



CAIRNS - A STRATEGIC PORT

CURRENT ISSUES AS AT 6 JUNE 2018



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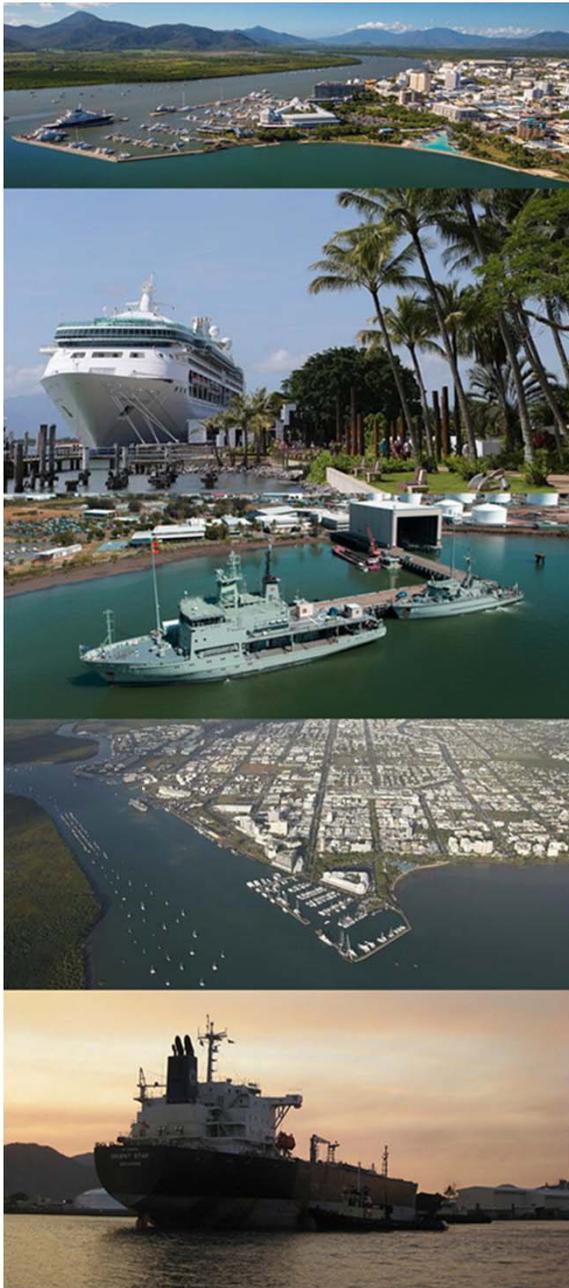
CAIRNS PORT
DEVELOPMENT INC

OUR PORT - OUR FUTURE

Cairns Port Development Inc. is not-for-profit and community based.
We live and work beside the Great Barrier Reef, applying world's best standards to protect it.

Our 'Nationbuilder' campaign platform has over 12,000 active followers.

Further information can be downloaded from this link: <http://www.cairnsport.org.au>



CAIRNS PORT- STRATEGIC

Upgrading the port of Cairns is vital to the economy of the Cairns and hinterland region as it is:

- The largest in population in northern Australia
- The largest cropping region in northern Australia
- The largest tourism region with the North's largest airport
- The location of North Queensland's naval operations base
- The location of Queensland's largest number of registered commercial vessels for passengers, freight and fishing.
- Most new ships are too large to navigate the shipping channel
- It is inefficient for existing and potential future cargo vessels
- Deepening the channel will assist the future efficiency of Cairns' Naval Base.



DREDGING CAMPAIGNS: Port is regularly deepened.

1876: Cairns port declared. First capital dredging works in 1887.

1913: Trinity Bay dredge took up operations deepening the channel and increasing its width to 45 m by 1929.

1940s: Channel widened progressively to 60 m.

1970s: Further widened to 75 m and deepened the entrance to 8.2 m.

The Sir Thomas Hiley dredge replaced the Trinity Bay dredge.

1990s: Channel widened to 90 m and a design depth of 8.3 m.

2001: The Brisbane dredge replaced the Sir Thomas Hiley and has continued to provide maintenance dredging to the Port of Cairns annually since that time.

Maintenance dredging is undertaken annually at Port of Cairns. Average annual quantity dredged is approximately **600,000 m³** of which 90 percent is removed from the channel and 10 percent is removed from the inner port area.



