RENEWING QUEENSLAND PLAN – KEY FACTS

OPTIMISTIC FUTURE

Despite the global recession Queenslanders can be **confident about our State's future.**

- Queensland is growing stronger than the national average because we took the decision to **stimulate the economy** with a record $18 billion building program.
- The building program is **protecting 127,000 Queensland jobs**. That's 127,000 Queenslanders who would be unemployed without it.
- The building program supports jobs today, while building the infrastructure we need for tomorrow to manage population growth of 2000 people a week.

While the economy steadily improves, **we still have a lot of work to do to return the budget to surplus and manage our debt.**

The worst global recession in 70 years has **cut our income by a massive $15 billion** over the next 4 years. That's because GST income, royalties and other taxes like stamp duty have all fallen as the global economy has slowed.

HARD CHOICES

When times are tough people have to make **hard choices**. Governments do too.

We were faced with a **tough choice: because we don't want our debt to become unmanageable we had to either cut back the building program or sell commercial business assets** like forest plantations and coal freight.

We chose to keep the job creating building program going by selling business assets. QR's Passenger services will not be sold.

OUR GROWING PUBLIC ASSET BASE

This is not a huge sale. These assets are worth $15 billion out of a total asset base of over $200 billion.

Our asset base will actually grow to $250 billion by 2013 as we invest in more publicly owned infrastructure. That means in 4 years time Queenslanders will own more public assets than they do now.

FUTURE INVESTMENT: COMMERCIAL BUSINESSES OR SOCIAL ASSETS

It's true these businesses make money. But like any commercial business they need to keep investing to keep them strong.

These businesses will need a massive $12 billion from taxpayers to invest over the next four years to keep them commercially viable. Some of that money will even be invested outside Queensland – in QR's interstate businesses.

That's $12 billion could buy Queensland taxpayers 8 new hospitals, 400 new high schools or 800 new passenger trains.

FUTURE JOB GROWTH AND PROTECTIONS

These are all strong businesses. In private hands they will grow and jobs will be protected, just like in Canadian National Railway and Qantas. Employment in Qantas has grown by 16% since it was privatised.

In public hands jobs will be lost because our population growth means our priority must be schools hospitals and roads, not investing in businesses that support the private sector.

Workers in these businesses have been guaranteed their wages and conditions. Enterprise bargains will be honoured or a two year employment guarantee put in place, whichever is the longest.

Queensland Rail

SCOPING STUDY OUTCOMES

Queensland Rail (QR) is one of Australia's largest transport and logistical enterprises and operates nationally, from Cairns in the far north down to Melbourne and west to Perth.

On any one day, QR operates more than 1,000 train services, carries around 170,000 passengers and moves around 680,000 tonnes of freight.

The process

QR structure

QR's commercial activities will be separated from the Government's core public passenger service responsibilities, and formed into a new company, QR National Limited.

The State will retain ownership of the passenger service business and assets, including ownership of the metropolitan rail networks. It will also retain regional freight networks (excluding dedicated coal lines).

Ipswich the new home for Queensland Rail passenger

The Government's new passenger train business will be a Government-owned Corporation, known as Queensland Rail, with its administrative headquarters based in Ipswich. Metropolitan network control will remain in Brisbane.

QR National – a central Queensland icon

QR's coal, freight and infrastructure servicing businesses will be sold as an integrated transport and logistics enterprise, known as QR National Limited. It will have its business headquarters in Brisbane.

Structure overview

What will remain Government owned

Queensland Rail passenger

Passenger train assets
- Citytrains
- Tilt Trains
- Sunlander
- Westlander
- The Spirit of the Outback
- Inlander

Tourist trains
- Kuranda Scenic Railway
- Gulflander

Metropolitan rail tracks
- Caboolture/Gympie
- Beenleigh/Robina
- Ferny Grove
- Shorncliffe
- Doomben
- Cleveland
- Rosewood/Ipswich lines

Metropolitan rail network control (remain based out of Mayne, Brisbane)

The regional rail tracks across the State (excluding coal tracks)

