design requirements. The design of all infrastructure will be subject to NQBP's approval.

NQBP may fund common site infrastructure such as roads, power, water storage etc consistent with the site Master Plan. The extent of this common infrastructure will be determined by NQBP after completion of master planning of the site. Where NQBP funds infrastructure, cost recovery by NQBP will be from payment for use of infrastructure.

## **7. Shared Master Plan Study Costs**

A cost-sharing model for studies of the area is proposed to ensure a consistency of approach and outcomes across several proponents. This model also will reduce study costs for all proponents if there is more than one proponent involved.

NQBP will coordinate environmental, social, planning and engineering studies to develop a Master Plan for the site for all industry types. For coal-related infrastructure where NQBP has extensive industry information, NQBP will also obtain environmental and planning approval for the proposed infrastructure. For other industries, NQBP will negotiate with the proponent on who obtains the approvals.

The preferred Proponents will be required to fully fund these studies on a cost-sharing basis. NQBP will supply its own staff time as Project Manager as its contribution to the study costs, as well as previous studies of the area undertaken before 2009. Any studies of Dudgeon Point or its rail corridor undertaken by either PCQ or NQBP from the start of 2009 (dust modelling and rail corridor studies) will be included in the study cost basis to be funded by the proponents. NQBP will not contribute to any new consultant study costs or contractor costs. Any NQBP travel or out-of-pocket costs will be funded from the joint study costs.

The participating companies will agree on the scope of common studies before commencement. Each proponent funding the studies, as well as NQBP, will have unrestricted rights to use the study outcomes, which are expected to be critical for individual proponent feasibility studies. Companies can carry out any additional studies they may require at their own cost.

NQBP will send out invoices for payment as consultant invoices are received.

If there is only one proponent awarded Preferred Proponent status, this proponent will need to fully fund the site's studies if it chooses to proceed.

If the studies are used by other proponents at a later date, NQBP will recover an agreed proportion (to be agreed with the parties) of study costs to be refunded to participating companies. This will only apply for two - three years for the data to remain of relevance to new proponents.

## **8. Leasing of Land**

Following receipt of approvals for development, NQBP will offer companies holding Preferred Proponent Status the opportunity to lease land required for their development. The lease will be a Development Lease for a period of four to five years, subject to agreed development milestones being met. The land offered by NQBP to be leased will be based on the Master Plan. When the construction of the infrastructure is complete, an operating lease will be offered.

## **9. Failure to Progress**

Companies that fail at any time to meet the progress requirements or meet study financial obligations may lose the Preferred Proponent Status. There will be no right to any cost recovery from NQBP if this occurs.

## **10. Companies Bear Their Own Costs at All Times**

If for any reason development does not proceed on the site, then any study costs incurred by the individual companies will be at their own cost. NQBP will not refund any costs. Reasons for development not proceeding may include, but not be limited to:

- Environment & planning approvals cannot be obtained;

- Conditions of development approval are unfavourable or unattractive for development on the site;
- The proponent determines the project is not feasible or economic to proceed;
- The land is not considered suitable for the type of development proposed based on the studies carried out.
- Economic conditions are not favourable to proceed with the project in the timeframe specified by PCQ in the Development Agreement.

NQBP gives no warranties about the suitability of Dudgeon Point for industrial development. The purpose of the studies to be undertaken is to determine this.

### **11. Allocation of Land**

Allocation of portions of land for lease will be solely at NQBP's discretion to fit in with the Master Plan of the development and to allow an orderly construction by all parties.

### **12. Unutilised Development Rights**

If at any stage of the process, a proponent advises that it is not proceeding with development or NQBP terminates the lease, then the rights to the lease of the land will revert to NQBP. A proponent cannot transfer or sell their development rights without NQBP's approval. NQBP will consider each case on its merit, considering factors such as the demand for development area and ensuring equitable treatment of all companies.

New Expressions of Interest for that particular lease area may be opened up to the broader market and advertised.

### **13. Change to Key Principles**

All companies awarded "Preferred Proponent" status must agree to the key principles in this document. However, NQBP at its sole discretion also reserves the right to negotiate any changes to these key principles with the proponents after the designation of the "Preferred Proponent" status if there is a commercial need to do so.

### **14. Agreements**

An agreement will be prepared for signing by NQBP and the short-listed proponents. The conditions in the agreement will be based on all of the key principles espoused in this document. The document will be subject to mutual agreement, however if agreement cannot be reached within three months on the document conditions, the proponent will lose their preferred proponent status. NQBP will not be held liable for any costs incurred by the proponent in this case.

# **ATTACHMENT 1 INFORMATION REQUIREMENTS FOR PREFERRED PROPONENT STATUS**

Applicants are required to provide the following information:

## **a) Type of Facility Proposed**

Provide an overview of the facility proposed:

- type of industry proposed;
- its proposed scale and throughput;
- any construction or operational environmental impacts;
- likely employment benefits in construction and operation.

