

Anne Fidler

From: Gerard Reilly [greilly@bbspr.com.au]
Sent: Friday, 14 August 2009 10:04 AM
To: Economic Development Committee
Subject: Submission

Attachments: Submission.pdf

Good morning,

Please find attached a submission from Pregno Family Investments Pty Ltd to the Economic Development Committee.

If more information is required please feel free to contact either myself or Vanessa Maruna from Pregno at vmaruna@pregno.com.au.

Regards,

Gerard



Gerard Reilly
Director

T 07 3221 6711 F 07 3229 8704
E greilly@bbspr.com.au www.bbspr.com.au
L10, 144 Edward Street, GPO Box 2902, Brisbane QLD 4001

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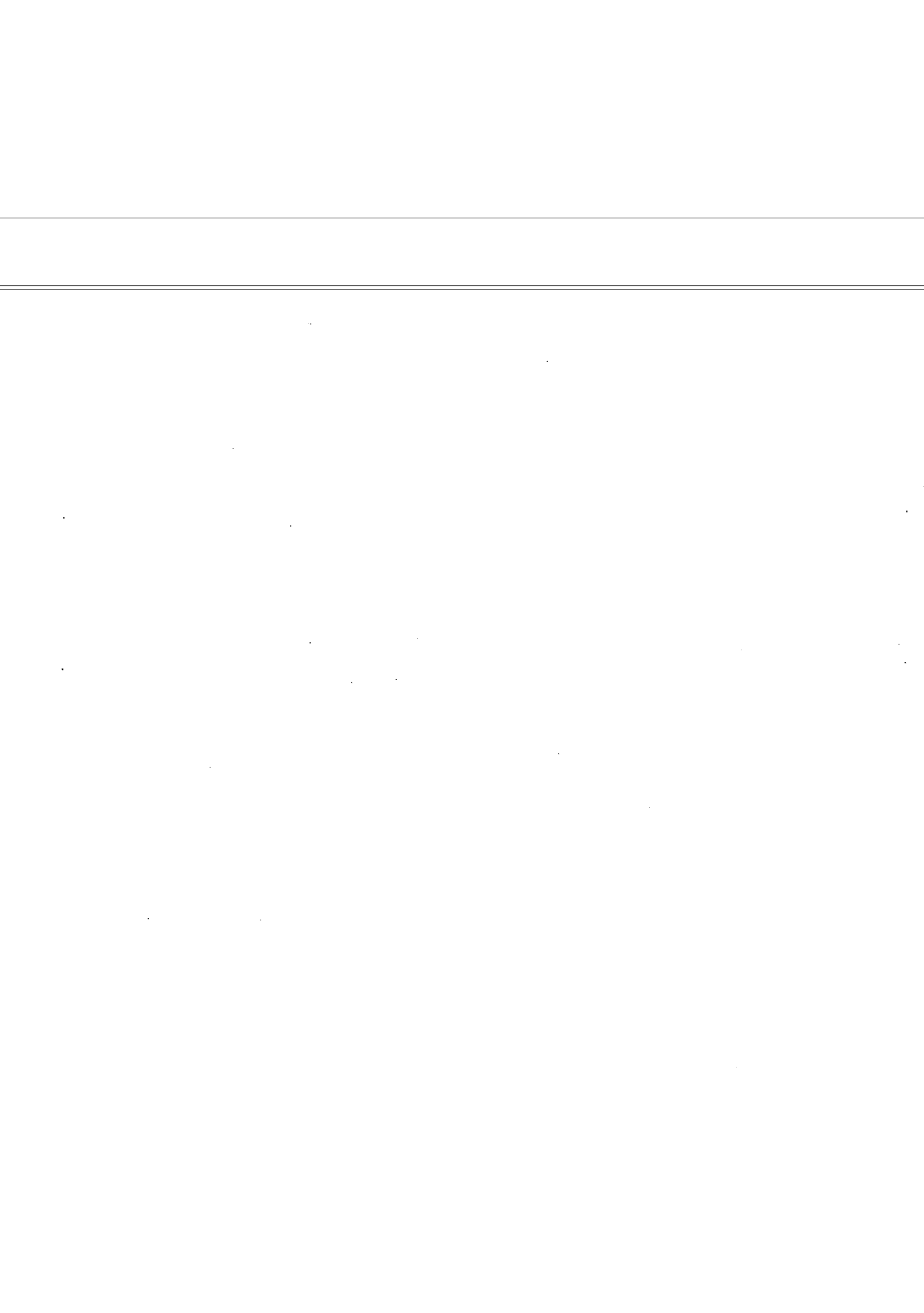
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Development & Construction

