

SHUTE HARBOUR PROPOSAL. UNACCEPTABLE RISK.

There are many reasons, social, economic and environmental, why this proposal should not be allowed to proceed but a major reason is, undoubtedly, the economic risk posed by the volatile and uncertain nature of the project and the consequent negative implications and risks for the Whitsunday community and ratepayers.

Basically the community is being manipulated into believing they would get a big, beautiful master planned development with lots of lovely, socially responsible additions. This is about as far from the truth as possible. They would, more likely, get a big unsightly building site that dragged on in dribs and drabs for many years.

On the one hand:

- There is a proponent who makes no convincing argument that there is any demand for marina berths and built form at Shute Harbour. Instead, in this Supplementary EIS we are offered vague predictions and unsubstantiated, unquantified assertions.
- There is a *Development Model* and a proposed *SHMR Development Code* that confirms that this 'facility' will not be 'integrated' or 'master-planned' by the proponent, as claimed, but, **after reclamation of the World Heritage seabed, will be on-sold to several unspecified, third party developers, as freehold land to use pretty much as they see fit.**
- It is patently obvious that the sole intention of the proposed *SHMR Development Code* is to over-ride any provisions of the Planning Scheme that may get in the way of the proponents achieving these third party sell-on strategies; regardless of what the site then becomes, or may become in the future.
- The documentation also makes it clear that the proponent is not obliged to deliver any of the 'public benefit infrastructure' listed in the SEIS.
- There is a Finance Model 'plan' to raise just \$72 million (a significant proportion as high risk, high interest Mezzanine Finance) of the stated overall budget of \$252 million. This, once again confirms that the outstanding \$180 million would need to be raised by some unspecified and yet to be located third party developers.
- And there is a development that requires permission to be '*completed within fifteen years of the date the approval takes effect*' further highlighting the potential long term, economic risk and disruption to this community.

On the other hand:

There is ample evidence that developments of this nature, in these times and for the foreseeable future, are ventures with a significantly high risk of not proceeding, or succeeding as planned and ending up in financial difficulties that are ultimately a social and economic cost to the ratepayers:

- **No integrated facility.** Closer examination of the document confirms that this proposal would **not** be ‘integrated’ or ‘master-planned’ by the proponent, as implied, but, **after reclamation of the World Heritage seabed, would be on-sold to several unspecified, third party developers, as freehold blocks of land, to use more or less as they see fit.**
- **Community Risk.** It is quite likely that this proposal would join the significant list of the region’s failed major projects and, once again, cost the Whitsunday community dearly in social and economic terms. Following is compelling evidence to support this contention:
 - **No demand.** The current Shute Harbour lease has existed for some ten years and yet proponents have never been able to convincingly fulfil their **Terms of Reference** and establish there is ‘demand’ for the facility – berths and built form. This is because there *is* no demand in this region currently or for the foreseeable future. Not for berths. Not for expensive apartments. Berths sit empty in several of the regional marinas and unsold, high-end apartments are still plentiful in Airlie Beach.
 - **Marinas in receivership.** There have been two in our Whitsunday mainland area alone. The Port of Airlie and Abel Point.
 - **Port of Airlie. Cost to community.** Ten years ago the Port of Airlie developer, Meridien, made lots of promises to the community. Ten years later they’re in receivership, the project has cost our council (our community) huge amounts, the area is a vast, unsightly, unused paddock and the community is still waiting with no resolution in sight.
 - **Abel Point bargain basement sale.** Abel Point marina, which Meridien bought for around \$75million, was sold recently for some \$28million. A write down of nearly \$50million. And yet the Shute Harbour proponent would have us believe their unfunded \$252 million (or more) project is financially viable!
 - **Failure at Funnel Bay.** A major \$500million “integrated resort” and residential development over 25 hectares was commenced around 2007 at Funnel Bay. In 2009 the developer went into administration, leaving yet another unsightly, unfinished, unoccupied precinct. After three years the site has finally been on-sold but remains desolate and there is no sign of anything happening in the location any time soon.
 - **Laguna Quays a ruin.** This was another vast ‘master-planned’ precinct with plans for houses, shops and all sorts of other great things. In spite of the best efforts of major Melbourne developer David Marriner, the dream was never fully realised and today the resort and marina are deserted, unused and overgrown.