LONG EXPERIENCE WITH RECLAMATION DREDGE SPOIL

1920s



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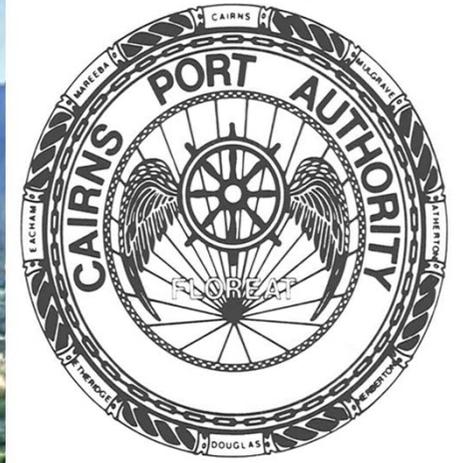
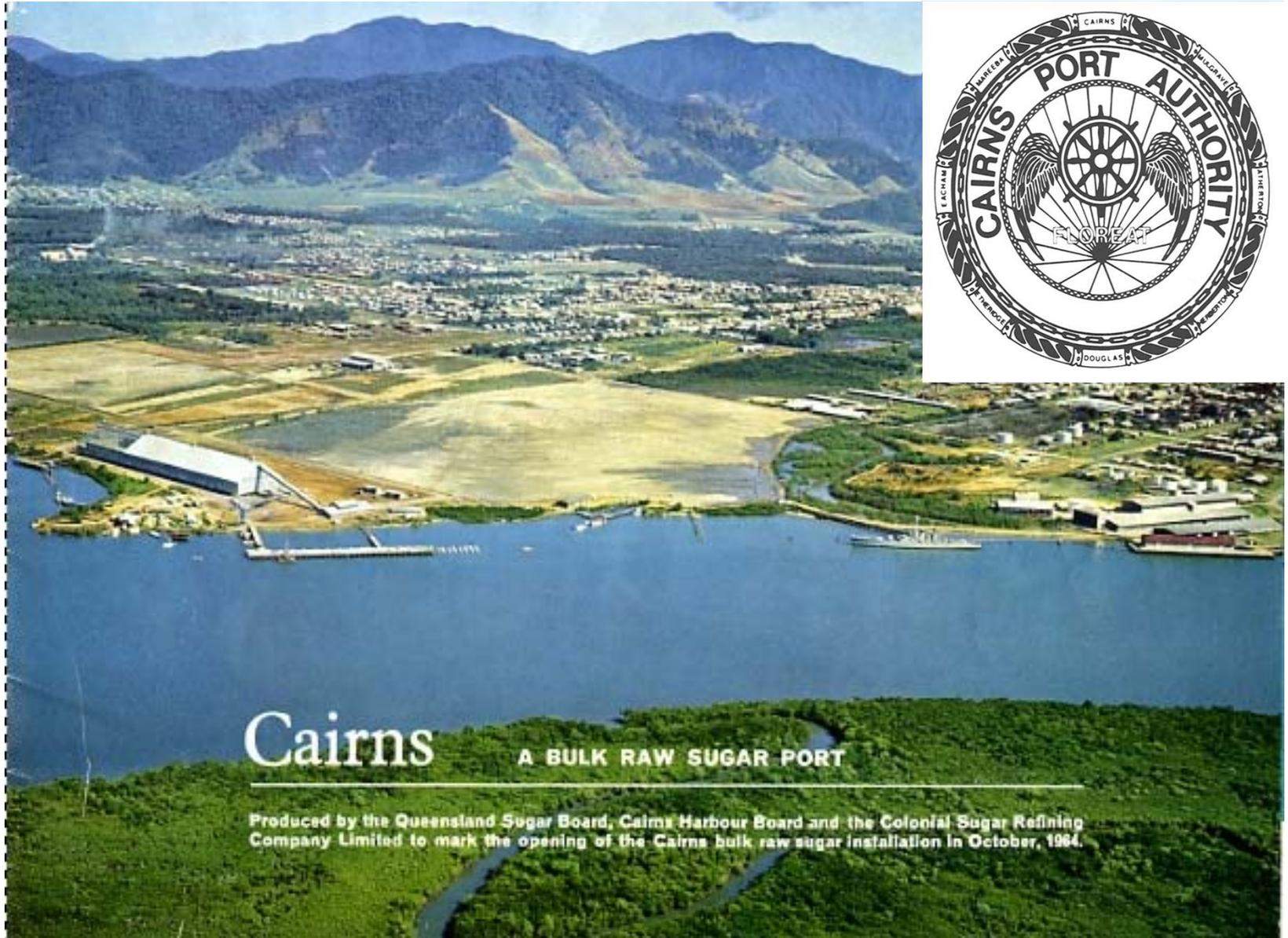
1940s

