



SHAREHOLDING MINISTERS FOR

GLADSTONE PORTS CORPORATION LIMITED

Our Reference TRY-05849

11 MAR 2014

Mr Mark Brodie  
Chairman  
Gladstone Ports Corporation Limited  
PO Box 259  
GLADSTONE QLD 4680

Dear Mr Brodie *Mark*

**STRATEGIC EXPECTATIONS FOR GLADSTONE PORTS CORPORATION LIMITED FOR 2014-15**

As shareholders, we regularly review the performance and operations of individual Government owned corporations (GOC) and provide each GOC board with our strategic performance expectations for the next planning cycle on the understanding that they will be incorporated into the Statement of Corporate Intent (SCI) and Corporate Plan for the next financial year.

When we last wrote to you on this issue on 29 August 2012, we stated that the Government is committed to the core objectives underpinning the GOC model as outlined in the *Government Owned Corporations Act 1993*, which are to improve the efficiency and effectiveness of GOCs and to improve their accountability. We also advised that we are seeking to drive efficiencies across all GOC activities and to deliver reduced cost of living outcomes for Queenslanders and businesses investing in the State's future, but not at the expense of GOCs continuing to deliver sustainable and reliable services.

While these objectives continue to apply across the GOC sector, we think it is appropriate that we again address our specific strategic expectations of Gladstone Ports Corporation Limited (GPC) for the upcoming planning cycle.



As GPC's assets represent a significant investment by Government, we expect the board to ensure that the operations of GPC are managed efficiently and cost effectively, while providing a commercial return commensurate with our expectations.

We note the strong relationships your management team has maintained with liquefied natural gas (LNG) proponents and the strength of the commercial approach being adopted with regard to port, LNG and coal business developments.

Going forward, we expect the GPC Board to take into account the following issues as part of its 2014-15 planning process:

- continue to focus on achieving commercial outcomes when dealing with customers and suppliers, and avoid creating non-commercial arrangements which limit the Corporation's ability to pursue commercial returns in the future (this includes renegotiating any existing non-commercial arrangements, as opportunities arise);
- continue to pursue further trade opportunities which will provide appropriate commercial returns to the Corporation as well as facilitate economic development for the Bundaberg, Gladstone and Rockhampton regions, and the Central Queensland mineral and gas supply chain;
- continue to play a critical role in the Central Queensland coal and gas supply chain;
- progress and complete the new Tug Facility and Auckland East Shores projects on time and within budget;
- implement all applicable actions of the Queensland Ports Strategy once endorsed by Government; and
- identify and implement any opportunities to improve the commerciality of the port pilotage services, while maintaining appropriate service quality and safety standards, and work with Maritime Safety Queensland in the development of a sustainable pricing strategy for the pilotage services over the next 12 months for implementation post the transitional period.

We will be continuing to monitor investment and major contracts entered into by GPC. For the 2014-15 year we will be maintaining the existing investment thresholds for GPC to notify and seek approval at \$10 million and \$30 million respectively.

We ask that you engage early with shareholding departments in preparation of your 2014-15 SCI and Corporate Plan to ensure they reflect our expectations for the performance of GPC. To ensure timely review and consideration by us, we request that a draft board-approved SCI and Corporate Plan be submitted by 31 March 2014.

We appreciate the effort made by GPC to keep us informed of key financial operational issues and particularly the regular briefing provided to shareholding department officers by the former and current Chief Executive Officers. We look forward to this constructive relationship continuing in the coming year.

Yours sincerely



TIM NICHOLLS



SCOTT EMERSON

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