- a key catalyst for the
Far North Queensland economy



Pregno Family Investments Pty Ltd submission to
Economic Development Committee

14th August 2009



Pregno
Family Investments Pty Ltd

Contact: Vanessa Maruna
Pregno Family Investments
Ph: 07 4041 6228
PO Box 144
Edmonton Qld 4869

Executive Summary

The economic and employment outlook for Far North Queensland has reached alarming levels with:

- unemployment hitting 10.7 per cent (almost twice the State average)
- tourism being severely impacted by the global financial crisis
- the construction and development industry on life support after recent corporate collapses and project delays.

There is only so much the Queensland Government can do to minimise the effect of the current financial crisis on the tourism industry as it is a 'global issue'.

Pregno Family Investments Pty Ltd (Pregno) contends that it is a priority for the Queensland Government to stimulate economic and employment opportunities in Far North Queensland by supporting projects that will boost the development and construction industries in the short and long-term.

Current planning studies by the Queensland Government, the Mt Peter Masterplanning Study in particular, are delaying a series of projects that could act as a catalyst for economic and employment growth.

Employment opportunities need to be generated NOW, not in 2011 when the global economy should have recovered.

This is not a case of endorsing bad planning practices or development at all costs, but rather investigating ways of progressing projects that abide by planning requirements and have the potential to create jobs immediately - not in three years time.

If the Queensland Government waits for all the 'stars to align', it may be too late for the construction and development industry in Far North Queensland.

Pregno submits the following recommendations to the Economic Development Committee:

1. The Queensland Government recognise Far North Queensland as a priority area for the introduction of economic and employment initiatives
2. The Queensland Government lift the current 'moratorium' on development in the Mount Peter Masterplanning Area which currently stops all development progressing until 2011 at the earliest
3. The Queensland Government and the Cairns Regional Council form a joint taskforce (Development Priority Committee) to identify development projects for fast-tracking with a view to stimulating employment in the construction industry
4. A list of criteria is developed by the joint taskforce to determine which projects may be eligible for 'priority status'.

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Far North Queensland Economic Snapshot

Over the past 18 months the Far North Queensland economy has been severely impacted by a number of factors, with the tourism and development and construction industry the hardest hit.

The importance of the construction and development industry

As identified in the *Economic Development Committee - Issues Paper No. 1 July 2009*, the construction industry is currently the second largest employer in Queensland.

It is a backbone of economic development for the State and should therefore be a priority for the Government.

Research by the UDIA has estimated that the Cairns development industry:

- contributes more than \$2.5 billion annually to the State's economy
- employs more than 17,000 people, or ten per cent of the Cairns workforce.

Unemployment at twice the State average

Far North Queensland has been recognised as the 'worst hit region in Australia' with the region's unemployment benefit rate soaring by 50 per cent, twice the national average.

Unemployment in Far North Queensland has reached to 10.7 per cent, or almost twice the State average.

The Queensland Government must see the introduction of economic and employment stimulus initiatives in this region as a priority.

Development industry in freefall

The Cairns development industry is being heavily impacted by the economic conditions. In addition, Cairns had its two largest development companies, the Hedley Group and CMC, collapse.

These two corporate collapses had a profound effect on the local development industry with more than 1,000 jobs directly lost and hundreds of contractors impacted.

The collapses not only had a short term effect of increasing unemployment, but also delayed hundreds of millions of dollars of development work. This has created a vacuum of development projects moving forward for the Cairns region.

The UDIA has recognised the seriousness of the situation by calling on the Cairns Regional Council to form a *Road to Economic Advisory Committee*, chaired by the Mayor and comprised of relevant industry and community representatives.

The purpose of this Committee would be to identify relevant major construction projects for fast-tracking to protect the region's crippled development industry.

A Committee such as this must have Queensland Government involvement for it to be effective. With Queensland Government planning initiatives currently impeding development activity in Cairns, it must be 'at the table' with Council and commit to fast-tracking suitable development projects.