PORTSMITH AREA BEFORE RECLAMATION



PORTSMITH CROWN INDUSTRIAL ESTATE BEING RECLAIMED

1960s

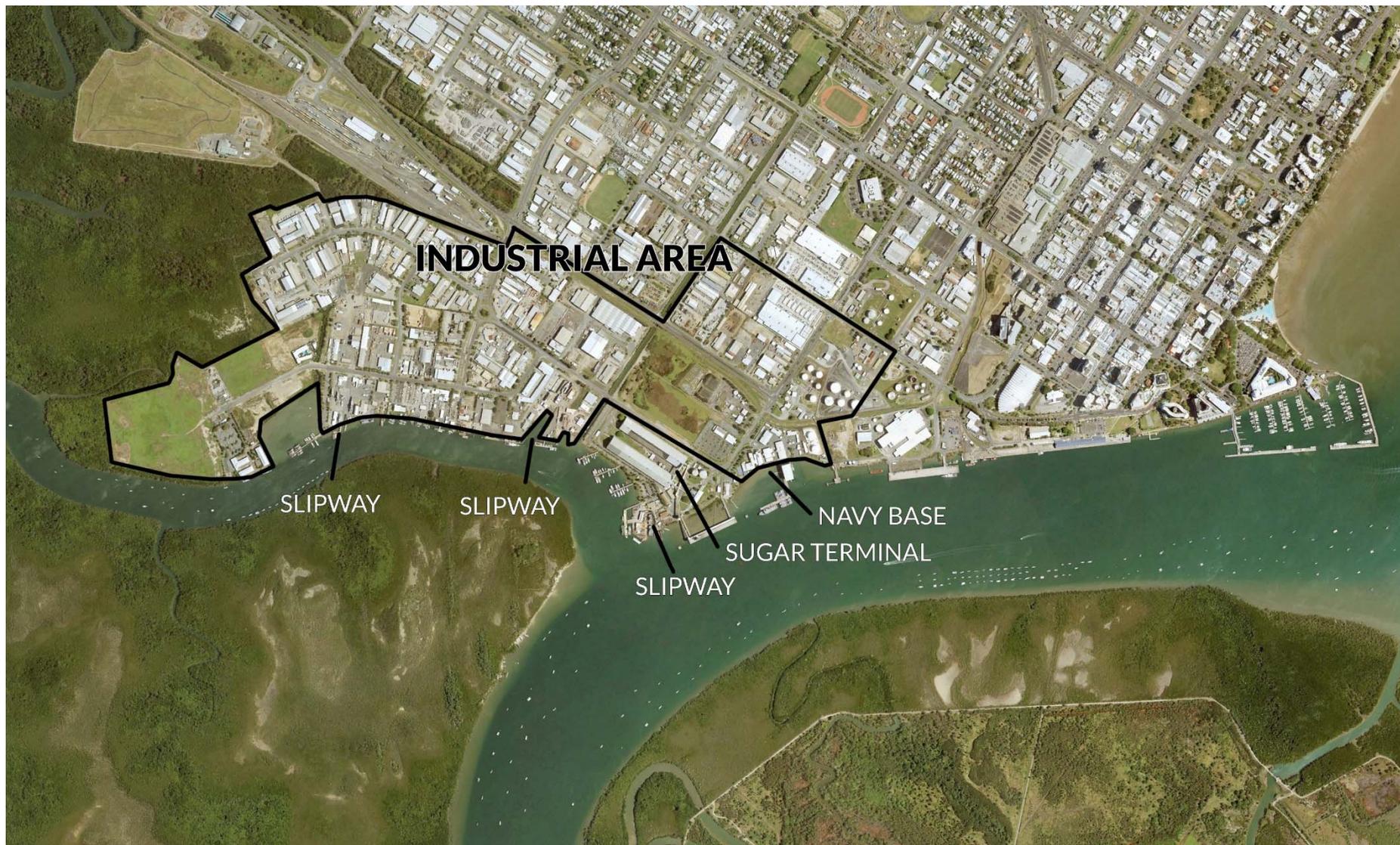


Cairns A BULK RAW SUGAR PORT

Produced by the Queensland Sugar Board, Cairns Harbour Board and the Colonial Sugar Refining Company Limited to mark the opening of the Cairns bulk raw sugar installation in October, 1964.



TODAY : KEY PORT AND MARINE ACTIVITIES - THOUSANDS OF JOBS



CAIRNS PORT - STIFLED



The upgrade was due in 2010, although the project plan was only then started.

- 2011/12 plan released by Ports North
- 2014 project on track. Cost approximately \$100m, placing the spoil off shore.
- Special funding to Ports North, \$90m.
- In 2015 it was stopped in its tracks. What went wrong?
- In the rush to improve mining assets in Central Queensland and political outcomes relating to the Great Barrier Reef, the future of the Port of Cairns was set back.



NO, YOU CANNOT PUT AN ECONOMIC CAP ON CAIRNS BY STOPPING THE FUTURE EXPANSION OF THE PORT



Extract: Cairns Post July 15.

