



Hon Jeff Seeney MP

Deputy Premier

Minister for State Development, Infrastructure and Planning

12 February 2014

Mr Tom Tate
Mayor
City of Gold Coast
PO Box 5042
GOLD COAST MAIL CENTRE QLD 9729

Dear  Cr Tate,

In November 2012 the State Government entered into a MOU with the GCCC to investigate a proposal you had initiated as a successful Mayoral candidate to establish a cruise ship terminal in the Southport Broadwater.

Under the MOU, the State Government committed to making State Land adjoining the Broadwater available for development by the private sector on commercial terms to be agreed if the development could lead to the successful establishment of the cruise ship terminal you were promoting.

The assessment of private sector proposals submitted as part of the Request for Detailed Proposals process and carried out jointly by officers of my Department and your Council is now complete and I write to clarify the next steps that are required by the State Government for the State land to be made available for development.

The joint assessment panel has assessed all submitted proposals and identified one possible proponent to undertake the development of a cruise ship terminal in the Broadwater. This possible proponent is the ASF Consortium.

The comprehensive assessment has confirmed that, while it would be technically possible to establish a cruise ship terminal in the Broadwater, further detailed work is needed by your Council and the identified possible proponent to ensure any development is supported by the general public, is environmentally and economically sustainable, and would not pose a burden on existing infrastructure.

The analysis undertaken by the joint assessment panel has shown that the extensive capital and operational costs of the terminal and associated dredging would need to be extensively cross-subsidised by income derived from other developments.

The proposal submitted by ASF Consortium reflects this conclusion and has identified large scale residential and resort development, together with a casino, as being necessary to cross-subsidise the construction and operational cost of a cruise ship terminal.

The scale of the development being proposed by ASF Consortium has the potential to have considerable impact on existing business and property markets. It would therefore be necessary for GCCC to undertake extensive community consultation and provide the State Government with an indication of the extent of community support before State land would be made available.

Independent expert consultants contracted by the Assessment Panel have identified a number of other issues that need to be addressed before the project should proceed further.

Foremost amongst these issues is the need to conduct preliminary environmental studies to update outdated information available in regard to the impacts of the capital and maintenance dredging that would be necessary for cruise ships to access the Broadwater. These preliminary environmental studies are considered necessary to inform the lodgement of an initial advice statement with the Coordinator General and the development of terms of reference for a full environmental impact study (EIS).

The Gold Coast City Council in conjunction with the possible proponent would need to fund and complete these preliminary environmental studies as well as address the other outstanding issues identified by the independent consultants during the assessment process to date. A complete list of those issues, as advised by my Department, is attached.

In relation to the requirement for a casino licence, my Department is currently conducting an Expression of Interest (EOI) process for the allocation of gaming licences to complement the successful establishment of internationally-competitive Integrated Resort Developments in Queensland.

The possible proponent identified for the Broadwater cruise ship terminal development are free to lodge a Registration of Interest for the EOI process. It is expected that, if ASF Consortium is successful in obtaining a casino license under this process, a binding agreement would be reached that any gaming licence granted would be conditional on the prior establishment and ongoing operation of a successful cruise ship terminal.

However, the issue of a temporary casino licence will not be considered, and this will need to be addressed as part of the proposal.

In summary, the State Government maintains its initial position of offering to make State land available on agreed commercial terms for the private sector to develop a cruise ship terminal in the Southport Broadwater provided there is no ongoing cost or risk to the State.

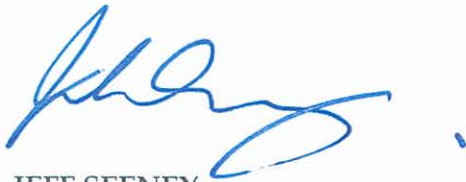
Additionally, I advise that if you and the GCCC seek to further advance your proposal for a Cruise Ship Terminal in the Broadwater you will need to:

- undertake extensive community consultation and provide evidence of the degree of public support for the scale of development proposed at the Broadwater
- work with the possible proponent to conduct preliminary environmental studies to update the information available in regard to the impacts of the capital and maintenance dredging that would be necessary for cruise ships to access the Broadwater
- work with the possible proponent to address shortcomings in infrastructure network planning
- address all other outstanding issues identified in attachment 1.

