



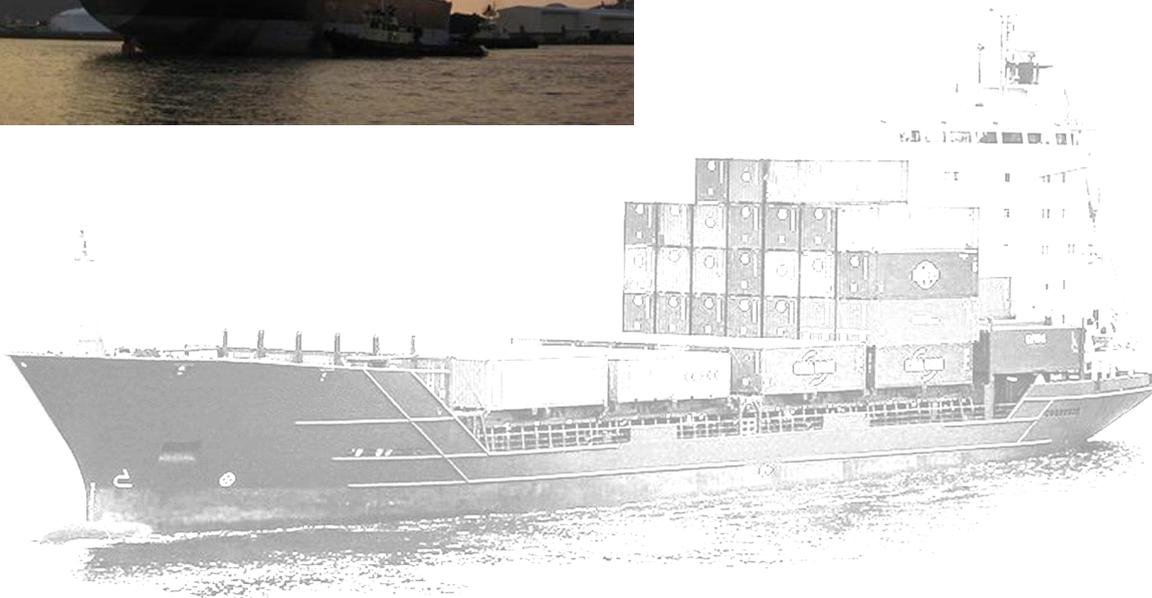
CAIRNS PORT DEVELOPMENT INC.

Terms of Reference for an
assignment to produce a

Cairns Port Development Project Plan

DRAFT 1

13 August 2015



Terms of Reference for an assignment to produce a

Cairns Port Development Project Plan

13 August 2015

**Author
Peter Senior**

**On behalf of
Cairns Port Development Inc.**

Contents

- A. Summary**
- B. Introduction and background**
- C. Project objectives**
- D. Complementary requirements**
- E. The consultants' capabilities**
- F. Information available to the consultants**
- G. The proposal and costing**

A. Summary

This proposal for a Cairns Port Development Project Plan responds to Queensland State Treasurer Curtis Pitt's requests to: 'recast that EIS and make another proposal which has an emphasis on onshore disposal'; and put another option 'on the table.'

The State Government has ruled against proceeding with the recommendations in the Ports North draft EIS on the basis that the primary recommendation to put the dredging spoil at an off-shore location has been ruled against by both the Federal and State Governments, and the option of on-land placement of the spoil is considered too expensive.

An alternative has been proposed for both placement of the spoil on the 944 ha State-owned property at East Trinity.

A submission from Friends of the Port of Cairns (now Cairns Port Development Inc.) proposed an alternative approach that would likely have far lower net costs and meet environmental regulations. This submission's third recommendation is:

We recommend consideration be given to commissioning a different group of specialists to develop a full project plan for this alternative proposal, including benefit-cost analyses and implementation time-line. This recommendation is based on the difficulties invariably experienced when consultants are asked to change their previous assumptions, assessments and conclusions.

This document presents terms of reference to:

- Prepare a project plan to dredge the Trinity Inlet and basin sufficiently to allow larger cruise, naval and cargo ships to navigate the channel; and
- Prepare a comprehensive benefit/cost analysis for the project.

The assignment would be carried out by a new independent team of consultants that were not involved in the Ports North EIS report.

This project plan would provide information necessary to enable the Federal Government, the Queensland State Government, local governments, Cairns business leaders and the Cairns region community to:

- Understand all key issues relating to dredging the Trinity Inlet and basin;
- Understand the benefits completion of this project would bring to the Cairns region; and
- Make informed decisions on the best course of action to achieve these benefits.

B. Introduction and background

This terms of reference (TOR) comprises a request for a proposal (RFP) for a new independent team of consultants to:

- Prepare a project plan to dredge the Trinity Inlet and basin sufficiently to allow larger cruise, naval and cargo ships to navigate the channel; and
- Prepare a comprehensive benefit/cost analysis for the project.