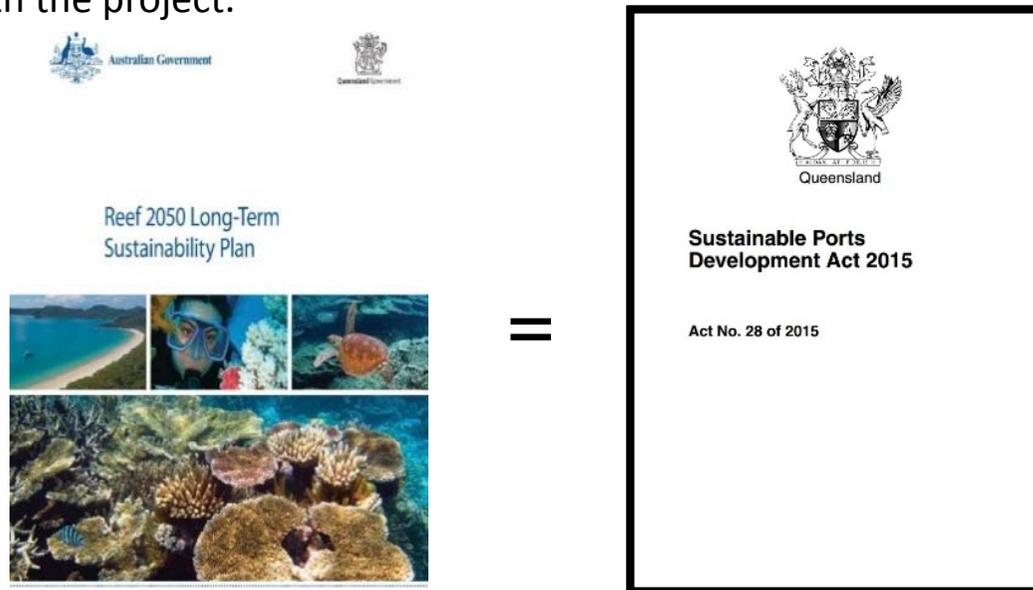


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CAIRNS PORT– SHAFTED

- Commonwealth LNP government Reef 2050 Plan negotiated with UNESCO in 2015.
- Banned all placement of capital dredge spoil at sea and in the Great Barrier Reef Marine Park.
- Under previously negotiated arrangements, the BOUNDARY OF THE MARINE PARK HAD BEEN BROUGHT INTO CAIRNS PORT LIMITS.
- The Government, to implement the Reef 2050 Plan, introduced the Queensland Sustainable Ports Development Act
- The project that was started may proceed, but once completed will be NO MORE.
- Cost was now blown out to \$350m. Commonwealth would not contribute.
- On election in 2015, the Government released the EIS and announced that they would not proceed with the project.





**CRUISE PASSENGERS CREATE RETAIL JOBS
SUPPORT DEEPENING OF CAIRNS SEAPORT**
www.cairnsport.org.au

Authorised by Ron Crew, 51 Kamerunga Rd Stratford, for Cairns Port Development Inc.

CAIRNS PORT— FORCED BOUTIQUE

- Cairns Port Development Inc formed in 2015.
- In three weeks, over 6000 signatures were collected to petition the Government.
- The Cairns community was not satisfied with the process being terminated based on cost.
- Other engineers capital cost for 4.4million m³ much less, about \$240m with onshore placement
- Government advised downscaled project
- Only 1 million m³ for a \$120m with onshore placement
- The cost has doubled per cubic metre.
- Ships are limited to 300 metres in length..
- Voyager class cannot access. By 2025 we will likely be in the same position as we are today.
- Extended study costs now up to \$8million
- Every year that passes with no project, the local economy loses about \$35 million.
- It is now about 10 years over-due.



DELAYED FOR 4th TIME TO 31ST DEC 2017.

The State elections confirm that both major political parties will not make any public commitment to amend the Reef 2050 plan with their federal counterparts, or amend the Sustainable Ports Development Act.

CAIRNSPOST.COM.AU THURSDAY FEBRUARY 16 2017

Dredge delays veiled in secrecy

CHRIS CALCINO
christopher.calcino@news.com.au

UPGRADES to the Port of Cairns have been delayed by at least six months after a hush-ed-up deadline extension for an environmental impact study into dredging.

The six-month extension was granted on December 20 last year but the only form of public notification was a single line of text on the Department of State Development's project timeline.

Ports North released an on-line fact sheet early last week indicating the Office of the Coordinator-General had approved an extension from June 30 to December 31.

Ports North says it is still on track to deliver the study by June. The government's response will take longer, possibly after the state election.

The study was first ordered in 2012 with a revised version requested in July 2015.

The delay comes as about 2500 passengers aboard cruise ship *Radiance of the Seas* were unable to come ashore due to windy conditions off Yorkeys Knob on Tuesday.

The ship is too large to dock at an undredged Cairns Port so four smaller boats, including three from Townsville, were brought to Yorkeys Knob for transfers that proved impossible under the conditions.

Cairns Port Development chairman Ron Crew said the passengers would have spent about \$500,000 at businesses if they had made it to shore.

GOOD BUSINESS

A STEADY stream of ships have been docking at the Cairns Cruise Line Terminal, with *Azoreen Journey* bringing 1052 guests on Tuesday and *Crystal Symphony* arriving yesterday with 1400 passengers. The *Pacific Princess* will make its maiden voyage to Cairns this morning, arriving with about 800 passengers and crew at 7am and leaving at 5pm. The *Albatross* will arrive on Sunday morning and leave that night, carrying about 1170 people. One of the largest cruise ships yet to enter Cairns Port, the *Legend of the Seas*, will arrive in Cairns for the last time on Wednesday before changing ownership to a UK-based cruise company.