My Department and I will be happy to continue discussions on how these issues might be addressed by either your Council or the identified possible proponent to ensure the State land can be made available for the cruise ship terminal proposition put forward by the GCCC.

I wish you well with the further development of your cruise ship terminal proposal.

Yours sincerely,



JEFF SEENEY

DEPUTY PREMIER

Minister for State Development, Infrastructure and Planning

ROLES AND REPONSIBILITIES TO IDENTIFY AND ADDRESS ALL OUTSTANDING RISKS AND ISSUES

Queensland Government (Government)

1. Government proactively releases all independent technical reports and information (with the exception of commercial and cabinet-in-confidence documents) made available to shortlisted Request for Detailed Proposals (RFDP) proponents in the Broadwater Marine Project dataroom in addition to this paper (only in the event Council and ASF Consortium wish to pursue a Broadwater Cruise Ship Terminal (CST)) to publicly address the complexity and breadth of technical issues of establishing a Broadwater CST.
2. Should Gold Coast City Council (Council) and ASF Consortium address all outstanding environmental and technical issues, demonstrate strong community support and develop a plan to gain all necessary approvals for the CST, Government will honour its commitment to consider the allocation of State land.

Gold Coast City Council (Council)

1. Council immediately undertakes a community consultation process with ASF Consortium seeking public comment and support for ASF Consortium's Development Concept in accordance with the Request for Detailed Proposals (RFDP).
2. Council considers the feedback received from the community consultation process and demonstrates community support for the project.
3. Council works with ASF Consortium to assist resolution of ASF Consortium's specified conditions precedent and caveats.

ASF Consortium

1. ASF Consortium works with Council to assist resolution of Council's specified conditions and caveats.
2. In addition to resolving the conditions precedent nominated in ASF Consortium's detailed proposal, ASF Consortium refines its Detailed Proposal to resolve the nominated issues listed below.

Technical and Environmental

3. A more detailed Preliminary Environmental Assessment is prepared to inform the initial design process. Historical EIS data should not be solely relied upon to inform the preparation of an Initial Advice Statement.
4. A detailed assessment of the demand for power to inform assessment of the impacts on the trunk power network and measures to mitigate the impacts is prepared.
5. A detailed assessment of the demand for water/sewer and their impacts on the trunk water/sewer network and the existing and planned Recycled Water Release Systems is prepared.
6. A detailed assessment of the traffic generation to include traffic arising from the cruise ship operations and the development and modelling of the baseline 'without development' and 'with development' scenarios is prepared. This is to better understand the impacts of the development on the trunk land transport network.
7. A detailed assessment of the impacts of the dredging works associated with the CST, together with the reclamation works within the proposed development is to be prepared.
8. A contingency plan for adverse weather events of a scale that would disrupt the operations of the CST is prepared to ensure the ongoing operation of the CST.

Development Concept

9. The Development Concept is refined to fully comply with the State's tenure conditions as prescribed in the BMP Request for Detailed Proposals documentation.
10. The Development Concept is refined to remove the proposal for a staged casino land use development.
11. The scale of the proposed project components is more fully justified. Current staging plan outlines significant market and delivery risk because of a reliance on back-ended cash flows.
12. The suitability of guarantees relating to market and delivery risk is more fully justified. The allocated performance bond is meritorious but further evaluation is required to determine if this is sufficient to resolve issues associated with the Project Staging Plan. In addition, assumed linkages with sovereign entities need clarification.
13. An appropriate strategy to manage associated shifts of related demographics, potentially high vacancies, international tourism and impacts on activation and retail spending in order to justify the significant volume of residential product that is to be sold internationally is prepared.

14. An appropriate strategy for the ongoing management of the CST is structured that responds to the State's condition that an operational casino license may only be granted on the provision of an ongoing operational CST.
15. The requirement to grant a holding over both The Spit and Wavebreak Island is more fully justified.
16. A detailed assessment of each land use component (e.g. mix, inventories, integration, staging) is prepared.
17. A detailed assessment of local market drivers, office space and rents, retail space and rents to guarantee deliverability is prepared.
18. A detailed assessment of international tourism market drivers – international currency fluctuation, cruise shipping trends including the impact on the proposal of the introduction of larger vessels currently being planned – to guarantee operability is prepared.
19. A CST operating entity is identified and secured.