The sponsors for this project plan have yet to be decided, but are likely to include Cairns Port Development Inc.

The sponsors will be represented by a small Project Steering Group (PSG) comprising Cairns business people.

The draft EIS recommended the dredging spoil be placed at a suitable location in the off-shore lagoon, far from the Great Barrier Reef (GBR). However both the Federal and State Governments have ruled against this option despite the best scientific evidence demonstrating that such off-shore placement would not be detrimental to the GBR.

The project plan is required following a draft Environmental Impact Statement (EIS) prepared by consultants for Ports North. The draft EIS concluded placing the dredging spoil on land would cost \$365M plus major additional costs that would considerably exceed revenues if the land is developed.

<http://www.dip.qld.gov.au/assessments-and-approvals/cairns-shipping-development-project.html>

The State Government also ruled against proceeding with the Ports North draft EIS option of on-land placement of the spoil because it was considered too expensive. This ruling was made without the benefit of a benefit-cost analysis, or completion of the final EIS.

The draft EIS, as well as subsequent reports such as the draft EIS submission from Cummings Economics, stressed the vital importance to the Cairns economy from completing the dredging as soon as possible.

Cummings estimate the dredging project's Net Present Value (NPV) is \$1.35 Billion; without discounting factors, the estimate is a cash flow of at least \$5 Billion over the 25-year period.

http://www.cummings.net.au/pdf/recent/J2865_Cairns_Shipping_Development_Project.pdf

Whilst other options may be suitable, indeed necessary in the longer term, the draft EIS as well as other assessments conclude that if the capital dredging spoil is to be placed on land, the preferred location is on part of the 944 ha State-owned property at East Trinity.

The State government did not wait for public submissions to the Coordinator General before announcing the cost of dredging was too high, and decided against the project. However, it appears the State Government are not ruling out other options. The Cairns Post reported on 15 May 2015:

'TWO senior State Government ministers are not ruling out developing the Port of Cairns, including dredging. Queensland Treasurer Curtis Pitt and State

*Development Minister Anthony Lynham are calling on Ports North to re-examine their Environmental Impact Statement on dredging Trinity Inlet shipping channel. Dredging has been ruled out on economic and environmental grounds by the government, with sea dredge spoil dumping **estimated to cost \$100 million and land based \$365 million.** “What we’ve said is that this EIS doesn’t rule out future port development, what it does is say the options that are on the table ... are not viable options,” Mr Pitt said. “What we’ve said is that Ports North, as the proponent can go back, recast that EIS and make another proposal which has an emphasis on onshore disposal.’*

Ports North website states ‘....Ports North, is a company Queensland Government Owned Corporation responsible for the development and management of the declared Ports of Cairns..’ Ports North’s capabilities and successes in its vital role of port management are well recognized. However, land development, chemical treatment of spoil and resolution of land degradation problems such as those on the East Trinity property are clearly outside Ports North’s mandate and competence. As such, Ports North’s role in this project should remain focused on Port activities, including dredging management or oversight, rather than having responsibility for placement and management of a very large amount of dredging spoil on land.

A submission from Friends of the Port of Cairns proposed an alternative approach that would likely have far lower net costs. The submission’s third recommendation is:

We recommend consideration be given to commissioning a different group of specialists to develop a full project plan for this alternative proposal, including benefit-cost analyses and implementation time-line. This recommendation is based on the difficulties invariably experienced when consultants are asked to change their previous assumptions, assessments and conclusions. The full submission is at: <http://better-management.org/wp-content/uploads/2015/06/Submission-to-Coordinator-General-1-June-2015.pdf>

It will be assumed for this project that Federal and Queensland State Governments will not allow sea-based placement of capital dredging spoil for the foreseeable future.

The proposal should provide one of two options:

Option 1: A full proposal to deliver the 10 requirements listed below. The proposal should be phased, with each phase subject to possible changes to the phase’s scope and budget, then approval by the PSG.

Or if it the proposers consider it impractical to prepare a full proposal until further study is completed:

Option 2: A proposal for a phased approach in which the first phase will be an initial review, or scoping study. It has been estimated that this scoping study would cost about \$50,000.

C. Project objectives

The overall goal of the project is to enable the major benefits to the Cairns region expected following completion of the dredging project.

The objectives of this project plan are to prepare and present:

- A project plan to dredge the Trinity Inlet and basin sufficiently to allow larger cruise, naval and cargo ships to navigate the channel; and
- A comprehensive benefit/cost analysis for the project.