"We have been well advised that this is costing our local businesses at least \$60 million a year in lost earnings and the project has been shabbed to one quarter of the original size," Mr Crew said.

"The study's cost to the taxpayer is nearly \$8 million alone. This is all for a project that is estimated to cost, in total, about \$120 million to deliver."

A Department of State Development spokesman said Ports North requested extra time to undertake further wet season studies, which required no public notification other than updating the department's website.

CAIRNSPOST.COM.AU FRIDAY FEBRUARY 17 2017

NEWS 15

Cynics slam port delay

CHRIS CALCINO
christopher.calcino@news.com.au

LNP claims ploy to shore up Greens vote

CYNICISM surrounds Ports North's request for a six-month extension to perform further wet season studies in its Cairns Port dredging environmental impact study.

The Cairns Post yesterday revealed the study's due date had been stretched out to December 31 with minimal public notification.

Cairns and Far North Environment Centre president Denis Walls said the cause was simple and obvious - there was never going to be enough time to have it completed by June 30.

"It was clear they weren't going to meet their deadlines because of the fact they don't have a place to dump the dredge spoils," he said. Mr Walls said two dump sites had been considered - East Trinity, which taxpayers have already spent millions of dollars rehabilitating, and the Barron Delta voids.

"It was clear those studies hadn't been done," Mr Walls said. "To suggest the delay is an electoral ploy is preposterous. I don't see any political advantage."

Leichhardt MP Warren Entsch disagreed.

"You have to ask the question - are there genuine reasons for the delays? Does Ports North not have the capacity to complete this task in the time frames set?" he asked. "Or is this just playing the politics and complying with the State Labor Government's agenda? Either way, it is not in the best interests of the community."

Opposition state development spokeswoman Deb Frecklington argued the delay was an effort to stop the study being released until after the next state election.

"At the end of the day, this is all about shoring up inner-city green votes," she said.

The Department of State Development issued a statement saying the study's deadline extension did "not require public notification other than updating project information on the department's website".

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Dredging up excuses

The continuing delays to deepening Trinity Inlet are a disgrace (CP, 16/2).

I recall a meeting with Mayor Bob Manning nearly two years ago to discuss the port deepening and major associated benefits. I was dismayed at Bob's explanations and said so. Having led or advised on many far larger projects overseas, I know how projects can be completed rapidly, particularly when the benefit-cost calculations are very positive, as is the case with the port deepening.

Now, I realise that the main driver of FNQ infrastructure projects is politics, and offer my apologies to you, Bob, for my naivety.

The latest explanation from Ports North for not completing a comprehensive project plan after some five years, and spending over \$8 million of our money, is pathetic and appears to assume we locals are idiots.

Peter Senior, Redlynch

Letters

Send them to PO Box 126, Cairns 4870 or email letters@cairnspost.com.au

Dredging won't harm Reef

IT'S almost seven years since I wrote my first letter to the *Cairns Post* regarding the need to have our inlet dredged, to accommodate larger cruise ships, to boost our city economically and create employment.

Cairns continually gets put on the back burner with any infrastructure projects, which we desperately need.

Both LNP and ALP have said they would dredge.

To date we are still waiting, excuses given, no money or environment concerns.

There seems to be plenty of money available in the southeast. As for environmental concerns, Trinity Inlet had capital dredging done over 100 years ago where



TRINITY INLET: One writer says past dredging has not harmed the Reef.

it went from a depth of 2.4 metres to 4.57 metres with no damage done to the Reef.

We have two political parties in this state that are treating Cairns unfairly and will continue to do so if we keep voting them in.

I say boot both out and give a newbie a go. It can't be any worse.

E. Ashwell, Edmonton

Hard labour to deter crims

A GREAT thanks to the *Cairns Post* for printing and presenting the views of Rita Panahi (24/01) and Julian Tomlinson



CAIRNS PORT – Today, 6TH June 2018, STILL WAITING

**THE QUESTION IS, ARE WE QUEENSLANDER'S BEING PENALISED FOR
WHERE WE LIVE: IN NORTH QUEENSLAND?**

Extract Ports North <https://www.portsnorth.com.au/ports-north-projects/cairns-shipping/>
Cairns Shipping Development Project

The Cairns Shipping Development Project has been granted environmental approval by the Queensland Coordinator-General.

Further approvals are being processed, including:

Commonwealth Government environmental approval in accordance with the Environment Protection and Biodiversity Conservation (EPBC) Act and

State Government completion of a detailed business case in accordance with the Building Queensland Framework.

Ports North is continuing to work with the parties to finalise these approvals as soon as possible in order to move forward to the construction stage of the Project.