Pregno calls on the Queensland Government to work with the Council to form a Development Priority Committee for this purpose and develop a list of criteria that can be used to give project 'priority status'.

Criteria to determine 'priority status' for a project could include:

- Number of potential jobs created by the project in the short-term

- Existing demand for services and space provided by project
- Meeting Council and Queensland Government planning requirements
- Will it cater for the economic priorities as identified by both Cairns Regional Council and the Queensland Government?
- Will it support emerging industries?
- Level of engagement undertaken with the community.

Strong population growth

Another economic factor to take into consideration is the predicted population growth for Far North Queensland - the southern corridor of Cairns in particular.

The Far North Queensland Regional Plan has identified that the existing population of Cairns' southern corridor will grow by at least 50,000 people by 2025.

These people will need housing, infrastructure, health services - but they will also need jobs.

Economic priorities

The Cairns Regional Council and the Queensland Government have both identified economic priorities for the Cairns region.

The economic priorities for Cairns as identified by Cairns City Council are:

- Export to Chinese markets
- Industry clustering under a "tropical expertise" banner
- Mining support industries
- Biotechnology
- Information and communication technology
- Aviation.

The economic priorities for Cairns as identified by Queensland Government are:

- Aviation
- Tropical expertise – encompassing:
 - Tropical health
 - Tropical environment (conservation planning, protected area management, climate change)
 - Tropical agriculture
 - Tropical living (developing urban planning solutions for tropical environments)
- Marine industry (electronics, light engineering, steel fabrication, Australian Navy)
- Mining support industries
- Agribusiness and food processing
- Manufacturing – encompassing:
 - Food and beverage
 - Biotechnology
 - Aviation

- o Marine
- o Electronics.

Pregno believes that developments that can support these economic priorities should gain priority as they will help with the long-term economic prosperity of the Far North Queensland region.

How Queensland Government Strategies are Impeding Employment Growth

The Queensland Government is committed to generating 100,000 jobs in Queensland over the next three years.

Pregno commends the Government for the implementation of employment initiatives such as:

- ~~Business and Industry Transformation Incentives (BITI)~~
- Indigenous Business Development Grant Scheme
- Government Business Information Service (GOBiS)
- Smart Industry Policy.

However, Pregno believes there are Queensland Government initiatives that are actually impeding employment growth in Cairns - in particular the Mount Peter Masterplanning Study.

Mount Peter Masterplanning Study

Mount Peter is located 15 kilometres south of the Cairns CBD, between Edmonton and Gordonvale and was identified in the Draft Far North Queensland Regional Plan 2025 as the priority urban growth corridor for Cairns.

In May 2008, the Queensland Government announced the declaration of the Mount Peter Master Planned Area under the Integrated Planning Act 1997, section 2.5B.3.

Mount Peter is expected to accommodate 50,000 or more people by 2025. It is the first master planned area to be declared in Queensland and forms part of the Queensland Housing Affordability Strategy.

As part of the masterplanning process, a moratorium of development across the 1550 hectare planning area has occurred.

Various Queensland Government departments and agencies have said this moratorium is required until the Structure Plan has been developed - which is not due for completion until 2011.

Pregno Family Investments believes in responsible planning and development and supports the Mount Peter Masterplanning exercise¹, but not at the expense of stalling all development in and around what has been identified as Cairns most important growth corridor until 2011 at the earliest.

The Cairns development and construction industry needs job opportunities in 2009, not 2011. Government priorities should be about generating employment opportunities, not stopping them.

Pregno Family Investments has submitted Development Applications for the Edmonton Business & Industry Precinct (EBIP) - a masterplanned employment area with the potential to create up to 4,000 jobs, an additional 4,000 jobs in the construction phase.

But as half of the EBIP site falls within the Mount Peter Masterplanning area, the Queensland Government has recommended refusal to the Development Applications - not due to land use or design elements, but simply to defer progress until the Mt Peter Structure Plan is developed in 2011 at the earliest.

If development on the EBIP is delayed until after the Mount Peter Structure Plan is completed, it could push the project timeline back by a decade, depriving a generation of much needed employment opportunities and essential services in the southern corridor.

¹ Pregno Family Investments is part of the Mount Peter Masterplan Taskforce, which requires a financial contribution.

