

KENFROST (1987) PTY LTD

As Trustee For The Kenfrost Trust
ABN 83 687 085 128

75-77 Alfred Street, Manunda Q 4870
PO Box 7260 Cairns Q 4870
Email: admin@kenfrost1987.com.au

Telephone: 07 4032 6100
Facsimile: 07 4032 6155

11 June 2015

EIS Project Manager - Cairns Shipping Development Project
Coordinated Project Delivery Division
Office of the Coordinator – General
PO Box 15517
City East QLD 4002

Dear Sir/Madam,

EXECUTIVE SUMMARY

Cairns Shipping Development Project is essential infrastructure to support both Cairns and the Queensland tourism industries and economies.

On shore disposal of dredge materials has the potential to deliver a range of positive outcomes, the least of which is the protection of the reef.

The project could be delivered cost neutral for the Queensland Government given time and willingness by the state to effectively plan for the future.

At \$400million, the potential raw land value in 2015 dollars for East Trinity would be around \$50,000 per raw urban lot – given the opportunity to introduce a premium waterside urban development, this figure would be viable today.

Urban Development of East Trinity would deliver property worth in excess of \$4billion.

The on shore disposal and subsequent development of East Trinity will provide social and economic equity and opportunity to the residents of East Trinity and Yarrabah.

Thank you for the opportunity to provide our comments. Please feel free to contact me should you have any queries.

Yours faithfully,

John S Richardson
Director

Introduction:

Kenfrost (1987) Pty Ltd (Kenfrost) is Cairns largest residential builder and land development company. Kenfrost is also one of Cairns largest civil contractors, delivering over 300 lots per annum for its own program and for other developers such as Satterley Property Group and Brookfield. With over 1500 families living in a Kenfrost home, you will have the confidence of choosing a strong, reliable and longstanding building company which it is proud to support its local community.

Kenfrost shares the States desire to see building and development industries thrive. In Far North Queensland, tourism is the economic driver of the economy and one of Queensland's most important industries in both the income generated and the number of persons employed. Without a strong tourism industry, our building and development industries will struggle. Similarly Cairns port and Naval services have the potential to contribute at even greater levels if the Cairns Shipping Development Project can be delivered.

Kenfrost acknowledges the enormous body of work contained within the Cairns Shipping Development Project EIS. Kenfrost also acknowledges that the changing political position with regards to placement of dredge spoil in the Great Barrier Reef Marine Park (GBRMP) despite the EIS finding that this is the most environmentally sound method for disposal of the dredge spoil.

Kenfrost would like to take this opportunity to provide feedback to the EIS. The project will create significant opportunities as is widely acknowledged throughout the EIS. Kenfrost specifically supports the land based disposal of dredge spoil in East Trinity as it will not only support the delivery of the project but will also deliver opportunities for the building and development industries in the future, not to mention future generations of Cairns and existing residents of East Trinity.

Cairns - planning in context

Within the EIS, discussion in Chapter A3 (pp3) identifies Cairns has '2,200ha of residential land supply', and 'that there will be significant growth through infill and redevelopment.' While this may be the case, Cairns is a very lineal and constrained city. The long term future growth can only extend south. Mt Peter is some distance from the CBD and while East Trinity is currently a significant distance by road, discussions around building a bridge between Portsmouth, Admiralty Island and East Trinity have continued for decades. Such a bridge would significantly ease pressure for the Bruce Highway and give direct access to Portsmouth industrial area for road freight. With a more innovative approach to the development of East Trinity, residents would be less than 10 minutes by ferry from the CBD – and ferries operate successfully in Brisbane, Sydney and Perth, and should not be discounted in any future planning framework.

When development of Mt Peter is complete – around 2030, Cairns has little choice for expansion than further south from Gordonvale, 45kms from the CBD. East Trinity would be more than a viable option in lieu of further fringe development and the infrastructure, traffic and transport costs associated with continuing lineal development.

Land Based disposal – East Trinity

The EIS (Executive Summary, pp 19on, A2 pp45 on, A3) discuss the range of obstacles that face land based disposal at East Trinity. These reports cite the significant work (and time and cost) that has gone into rehabilitating the site.