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CAIRNS PORT - REAL COST OF REEF 2050 PLAN

- Reef used by Green activists to support UNESCO's activities to stymie Port expansion.
- World Heritage listing a 'marketing-tool'. Reef is the responsibility of Australian governments.
- Unsubstantiated value placed on Reef, but real value of world heritage listing much less.
- Reef related tourism not dependent on world heritage listing *(TNQ Repositioning Study, Commonwealth 2009-10)*
- Recently a target of very damaging publicity, detracting from the value of the Reef.
- Reef tourism only accounts for well less than 10% of employment.
- The economy is supported by agriculture that is relying on Port expansion for operating efficiency.



A loud minority of local Green activists are supported by international activists opposing coal exports.
Coal is not exported from the Port of Cairns.



TOWNSVILLE PORT – A PRIORITY

Our Brisbane based government has bowed to the pressure of the threats made by UNESCO, and the conservation industry with international donors.

They have only allowed FOUR PRIORITY PORTS to expand in North Queensland. Townsville Port is one, where even though they are adjacent to the reef, they are dredging 11 million cubic metres from the shipping channel and spending \$1.64 BILLION.

IS THE REEF ADJACENT TO CAIRNS MORE PRECIOUS THAN THE REEF ADJACENT TO TOWNSVILLE?

The environmental impact assessment for both ports records they do no harm to the reef.

THE TRUTH ON THE MATTER IS THAT THE ‘PRIORITY PORTS’ DECISION IS BASED ON POLITICAL EXPEDIENCY, NOT ECONOMIC VIABILITY.

Please forgive the people of Cairns for thinking we are the ‘SACRIFICIAL LAMB’.



Department of State Development

Townsville Port Expansion Project

Project overview*

EIS status	EIS active
Description	Expansion of the Port of Townsville to accommodate forecast growth in trade at the port and address current capacity constraints.
Proponent	Port of Townsville Ltd
Location/s	Port of Townsville. Map
Local government/s	Townsville City Council
Investment	\$1.64 billion
Key features	<ul style="list-style-type: none"> • new deepwater outer harbour • 6 x additional berths in new harbour • deepening and widening of existing approach channels • reclamation of 152 hectares of existing harbour for new berths, bulk cargo storage and a rail loop.
Jobs	<ul style="list-style-type: none"> • 174 (construction) • 180 (operational)

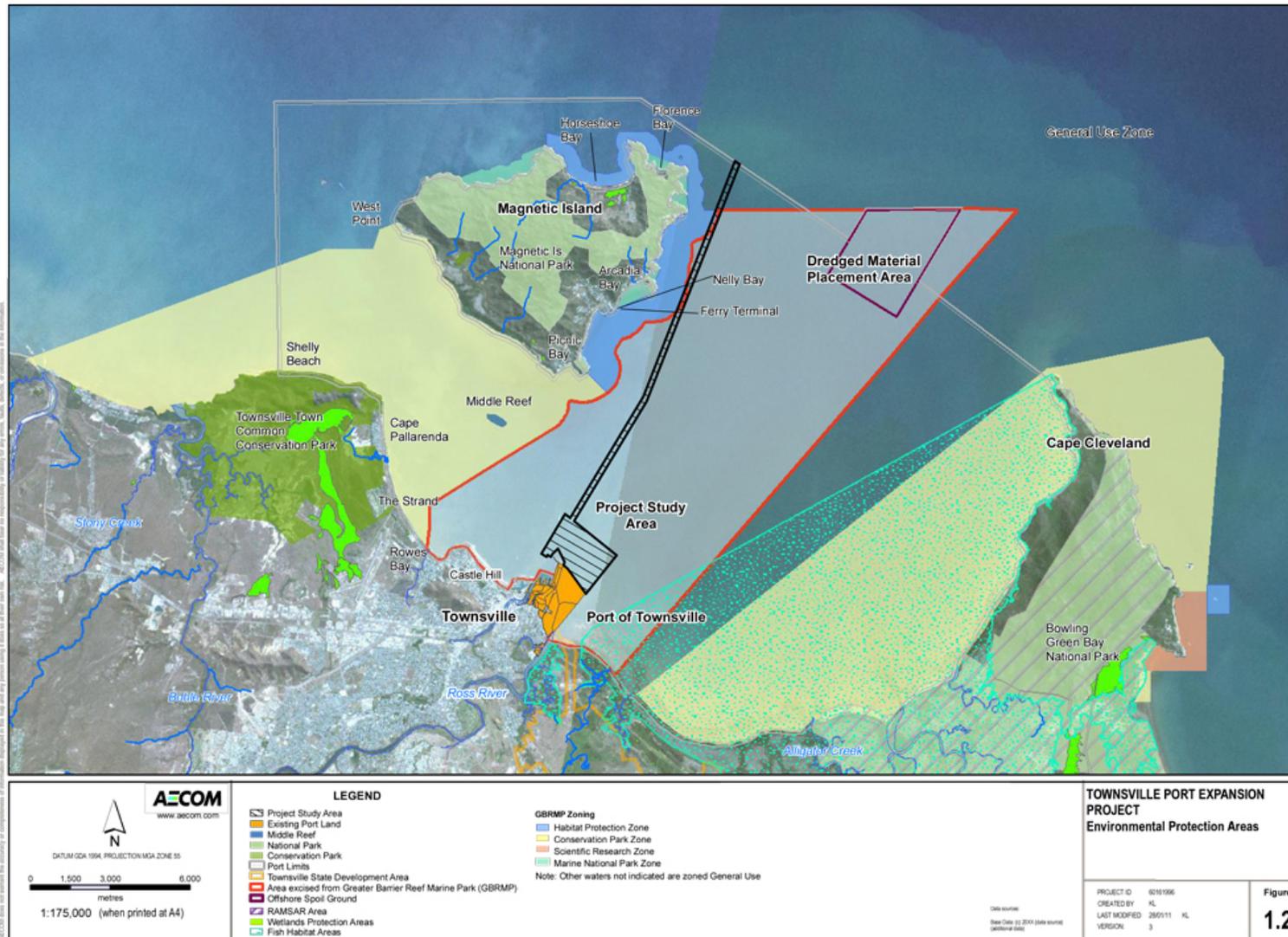
* Project information supplied by proponent and subject to change.