As the land owner and developer, Pregno Family Investments is ready to go now and with the relevant approvals would look to start work on the site within 6 months, creating much needed employment opportunities for when they are needed the most.

Edmonton Business & Industry Park - Driving Employment in Cairns' Southern Corridor

The Edmonton Business & Industry Park (EBIP) will be a catalyst for economic and employment growth in the Cairns' southern corridor.

It is a proposed masterplanned employment area of approximately 212 hectares, with the potential to generate up to 4,000 jobs (an additional 4,000 jobs during construction) to meet the future business and employment demands of Cairns' growing Southern Corridor.

The EBIP site is located 14 kilometres from the Cairns CBD on the eastern side of the Bruce Highway at Edmonton.

EBIP will provide local jobs within the Southern Corridor, reducing travel time and costs needed to travel to employment outside the area. Its location on the Bruce Highway provides easy road access for business.

A greenfield site, it offers a unique opportunity to masterplan a business and industry development that will meet the needs of Cairns' current and emerging industry sectors.

The EBIP has been selected by the Australian Government as the preferred site for the Cairns' GP Super Clinic.

Pregno Family Investments partnered with leading national healthcare provider Balance! Healthcare in the successful tender that will see the Australian Government contribute \$5 million towards the project.

Masterplanning approach

Pregno has undertaken a comprehensive masterplanning exercise involving a range of government, business and community representatives to ensure stakeholder needs and views have been included in the planning process to date.

The EBIP will cater for a range of industry sectors and has been specifically designed for emerging industries including:

- Science, research and technology
- Tropical expertise
- Mining support services
- Manufacturing.

A masterplanning approach generates significant benefits including better traffic planning, allowing staging of development and infrastructure in a realistic timeframe, and developing a plan that will meet the future economic and community needs of the region.

The main elements of the EBIP masterplan include:

- A medical services precinct including a 250-bed hospital (capable of expanding to 350 beds), GP Super Clinic and infrastructure for ancillary medical service providers
- Two business & technology parks
- Showrooms (homemaker centre) and tavern
- Two district level sports fields and one district level informal park area tallying 7.5 hectares
- A further 42 hectares of recreational space/open space
- An industry precinct allowing for a range of uses

- A vehicle showroom housing several motor dealerships
- A produce market
- Display facilities (bulky goods precinct).

Employment generation

The EBIP Project has the potential to create 2,400 Direct Full Time Equivalent construction jobs and 1,600 indirect Full Time Equivalent construction jobs for the entirety of the EBIP project.

Not only will the EBIP project create construction jobs in the short-term, the commercial and industrial space developed will provide extensive long-term employment opportunities for the region. In the long-term, the jobs created by the EBIP project could be close to 8,000.

Meeting industrial land requirements

Research by KPMG and Urban Economics indicates that Cairns will face a severe shortage of suitable land for a range of commercial and industrial purposes. Estimates show that at current rates, suitable land for commercial and industrial purposes in Cairns will be consumed by 2014 unless further sites are identified and developed.

This shortage will become even more critical if development is delayed in the southern corridor due to the Mount Peter Masterplanning Study.

The population of Cairns will increase to 205,600 people by 2031, with industrial land demand to rise at a higher rate than population growth.