- **Developer bail-out.** Since Cyclone Yasi devastated Port Hinchinbrook and its marina and left many boats destroyed or damaged, the location has been in a state of major disrepair. Now the private owners are demanding that the government bail them out.

- **Insurance and legal liabilities** relating to climate events and storm surge – particularly in these cyclone prone, waterfront areas – become more complex and perilous by the day. Strata title insurance in North Queensland seems, even now, to be virtually impossible to achieve and appears to have a deeply troubled future.

- **Council Levies.** The Whitsunday Regional Council voted six to one against the SHMR lease renewal. They, more than anyone and through bitter experience, are acutely aware of the cost to the community of these commercially impractical and inappropriate schemes. They already have a debt of around \$20 million and ratepayers are about to be subject to a levy of \$140 per annum.

- **A Lesson from Sandy.** The coastal devastation wrought by Hurricane Sandy on the US East Coast, including the destruction of several marinas, is just one more example of the ill advised nature of the SHMR proposal.

- **Storm Warning.** Professor Jon Nott of JCU Cairns warns that, as a result of climate change, Queensland will become subject to more frequent and more violent cyclones. At a time when governments and councils world wide are making a strategic withdrawal from low lying coastal development and its economic liability and insurance issues, it seems irresponsible for anyone to be supporting this development on reclaimed seabed.

The Shute Harbour proponent's SEIS is a deeply flawed document.

It takes credit for circumstances over which it has no control.

It makes claims that it cannot substantiate.

It makes promises that it cannot keep.

Following are a few of many examples:

■ **It takes credit for appearing to reduce the SHMR footprint from 434,000sqm to 252,000sqm. This is misleading.** While the plans submitted in 2008 did in fact cover 434,000 sqm they were based on two separate 'tenures.' One was a lease-holding and the other a Permit to Occupy. On 24 August 2010, DERM refused renewal of the permit to occupy reducing the proponent's area of 'tenure' by 15.9 hectare or 159,000 sqm. They, therefore, no longer had access to a large part of the area included in the 2008 EIS plans. The proponent is now claiming a reduction of 181,000sqm in their new footprint. The real reduction in the size of the current footprint is the 181,000 less the 159,000 of the already refused permit - over which they now have no claim. The site reduction, therefore, that the proponent has any control over is only 32,000sqm, significantly less than the proponent is taking credit for. The footprint now, in fact, is very little different to the footprint indicated in the

EIS of 2005.

■ **It makes claims** about an increase in the growth of the boating market but no verification of these claims is made and no statistics relating to either percentages, numbers or sizes of boats are provided.

Assertions are made without evidence:

*“A range of costs and benefits were identified **but not quantified** due to data limitations. However ... the modeling **should be considered** as a conservative estimate of the potential benefits of the project.”*

*“**Our view** is that the **assumptions** are conservative...”*

*“The provision of 395 berths is **unlikely** to satisfy demand for cyclone resistant berths in this region...”*

■ **It makes promises** to council of \$2.5 million (in kind) for a Trailer Park and boat ramp. This is largely meaningless. The so called ‘trailer park’ location is not within their permit footprint and currently the council have made no commitment to create this facility. A large trailer park has recently been completed at Port of Airlie and with the WRC’s current parlous financial state an announcement has recently been made in the Whitsunday Times by the mayor of a ‘freeze on all capital works projects’ in other words no ‘inessential’ infrastructure will be undertaken until the massive debt is under control. Infrastructure of this kind, therefore is most likely many, many years away.

■ The proponent informs us that approximately 436 jobs will be created during the requested 15 year construction phase, logically their best case scenario, if each job lasted a (generous) average of six months this would mean **14.6 jobs per annum**, over fifteen years. Surely not enough benefit to justify the destruction of a unique and irreplaceable natural asset and potentially cost the community massive amounts, both socially and economically.

Without even getting into the serious environmental and aesthetic issues raised by this proposal, we believe that the above facts alone are sufficient to flag the significant risks to our community posed by the Shute Harbour marina, apartment and hotel proposal.