D. Complementary requirements

As part of the project plan, the consultants should:

1. Interview, then describe and summarise the views of all major stakeholders with regard to dredging the Trinity Inlet, the costs of the project, the expected benefits, and any significant additional factors.
2. Assess and briefly describe world best-practices with regard to aspects of dredging and spoil management relevant to this project, together with supporting references, including:
 - Dredging - technical aspects, including pumping spoil and centrifuging
 - Dredging - environmental, regulatory and communications
 - Spoil management methods such as chemical injection and nanotechnologies
 - Acid Sulphate Soil management, including lime and other treatment methods
 - Bund walls for dredging spoil containment
 - Re-establishing vegetation over spoil-filled areas
 - Project Management, including community communications
 - Contract and Supply Chain Management
3. Describe briefly the main assumptions that underpin the plan and benefit-cost analysis, and explain how and why these assumptions differ from those of the Ports North draft EIS.

E. The consultants' capabilities

The selection criteria for the team of consultants for this project are:

1. A team leader who can demonstrate a high level of ability to:
 - a. manage complex projects;
 - b. inspire excellent team synergy;
 - c. meet deadlines within agreed budgets; as well as
 - d. sufficient knowledge of Cairns Port, Cairns region 'politics' and related economic factors.

2. Consultants with high-level relevant experience, team-players, demonstrated success producing innovative cost-effective solutions, and willing to challenge the status quo.
3. The consultants should not have had any major involvement in the preparation of the Ports North draft EIS in order to ensure a fresh approach is taken to solution development.
4. Access to advice from relevant leading international specialists.
5. After studying proposals, a short-list will be drawn up for further consideration by the PSG. Rather than a formal presentation, in-depth discussions with the full teams for the short-listed proposals will precede final selection.

F. Information available to the consultants

A wide range of information will be available to the consultants.

It is assumed information used and generated by the Ports North consultants during the preparation of the draft EIS will be available.

There are also many reports completed during recent years concerning East Trinity that will be available.

H. The proposal and costing

It will be assumed for this project that Federal and Queensland State Governments will not allow sea-based placement of capital dredging spoil.

The consultants' proposal should be delivered as a PDF document to (*to come: name, email address, by x date*).

The proposal should be as short as practical in order to demonstrate and provide one of two options:

Option 1: A full proposal to deliver on the 10 requirements listed below.

The proposal should be phased, with a brief working paper at the end of each phase presented to, and discussed with, the PSG. Following each phase the scope, time and budget may be changed if the PSG considers this would improve the final project plan. This is the preferred option.

Option 1 deliverable would be:

- A brief scoping phase working paper that presents initial findings;
- A phased project plan that will deliver on the 10 requirements;

- A final report that outlines the key issues that will need to be addressed in order to produce a report covering the 10 requirements below; and
- A total and broad breakdown of time and costs involved, together with any contingencies considered necessary.

If the consultants consider it is not practical to prepare a full proposal until further study is completed:

Option 2: A proposal for a phased approach in which the first phase will be a firm initial review, or scoping study. It has been estimated that this scoping study would cost about \$50,000.

Option 2 deliverable would be:

- A report that outlines the key issues that will need to be addressed in order to produce a report covering the 10 requirements below;
- An indicative phased project plan to that will deliver the 10 requirements; and
- A total and breakdown of time and costs involved in the scoping study; and
- Indicative timing, costing and any contingencies considered necessary to complete the project plan.

The proposal should include:

- Demonstration of a thorough understanding of the project requirements and background; and
- An assignment time-line, including discussions with the PSG at appropriate intervals (a ‘no surprises’ approach is important).

The assignment deliverables will be:

1. Brief working papers for discussion with the PSG at the end of each phase;
2. An updated project plan at the end of each phase for discussion with the PSG. Quality is far more important than quantity – supporting information is required only to the extent that it provides sufficient support for conclusions;
3. A draft final project plan report for discussion with the PSG; and
4. A final project plan report presented to the PSG, then presented to two or more wider audiences of stakeholders.

The project plan should include:

5. Consideration of the Ports North draft EIS and submissions to the Coordinator General concerning the EIS, in particular the alternative proposal presented in the Friends of the Port of Cairns’ submission, and the Cummings Economics submission.
6. Assessment and application of relevant best practices in order to demonstrate why the project plan is the best option to achieve the project objectives.
7. Description of the main assumptions, as above.

8. Details of the main potential suppliers of key services to complete the project as specified in the project plan, together with initial assessments for the Project Manager's consideration. These should be sufficient for the Project Manager to commence negotiations and commence the project as soon as possible
9. Proposed arrangement with Ports North for delivery of the capital dredged spoil to the selected site, and possibly future delivery of maintenance spoil. *Note: benefit-cost analyses may suggest consideration should be given to ongoing dredging of additional spoil to create a deeper and wider channel and basin that would enable additional large vessels to use Cairns Port.*
10. Assessment of options, and recommendations, on the optimum relationships with the owners of the land on which the spoil will be placed including: one or a group of developers; private/public partnership; and public development.

DRAFT