Environmental impact statement (EIS) process

Date	Activity
Currently	The Coordinator-General's evaluation report on the EIS is being prepared.



Port of Townsville: Area outlined in **RED** excised from the GBRMPA. Note that it includes the spoil grounds even though they are outside the Port's limits. Why can't we do that for Cairns Port Projects?



STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2016



Ports North: Queensland Government owned corporation: Financial Accounts Year End June 2016

INCOME FROM CONTINUING OPERATIONS

Revenue

	Company	
Note	2016 \$'000	2015 \$'000
User charges	A1.1 46,528	47,071
Interest revenue	1,400	1,349
Grant revenue	-	1,669
Other revenue	132	234
Gain on sale of property plant and equipment	18	36
Gain / Fair value adjustment to Investment Property	B4 3,197	2,457
Gain / Fair value adjustment to Property, Plant and Equipment	B3 5,340	771
Total Income from Continuing Operations	56,615	53,587

EXPENSES FROM CONTINUING OPERATIONS

Expenses

Supplies and services	A2.2 19,506	20,868
Employee expenses	A2.1 11,538	11,151
Depreciation	B3.1 5,199	4,578
Total Expenses from Continuing Operations	36,243	36,597

**Operating Result from Continuing Operations
before Income tax (equivalent) expense**

20,372 16,990

Income tax equivalent expense/(benefit)

A3.2 6,111 4,960

Operating Result for the year

14,261 12,030

Other Comprehensive Income

Items that will not be reclassified to operating result

Increase/(decrease) in asset revaluation surplus

B7.2 13,834 32,157

Other deferred tax adjustments

B7.2 (4,151) (9,647)

Total Other Comprehensive Income for the period, net of income tax

9,683 22,510

Total Comprehensive Income for the year

23,944 34,540

Income \$57m

Operating income after tax \$14.2m



STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	Company	
		2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	B1	48,358	41,446
Receivables	B2	6,562	6,071
Inventories		39	54
Prepayments		264	278
Total current assets		55,223	47,849
Non-current assets			
Property, Plant and Equipment	B3.1	157,328	143,482
Investment Property	B4	152,053	148,723
Total non-current assets		309,381	292,205
Total assets		364,604	340,054
Liabilities			
Current liabilities			
Payables		3,264	2,594
Current tax liabilities		103	1,531
Provisions	B5	14,864	9,731
Deferred Revenue		2,191	2,325
Total current liabilities		20,422	16,181
Non-Current Liabilities			
Deferred tax liabilities	B6	43,817	37,511
Provisions	B5	718	781
Total non-current liabilities		44,535	38,292
Total liabilities		64,957	54,473
Net assets		299,647	285,581
Equity			
Contributed equity	B7.1	187,178	187,178
Asset revaluation surplus	B7.2	80,965	71,282
Accumulated surplus		31,504	27,121
Total equity		299,647	285,581

Ports North: Queensland Government owned corporation: Financial Accounts Year End June 2016

Total equity \$300 m



STATEMENT OF CASH FLOWS

Year ended 30 June 2016

	Note	Company	
		2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers		45,944	47,454
Payments to suppliers and employees		(28,709)	(30,465)
Interest received		1,392	1,648
GST received from customers		4,762	5,180
GST paid to suppliers		(1,678)	(2,283)
GST received from Australian Tax Office		1,687	2,250
GST paid to Australian Tax Office		(4,806)	(5,106)
Income Tax (equivalent) received/(paid)		(5,382)	(5,146)
Net cash provided by (used in) operating activities	CF1	13,210	13,532
Cash flows from investing activities			
Sales of property, plant and equipment and investment property		40	67
Payments for property, plant and equipment and investment property		(1,269)	(4,695)
Net cash provided by (used in) investing activities		(1,229)	(4,628)
Cash flows from financing activities			
Equity injections / (withdrawals)		-	-
Government Grant – EIS		164	2,012
Dividends Paid		(5,233)	(6,410)
Net cash provided by (used in) financing activities		(5,069)	(4,398)
Net increase/(decrease) in cash and cash equivalents		6,912	4,506
Cash and cash equivalents at the beginning of the financial year		41,446	36,940
Cash and cash equivalents at the end of the financial year	B1	48,358	41,446

Over \$10 m is paid to the Queensland government every year in tax and dividends, on top of operating income.