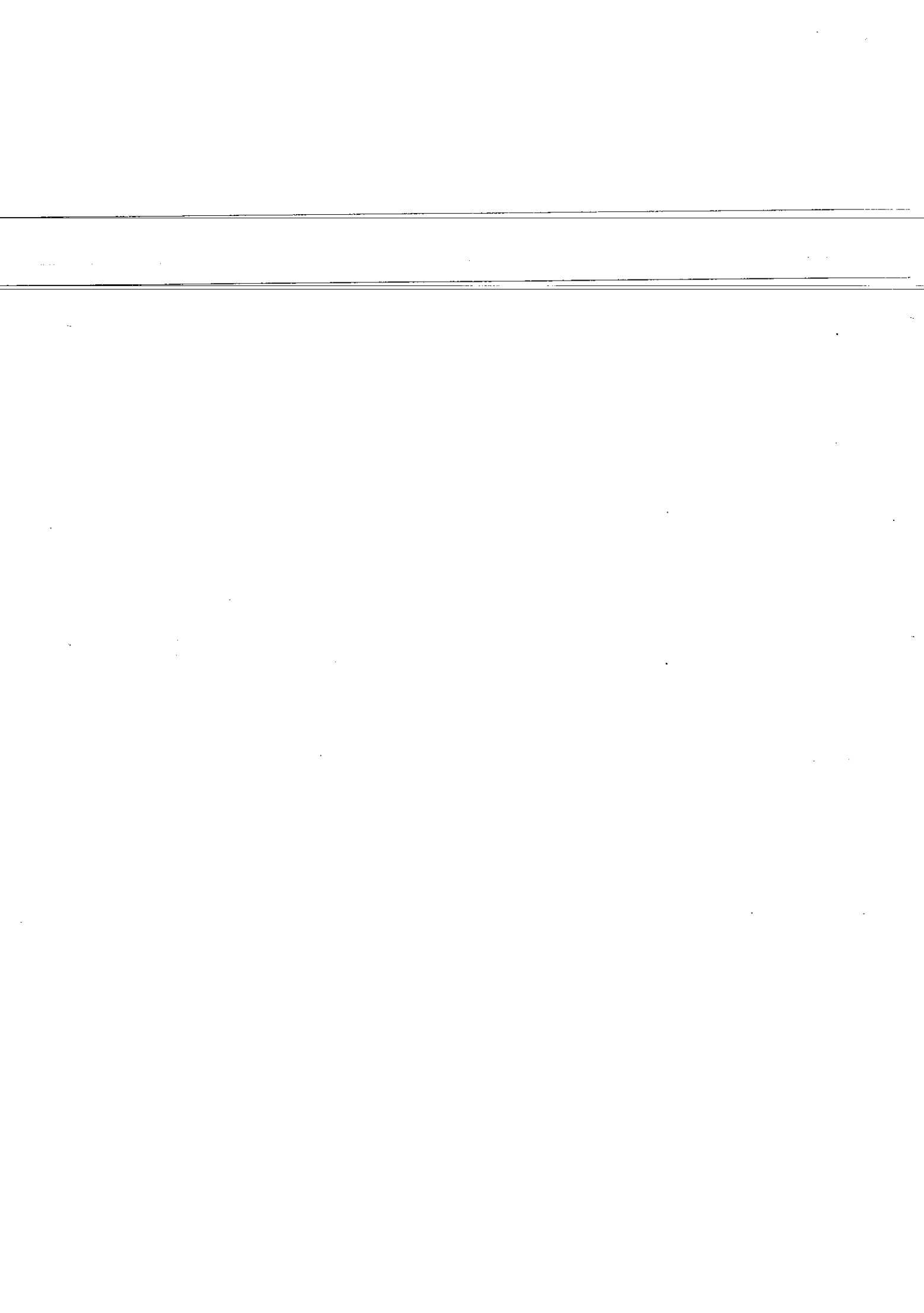
With 90% of all current available industrial land in the Cairns' region located at Edmonton, Cairns Regional Council and the Queensland Government have indicated that the bulk of further industrial development will be located in Edmonton, consistent with the direction of the majority of population growth over the next 20 years.

Urban Economics has estimated that by 2013, 18,200 workers would be employed in industrial jobs in Cairns, generating a demand for 730 ha of industrial land in total.

Estimates show that an additional 130ha of industrial land is required by 2021 on top of land designated for industrial purposes as at January 2006. A further 150ha is required between 2021 and 2031.

The staged development of the EBIP will ensure that future industrial land demands are met and that Cairns' continues to be recognised as one of Australia's leading regional economic hubs.

A concept masterplan of the Edmonton Business & Industry Park is attached on the following page.



Conclusion

The Far North Queensland economy has been one of the most heavily impacted in Australia with above average unemployment and a decimated construction industry.

~~Creating jobs in the development and construction industry will not only generate a much needed~~ short-term economic stimulus, but will importantly ensure the necessary infrastructure for Cairns' long-term growth requirements are met.

~~Both the Queensland Government and Cairns Regional Council have identified Cairns' southern~~ corridor as the growth area for the city for the coming 20 years - yet a development moratorium has been placed on this growth corridor by the Queensland Government.

Pregno Family Investments calls on the Queensland Government to kick-start the construction industry by identifying priority projects for development.

Pregno Family Investments would be happy to present to the Economic Development Committee in person to discuss any topics raised in this submission.