The site is far from rehabilitated. The site is still subject to an annual lime program to help contain the existing acid sulphate problem, paid for and managed by successive state governments.

From speaking to neighbours of the property, owners who have watched the events unfold over years, the site was originally low grass, sand dune and tidal flats before being leased to CSR for cane production. As the site was earthworked and drained and a bund wall constructed to keep the tidal movements out of the productive areas, the soils dried, sunk, cracked and exposed acid sulphate materials below. The site became unproductive and abandoned. Melaleuca's and other plants started to establish over the site before the bund walls deteriorated, and were then breached to allow the tidal process to resume. This process killed the Melaleuca and other coastal plants in the area and contributed to exacerbate the acid sulphate problems. This is reflected in Chapter D (D.4)

The site will never be able to be restored. The problem for the state government will not stop until the site is 'capped'. Despite the comments in the EIS, the site is mostly weed infested and a continuing liability to the state.

While bringing the capital dredge to shore certainly has inherent risks, there are processes in which that risk can be minimised. Ultimately, the dredge material will cap the site and prevent further Acid Sulphate/heavy metal runoff. This will be protecting the reef both though land based dredge material disposal and permanently rehabilitating the site. The state is in the position that it can use its powers to plan for the long term future, make decisions relating to the site on the best economic, environmental and social reasons. There is no question there are hurdles to overcome, but this is a project for generations and that long term view is the role of government. In the long term, planning for future urban expansion south of Trinity Inlet will help keep Cairns a more compact city and reducing its urban footprint, adding weight to the environmental protection of the reef.

RPS advises that an additional 5 million cubic metres of fill is required to support urban development over the dredge material. The EIS reports (A2 pp6) that 350,000m³ of material is removed annually through maintenance dredging.

If the land based disposal of dredge material was able to be undertaken at East Trinity, the annual maintenance dredging could continue to be deposited onshore for many years further enhancing Queensland's reputation for protecting the reef. The smaller annual deposits would be easier to manage using infrastructure such as tail water and settlement ponds that would be constructed for the initial capital dredge material.

Various throughout the reports is discussion about the unsuitability of the dredged material for construction fill. Vast areas of Cairns has been built upon dredged material, including the bulk of the CBD and Portsmith Industrial area. While obviously less desirable than clean engineered fill, with the time available for treatment, settlement and preloading, combined with the time available for importation of higher quality materials in a piecemeal fashion, development of the site should be possible with the right engineering solutions for future

buildings. Vast areas of Cairns including most coastal suburbs are situated above ASS or PASS material, this site would be no different.

Finally, if the state and federal governments have determined that no dredge spoil will be dumped within the GBRMP, then a land based solution will be required urgently to deal with annual maintenance dredging.

Infrastructure

Within the EIS one of the constraints for consideration of East Trinity for urban uses is the lack of infrastructure. As with any large scale project (in this case, with the potential for in excess of 7,700 residential allotments (E2 section 2, 2.3)), it is unlikely that any existing services will be sufficient to facilitate development. That argument is moot.

Even today, Mt Peter Masterplanned area lacks sewer, water, power, sufficient road infrastructure, much less services such as schools and shops. It has not prevented this area becoming the preferred development footprint within the Draft Cairns Regional Plan and the Region Plan 2031. Two decades ago, the same discussions raised within the EIS for East Trinity would have equally applied to Mt Peter.

Traditional development.

HTW provided advice based traditional development patterns and based on existing development sites in Cairns. In lieu of any better information, their assumptions were quite valid. But what if the project was tackled in a different manner?

The RPS report (E.2) considers development of the site in a traditional development pattern, based on existing development sites in Cairns. RPS raises valid concerns over the local and state planning framework that affects the site. However, this is a long term project that far exceeds the current planning horizons, the Region Plan 2031 and the Draft Cairns Region plan. That is not reason enough to stop exploring future options.

The RPS and HTW research struggles to get land values up to make the project viable. Why would anyone want to be 'that far from the city?' It's a perfectly valid set of assumptions – unless tackled differently.