Ports North, as a government owned corporation, paid \$5.4 m tax to the government.

Very little investment, \$1.27 m is made into the asset.

The shareholding Ministers of the GOC, the Ports Minister and the Treasurer are taking yearly dividends est. at \$6 m



Ports North: Queensland Government owned corporation: Financial Accounts Year End June 2016

Summary of 2015/16 annual accounts:

Income \$57 m & Operating income after tax \$14.2 m

Equity \$300 m

Shareholders dividends plus tax over \$10 m

The corporation has been earning operating income although has not invested into a major capital works projects for over 25 years. In addition, it has been paying taxes and dividends to the Queensland government worth approximately **\$250,000,000** over the period.

= CASH COW

Ports North has a strong financial position to carry out the Cairns Shipping Development project. Cairns port is a commercial investment that has the potential to earn additional revenue for Ports North, generate additional economic activity and employment in the community.

Funding for this project needs to be seen in the context of it being an investment in an income earning asset and in a different category to spending on social infrastructure (eg. hospitals, schools, etc.).

Today they are announcing that the project is 'wrapped up' with the Global Tourism Hub and the extension of the Cairns Convention Centre, potentially another delaying tactic. Or it may be a scheme to make someone else pay, like they did when the Cairns airport was sold to pay for the hospital.



CAIRNS & SYDNEY PORT CHARGES COMPARISONS: CRUISE SHIPS



Passenger charges at Cairns Airport are about \$27 a passenger

SO THE QUESTION IS:
WHY HAS PORTS NORTH NOT PUT UP THEIR CHARGE?



In fact an analysis of the fee's and charges for imports and exports through the Cairns port show a lesser charge than Townsville port.

Upon investigation, it is determined that the cause is poor operating efficiencies that port users won't pay for.

1.2 PASSENGER LEVIES			
Commercial Passenger Vessels and Cargo Vessels		GST Excl	GST Incl
<i>Vessels Based in Cairns</i> ⁽²⁾			
Charge per passenger ⁽¹⁾	\$/pax	1.59	1.74
Charge per passenger using CCLT	\$/pax	6.20	6.82
<i>Vessels Not Based in Cairns</i>			
Passenger charge (transit)	\$/pax	4.00	4.40
Passenger charge (embark/disembark)	\$/pax	6.20	6.82
Commercial Passenger Vessels - Greater than 50 metres		GST Excl	GST Incl
Berthage	\$/m/hour	1.00	1.10

Schedule of Port Charges – Effective 1 July 2016

Sydney Harbour and Port Botany

SITE OCCUPATION CHARGE for PASSENGER VESSELS - Per Passenger, per Slot			
Site Occupancy type	GST exclusive	GST	GST inclusive
At Dedicated Passenger Berths (i.e. Overseas Passenger Terminal and White Bay Cruise Terminal) - (per Passenger Charge)	\$30.00	\$3.00	\$33.00
At Non-Dedicated Passenger Berths (i.e. White Bay 4) - (per Passenger Charge)	\$15.00	\$1.50	\$16.50



ORIGINAL PROJECT ECONOMIC ACTIVITY GENERATED

OVER 25 YEARS OF EXPENDITURE	OVER \$5 BN
IN 2016 VALUES	\$3.7 BN
NET PRESENT VALUE 7% NOMINAL DISCOUNT RATE	\$1.3 BN

The Queensland Government refuses to carrying out the full original Cairns Shipping Development Project, that future proofs the port for 25 years and delivers best value for the tax-dollar. That full project will deliver over \$5 billion to our regional economy.

Their excuse is that the project is not economically viable. But the real reason, is that it is not politically expedient, while the conservation industry and their political activities hold South East city voters attention.



The Benefit Cost ratio of up to 5 : 1. Substantial additional economic activity would occur in the region.

WE ASK FOR:

1. Queensland Government Building Queensland approval & Commonwealth Government Environment Department approval.
2. Continued commitment of \$120m to enable the revised project to proceed as STAGE ONE.
3. A review of the Queensland Sustainable Ports Development Act & Reef 2050 Plan to guarantee the ability to extend capital dredging of the port beyond the current proposal.
4. A Commonwealth government minor change to the boundary of the Great Barrier Reef Marine Park to exclude the site for offshore placement.





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Cairns Port Development Inc. is not-for-profit and community based.

We live and work beside the Great Barrier Reef, applying world's best standards to protect it.

Our 'Nationbuilder' campaign platform has over 12,000 active followers.

Further information can be downloaded from this link:

http://www.cairnsport.org.au/economic_future_of_city_relies_on_port_expansion



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