## **b) Possible Environmental Impacts**

- Description of potential environmental emissions from the proposed facility - noise, air, water, waste, greenhouse gases etc. Note: a description only is required to assess likely local impacts. Detailed emission rates are not required.
- Location of similar industries / facilities.

## **c) Land Requirements**

- Area requirements;
- Any features of the land required.

## **d) Expected Project Timing**

- Required start of operations;
- Required start of construction.

## **e) Expected Cost**

- Expected construction cost of the proposed facility.

## **f) Compliance with Requirements for Port Related Industry**

Provide information on which strategic port land use category the proposed facility would meet and detail how it complies:

- domestic or international trade;
- industries requiring close proximity to a port;
- for the integration of sea transport with other transport modes;
- as port buffer lands; or
- for boating facilities.

## **g) Technical Capacity to Proceed**

Provide information on the technical expertise of the proponent seeking preferred proponent status in the industry proposed for the site, or how it may obtain access to this expertise through consultants, to do both the concept design and detailed design for the infrastructure.

## **h) Financial Capacity to Proceed**

Provide information on the proponent seeking preferred proponent status to demonstrate its strong capacity to fund studies and to be able to procure funds for future development of the site.

Information should include the company size, location, annual profit and the access to secure sources of funds for both the design and construction of the proposed facility.

## **i) Proposed Access Arrangements**

Provide information on any open market access arrangements proposed for the facility.

**j) Confirmation of Willingness to Fund Studies**

Confirmation is required from applicants that the key principles are acceptable and that the proponent is willing to fund studies of the site without any guarantee of success.

Any limitations proposed or required by the proponent must be documented.

## ATTACHMENT 2

### BACKGROUND INFORMATION ON DUDGEON POINT

#### *Foreword:*

*The information below is provided for background information only and is based on past studies of the area. This information should not be relied on to make any investment decisions. PCQ / NQBP takes no responsibility for the accuracy of the supplied information. Proponents should undertake their own investigations before any investment decisions are made.*

#### **Location:**

Dudgeon Point is located around 15 kilometres south of Mackay on the Queensland Coast. It is around 4 kilometres north east of the existing two coal terminals at Hay Point.

There are several small communities around Dudgeon Point that might be affected by industrial development of the area: Louisa Creek; Timberlands; McEwen's Beach; and Fenechvale.

#### **Land Area:**

NQBP holds approximately 1400 ha of land at Dudgeon Point for port purposes. Most of the land is owned by NQBP/PCQ in freehold title. Approximately half the land has been cleared of vegetation and is used for cattle grazing.

#### **Land Zoning:**

The area is currently zoned as rural land. NQBP is currently going through a process to seek Ministerial approval to have the land designated as strategic port land. Around 800 ha of land is expected to be available for development, with the remainder of the land holding being designated as either environmental buffer or general buffer.

#### **Access to Deep Water:**

The offshore waters are within the Port of Hay Point. Because of shallow waters close to the shoreline at Dudgeon Point, it is expected that offshore wharves and a jetty structure will be required in the port. The jetty structure will need to be around 4.5 km long to take the berths out to the same alignment as existing berths in the port. Water depth at this location is around 10.5 to 11.5 m deep. Dredging would be required for access by Capesize vessels.

#### **Site Topography**

The northern (cleared) part of the site is flat to gently undulating, with slopes ranging from 0-5%. A prominent dune system extends from the Dudgeon Point peninsula and the Mt Hector Conservation Park to the south, behind which a freshwater wetland has formed.

Topography becomes more varied to the south of the site, with numerous ridge systems and incised drainage paths. Slopes are generally still moderate, although several ridge systems and knolls in the area exceed grades of 10% and in places 15%. The highest part of the site lies to the south west corner with an elevation exceeding RL 70 metres. The steepest slopes occur in this area which would limit the suitability of this segment for industrial development.

#### **Site Geology**

The geology of the site consists of interbedded tuff and tuffaceous sandstones with basaltic sills and dykes. The formations are part of the Campyn Beds, a sequence of sedimentary and volcanic rock of Upper Devonian to Lower Carboniferous Age.

The Campyn Beds of the site are comprised of a succession, averaging between 3000 m and 8000 m in thickness, of andesitic and rhyolitic flows and pyroclastics, mudstone, siltstone, lithic arenite, oolitic limestone and conglomerate.

## Environmental Values

The latest information on environmental values of the area is contained in the Draft Port of Hay Point Environmental Management Plan of August 2009 produced by NQBP. This is shown on NQBP's website ([www.nqbp.com.au](http://www.nqbp.com.au)) on the Port of Hay Point web page.

## Possible Configuration

A possible concept lay-out for a coal terminal (configured as a 120 mtpa capacity ) or bulk material export terminal at Dudgeon Point is shown below in Figure A2-1.



Figure A2-1



**Figure A2-2: Aerial Photo of Dudgeon Point Area**