



Peak Agency for Economic Development

9 September 2008

The Research Director
Public Works Committee
Parliament House
George Street
BRISBANE QLD 4870

Dear Sir/Madam

The Board of Advance Cairns welcomes this opportunity to present a submission to the Public Works Inquiry into the development of William McCormack Place Stage Two. Whilst the Board of Advance Cairns does not oppose the construction of this piece of infrastructure at this juncture, we would like to question the decision of the Queensland Government to expend this amount of State funds on a commercial style project in a climate where there are many more pressing infrastructure needs.

Background

Advance Cairns is the peak coordination agency for economic development in Tropical North Queensland. Based in Cairns, Tropical North Queensland, our vision is to develop a vibrant and sustainable regional economy that promotes and facilitates diverse employment, growth, social and lifestyle opportunities.

As an economic development agency, Advance Cairns has an interest in the relationship between government and local industry. The organisation regards this inquiry into the William McCormack Place Stage Two project as an appropriate platform to express its concerns with the government's interaction with construction and development in the city.

Inquiry Terms of Reference

b) Necessity for, and the advisability of, the work

Is an \$80 million development of commercial real estate in the Cairns CBD an infrastructure priority for the region? The region has a long list of infrastructure priorities that are desperately needed to meet the future needs of the community. It is surprising the government is investing in infrastructure which it will own and operate when historically it has been divesting ownership of government owned infrastructure.

d) The cost, recurrent costs, revenue and value for money of work

Advance Cairns applauds initiatives to improve the energy efficiency and environmental impact of commercial buildings. Much of the cost of this building has been attributed to it achieving a green star rating under the Green Building Council of Australia rating scheme. We question if the government could have achieved a greater environmental outcome by investing this money into green initiatives which would help the wider community, such as improved public transport. Further, evidence cited by the Northern Development Industry Association suggests similar projects are currently under construction at less than one third of the cost of William McCormack Place.

e) The impact of the work on the community, economy and environment

Various members of the development community have stated this project has had impact on future commercial office plans and developments in the CBD.

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The William McCormack Place project is in competition with similar developments offered by the Hedley and HS Vision groups, as well as by Global Capital who are intending to develop a state of the art building on the opposite corner of Hartley and Sheridan Streets to provide an additional 11,000 square metres.

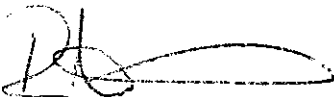
A supplementary concern is that the Government will be keen for their departmental offices to move into this new building and thus move out of their existing premises, which will mean that current private landlords will be left with empty buildings and curtailed returns. In our view there does not seem to be a shortage of premium office space in the Cairns CBD but if this was the case, then the private sector should be encouraged to fill this shortfall. In conclusion, if the government believed a new building was needed to serve the CBD, approaching private enterprise developers would have a better outcome for the local industry and real estate markets.

Advance Cairns believes an alternative to the current situation would be for the government to approach private enterprise developers with the project and offer to be an anchor tenant in the building. This would ensure the sensitivities of the local construction industry and CBD office space were catered for.

In Conclusion

We again thank the Public Works Committee for the chance to pass on our thoughts to your inquiry. We believe that if a more collaborative consultation process had been in place, many of the concerns that the community has with this project may have been avoided. We wish the Committee well with their deliberations and await your response to ours and any other submissions.

Yours truly,



ROSS CONTARINO
CHIEF EXECUTIVE OFFICER

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