QR Heritage Museum

What will be sold

QR National Limited

QR's coal business
- Queensland operations
- New South Wales operations

QR's freight business
- Regional freight (Queensland)
- Mineral and grain haulage (Western Australia and Queensland)
- Containerised freight (Melbourne to Cairns, Melbourne to Perth)

Coal rail tracks (will be offered in the IPO as a long-term lease)
- Newlands (Newlands to Port of Abbot Point)
- Moura (Moura to Port of Gladstone)
- Goonyella system (includes lines from Gregory, Blair Athol, Goonyella and Hall Creek to Port of Hay Point at Mackay)
- Blackwater system (includes lines from Rolleston, Minerva, and Gregory, through Blackwater to Port of Gladstone)

QR's rollingstock workshops based in
- Redbank
- Rockhampton
- Townsville

Regional coal network control

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Toward Q2 Tomorrow's Queensland

Queensland Government

The process for QR National

Initial Public Offering (IPO)

QR National will be offered to market via an IPO – sometimes referred to as a public float. As part of the retail offering under an IPO, Queensland residents will be given preference in purchasing shares. This will be a unique opportunity for all Queenslanders to share in the future of one of Queensland's most iconic brands.

Queenslanders to retain 25-40 per cent ownership

The Government will initially retain 25-40 per cent of the new QR National. The remaining percentage of the new business will be offered to market via an IPO. This will allow Government to sell down its percentage shareholding after a period of time. This will ensure all Queenslanders benefit from building a better QR and then allow the Government to sell down its percentage shareholding in the future.

Employee share options

QR employees are the key to the company's future success. Eligible, permanent QR employees transitioning to the new privatised QR will be offered an allotment of shares in the company, to the value of $1000. All workers will own part of the new QR and will share in its future successes. In addition to the share allocation, transferring employees will be given the opportunity to purchase additional shares on a discounted basis.

Further information for employees on the share entitlement offer can be found at www.qld.gov.au/assetssale

Shareholder limitations

Ownership limitations will be placed on the IPO. No individual company, national or foreign owned, will be able to purchase more than 15 per cent of the new QR.

When the IPO will commence

Preparing a company for an IPO is a detailed process. This includes capital and corporate structuring considerations, a due diligence phase, development of prospectus' and financial information, pre-float marketing, and a pricing and allocation period.

It is expected the listing of QR will take place in the last quarter of 2010, subject to market conditions.

Examples of private rail freight operators in Australia

Freight operator	Operates	Haulage material
Pacific National	Nationally	Coal, grain, industrial products and general freight
Genesee and Wyoming	South Australia	Grain, steel, gypsum, minerals
SCT Logistics	Melbourne to Perth	General freight
Pilbara Rail Network (Rio Tinto and BHP) and Pilbara Infrastructure (Fortescue)	Western Australia	Minerals

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Queensland Government

Queensland Motorways Limited

SCOPING STUDY OUTCOMES

Queensland Motorways Limited (QML) owns and operates toll roads and bridge infrastructure in South East Queensland.

QML's motorway network relieves traffic demand on suburban roads. The QML road network extends across 61 kilometres and carries more than 76 million vehicles a year.

The process

The Government has confirmed it will retain ownership of the Gateway Bridge, the motorway land and roads.

The tolling rights on the Gateway and Logan motorways will be leased via a franchise of up to 50 years.

Timing

The process to lease the motorway network is expected to be completed by the end of 2011, subject to market conditions.

This will allow for the completion of the Gateway Upgrade Project prior to the sale, which will assist in realising traffic growth and maximising sale value.

What will be included in the franchise

- The tolling rights on the Gateway and Logan motorways
- Free flow tolling infrastructure and equipment
- Maintenance responsibilities for the road and bridge infrastructure over the life of the concession
- The opportunity to upgrade the network in the future to meet demand

What will remain Government owned

- The Gateway Bridge
- The Gateway Motorway – the land and the road
- The Logan Motorway – the land and the road
- Port of Brisbane Motorway – the land and the road

Other considerations

Toll price to be set at time of lease

The Government will legislate toll levels on the existing QML network at the point of sale (2011) and only allow them to increase annually with inflation post the sale.

Future network upgrades

Agreement between the State and QML's new owner will include a mechanism to ensure timely and efficient delivery of any future upgrades required to meet demand on QML's network.