If the appetite was there to make this project a success and to minimise the cost of the dredging, land holdings, rehabilitation etc. to the state, then the approach to tackling the development of the site would change. If the density could be increased in a logical context, the viability of the project may change. If an extra 10-20% yield was achieved the viability changes. Time will also play a factor in this land becoming viable in the future. As land becomes scarce and values increase, East Trinity will become a viable site for development. The state is the right entity to hold the land and manage the planning framework. The state holds land now for future generations – road and rail corridors, hospital and school sites, port and strategic infrastructure sites; this is no different, it is state owned, degraded land with a contingent liability that would be prepared and preserved for future urban uses.

Development of a premium address.

If development of the southern foreshore of Trinity Harbour could be the starting point, would buyers pay a premium to live there? Is there similar examples that could be identified?

Jones Bay and the Sydney Finger Wharf at Woolloomooloo are great examples of where waterfront living has resulted in higher density, mixed uses, vibrant and desirable places to live, work and recreate.



Figure 1 - Sydney's famous finger wharfs could be duplicated here in Cairns creating enormous opportunities

Development such as this needs road access as a secondary transport need. It would need a frequent and permanent ferry service, but our greatest cities all do; Brisbane, Sydney and Perth.

If development could commence from the waterfront and radiate out from there back towards Pine Creek Road, the benefits would be that all future development would have an uplift in value attributed to their connection and proximity to the premium harbour front properties and activities. Again, if the yield and the values can be grown, then the viability of the project can also.

At a land placement cost of circa \$400m, (A2 Table A2.9.14.4a) excluding the cost of the land and rehabilitation works to date, and based on a residential yield of 7,700 lots, this equates to \$51,948 per raw lot. While that figure is a little on the high side for urban zoned land in Cairns in 2015, if the premium development sites on the wharf and other higher yielding land were factored in, this would be a viable raw land value even in today's dollars and market.

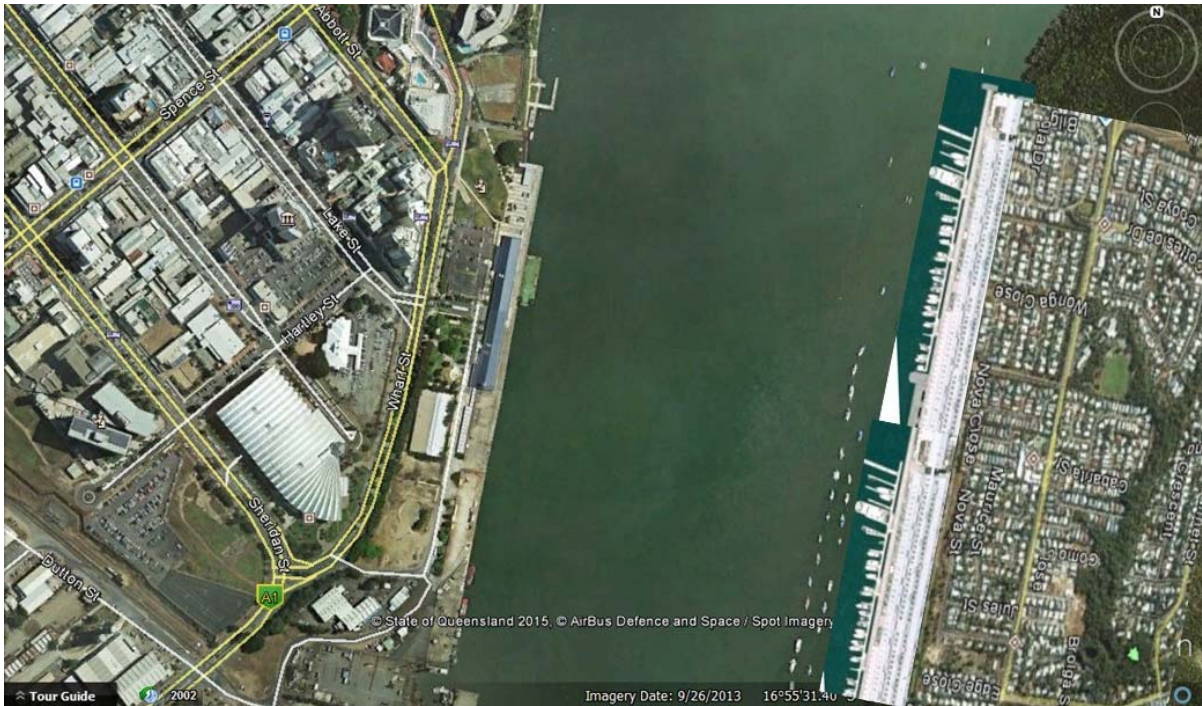


Figure 2 creating waterfront lifestyle that would be the catalyst for a new community

Intangible benefits that were not discussed in the RPS/HTW reports include the need to deliver services such as shopping, health and education, which in turn, will enhance the opportunities for existing residents in East Trinity.