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Queensland Government

Port of Brisbane

SCOPING STUDY OUTCOMES

The Port of Brisbane is Queensland's largest general cargo port, and Australia's fastest-growing container port.

Each year over 2,600 ships exchange around 32 million tonnes of cargo over the port's wharves. This activity currently generates a total annual contribution to the Queensland economy of $1.9 billion.

The process

The Government has confirmed it will retain ownership of the Port land and associated strategic infrastructure such as wharves, buildings, terminals and roads.

The Port land and infrastructure will be leased through a competitive bidding process, for a 99-year lease.

Timing

The process to lease the Port of Brisbane will commence in the second quarter of 2010 and financial close is expected by the end of 2010, subject to market conditions.

What will be included in the lease

- Over 750 hectares of Port land at Port West Estate, Port Gate Estate, Colmslie, Eagle Farm, Pinkenba and 230 hectares of the Future Port Expansion area at Fisherman Islands
- Port of Brisbane owned wharves
- The Brisbane Multimodal Terminal (BMT) - the transfer interface between road, rail and port cargo
- The right to use, maintain and charge port users for the commercial use of the channel
- Dredgers and surveying equipment, which will continue to operate under existing contractual arrangements

What will be excluded from the lease

- Bundaberg Port Corporation
- Crown Boat harbours at Manly, Scarborough, Cabbage Tree Creek and Gardens Point
- 64 hectares of land at Northshore Hamilton
- Land holdings including wet leases, which are not directly related to the Port's core business.

Other considerations

Ownership limitations

The Government will place ownership limitations on users of the Port and their associated parties (e.g. stevedoring operators), to avoid their ownership reducing competition.

Maritime safety and waterway control

Maritime Safety Queensland (MSQ) is responsible for maritime safety regulatory and associated services. The responsibilities and functions of MSQ will not be changed. For example, the functions of the Harbour Master will remain a Government responsibility and reside with MSQ.

Similarly, there will be no change to maritime security and customs control, which will remain the responsibility of State and Federal policing authorities.

Planning and Development

The Port operator will develop the port under a land use planning framework involving State Government oversight.

Port of Brisbane Motorway

While the Government is committed to the upgrade of the Port of Brisbane Motorway (POBM), the POBM upgrade will not form part of the lease. The POBM upgrade is required to accommodate the expected increases in port related traffic, provide better access to the Port and to address road safety.

Environmental obligations

The Port will continue to be subject to all applicable environmental laws and regulations. Port expansion and development will be managed with regard to the ecological values of the surrounding riverine and marine environments.

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Queensland Government

Abbot Point Coal Terminal

SCOPING STUDY OUTCOMES

The Abbot Point Coal Terminal is situated about 25 kilometres north of Bowen, and is Australia's most northerly coal port.

The Terminal includes a rail in-loading facility, coal handling and stockpile areas, a single jetty and conveyor connected to a berth and shiploader, located 2.75km offshore.

The process

The Government has confirmed it will retain ownership of the Port land and associated strategic infrastructure such as the terminal and existing coal unloading/loading infrastructure.

The Abbot Point Coal Terminal land and infrastructure will be leased through a competitive bidding process for a 99-year lease.

Timing

The process to lease Abbot Point Coal Terminal will commence in the last quarter of 2010, subject to market conditions.

What will be included in the lease

- The coal handling terminal, with capacity to load 50 million tonnes of coal per annum (known as the X50 terminal)
- 2.75km off-shore coal loading conveyor
- Associated coal loading infrastructure
- 334 hectares of land-based rail in-loading and coal stockpiling facilities
- Access to and charging rights for the X50 coal handling facilities
- Future maintenance of the X50 coal loading facilities

What will remain Government owned

- The Port land on which the X50 coal loading facility is built
- The existing coal loading terminal and infrastructure
- Other State-owned land in and around the Port of Abbot Point
- Future expansion sites for X80 and X110 terminals

Other considerations

Future development options

The emergence of the Galilee coal basin means there is significant potential to enhance future coal output through the Abbot Point Coal Terminal with the construction of X80 and X110 terminals. The Government will keep these development opportunities open to potential investors, ensuring these future expansions are funded by the private sector.

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