The Mt Peter Masterplan (Economic Development and Employment Report, 2009 pp 8), provided for an estimated 16,000 local jobs for a population almost twice as large, but far removed from the CBD.

With direct ferry access to the CBD, the initial residents are highly likely to be high income earning professionals with some service and tourism based employment associated with the waterside businesses. As the area develops and expands more opportunities will arise in health, education, retail and construction. Based on the work undertaken for Mt Peter, it wouldn't be unrealistic to see 8,000 jobs developed over the life of the project.

At some point, a bridge connection would become essential, but it's not essential to commence the project if approached from the waterfront. A bridge also has the benefit of bringing the residents of East Trinity closer to the city and its services and will make public transport and other opportunities more viable. Further, the addition of a bridge between Cairns and East Trinity will facilitate the long term duplication of access to the CBD and Portsmith industrial area, taking pressure off of the Bruce Highway.

With 8,000 jobs needing around 100,000 sqm of floor space, in excess of 7,700 residential homes, wharf and premium harborside development, urban development of East Trinity would result in a \$4 billion dollar project.

Constraints and opportunities.

Environmentally, there would be a need to sacrifice 500-700m of mangroves to develop a waterfront interface between Cairns CBD and East Trinity. Mangroves are not 'of concern'

communities and the loss would be made up by the rehabilitation/continued rehabilitation of Hill, Magazine and Firewood Creeks.

The capping of the site will resolve past and ongoing maintenance and liability. The other environmental matters are ones that the state is in the best position to deal with, on behalf of the entire QLD community. Native title issues surrounding part of the site will need to be dealt with, as all native title claims are.

Our understanding is that the Mandingalbay Yidinji people want and need to create economic opportunities for their community. Some of the initial eco-tourism plans by the Mandingalbay Yidinji people would complement and enhance the waterside development, but would obviously require to work with the community to deliver a great outcome. East Trinity's development has that potential to create significant economic and employment opportunities for their people. As development occurs the community would have access to all manner of services taken for granted by the wider Cairns community, which they are isolated from. The East Trinity project could deliver a high level of social and economic equity for the existing residents of East Trinity and Yarrabah.

Throughout the EIS, particularly in chapters A3 and D, is discussion about the difficulty with the material and the ability to dry it quickly. East Trinity will be a project, years in the making. Dredging the harbour over one or 2 seasons might assist with the size of the bund walls required, the drying process, the ability to dry and treat material before the next wet season, to manage tail water and settlement ponds. Creating a land fill opportunity in East Trinity might assist in securing additional soils that will assist in the rehabilitation of the site. Invariably, development of old cane farm land creates a surplus of topsoil. Perhaps the covering of dredge material with topsoil will assist with changing the materials properties, drying it, encouraging grass growth to assist with preventing problems with water runoff, dust and nuisance. Cairns lacks sites for earth disposal and those on the Barron Delta will eventually become exhausted and material is already taken to Alooomba, which is probably further away than East Trinity for much of the development in Cairns.

Summary

While the Cairns community recognises the need to protect the reef as paramount, the Cairns Shipping Development Project is essential for the development and expansion of the region's economy. This short term project will continue to deliver benefits to the local and Queensland economies for many years to come. Kenfrost would urge the government to reconsider ceasing this project and take a fresh look at how it might be facilitated in light of the changes in policy positions that have occurred during the development of the EIS.

It is not unreasonable to expect that through the future sale of land, the Cairns Shipping Development Project could be delivered 'cost neutral'. With the future maintenance dredging coming on-shore, rehabilitation of the East Trinity site, compact development in future urban expansion, the social and economic community equity delivered; the intangible benefits of the project to the Cairns and Queensland cannot and must not be discounted.