

We have won!! Rainbow Shores Stage 2 is dead.

Now we have the next fight. We have to stop our government transferring Rainbow Shores Stage 2 to other land. We don't want the headline, "Queensland Government gives \$100,000,000 to developer Rainbow Shores".

Background

Rainbow Shores holds a development lease over parts of the Inskip Peninsula north of Rainbow Beach. The lease gives the company the right to develop the land in a manner determined as appropriate by the Queensland government and the local council. The lease was for 30 years and expires in 2014.

Rainbow Shores has submitted a Development Application to the Cooloolool Shire Council, now the Gympie Regional Council, for a 6500 person development. There are overwhelming reasons why the development should be refused and the Environmental Protection Authority has listed many of these. In addition the area is low sandy beachfront land where the beach is subject to severe erosion.

The application for 6500 people is also a problem. Water supply in the area is limited and the number of people and the density is a problem with effects on the flora and fauna.

The Queensland Government, the Gympie Regional Council and the people of Rainbow Beach are against this development. The Development Lease allows development that has been approved by government and council.

If any development of the area were to be considered it would be as a small resort. This block was designated as a "resort area" when it was broken off by the Queensland Government from the Southern section (Rainbow Shores Stage 1) where the southern section had high densities including 6 storey buildings.

A gift of land?

The developer is negotiating with the Queensland government for replacement land. The land that he has is not suitable for the development he proposes. So he wants some land that is suitable. For some reason the Queensland government is going along with this.

They valued the lease on the Stage 2 land at \$100 million.

The Queensland government has assumed that the 6500 person development of the northern lease is appropriate and has valued the land on the basis that that 6500 person development had been approved. This is despite the fact that it would not be approved and objectors to the development would have an overwhelming case for a reversal of any approval. The EPA itself gives us many of the grounds for this. But the Council is recorded as being against the approval so the only way that it would be approved is if the Queensland Government called in the development.

So it is ridiculous for the government to value the lease as if it were approved. The lease is worthless. Any development that could be approved would be of such a small scale that it would not return development costs.

The development lease provides for substantial amounts of land to be made available for a high school and a hospital and for other public purposes. The Development Application does not provide this land. But a valuation of the lease and compensation for surrendering the lease must take account of this obligation which will not be fulfilled.

The only way that the developer could get some return on the lease would to sue the Queensland Government for issuing a worthless leases. There would be questions of limitations, the fact that Rainbow Shores already has a valuable lease for 4000 people, the fact that it was valuable at the time but Rainbow Shores has taken 24 years so that community changes have degraded the value of the lease. A simple question would be to ask if Rainbow Shores had been given freehold title would they be entitled to develop in an inappropriate way or get compensation for unsuitable land? A lease will not give greater rights than freehold.

The developer says that the leases were issued in exchange for valuable mining rights on Fraser Island and Byfield. Of course the mining leases on Fraser were worthless as the Federal government stopped export of the sand and the industry stopped. The leases had no value. I understand that the leases on Byfield were non operational and could not become operational because of scale subsequent to the Fraser Island decision. At the time of issuing the original leases, they were considered a gift by the Bjelke Petersen government.

The alternative areas of 200Ha being considered have many of the same problems as the original lease. The "Green belt" between Rainbow Shores 1 and 2 is the same type of country as Stage 2 which EPA has found unsuitable. The land to the west of the road has many of the same problems although it is largely regrowth. Paradoxically, the regrowth wattle seems to support the black breasted button quail.

The Old mill site (immediately north of Rainbow Beach township) was considered unsuitable and bought back from a developer by the Goss government.

Any site has simple population problems. The water supply from the sand mass is fully committed by present approvals. For further population more extraction or a rationing system for water will be necessary.

Private enterprise is about risk and reward. The present management of Rainbow Shores bought a company with a lease on unsuitable land. They got some development for 4000 people through in the first 24 years of the lease but now it is fully recognized as unsuitable. Bad luck.

The Queensland Government should call in the development application and refuse it or insist on a much smaller footprint which may be uneconomic. The lease expires in 6

years. Land, such as the Old Mill Site can be given at a nominal cost to the local council or developed by the Queensland government for the community. The whole emphasis can change. What happens to the land can be driven by the needs of the environment and the community, not the needs of a developer.

It is unfortunate that the Queensland Government is considering giving a present of \$100 million to a developer. I can't understand it and hope that Queensland Government is not following some of the dodgy practices in other jurisdictions. I think that the government should make immediate inquiries to see if Rainbow Shores or its principals or affiliates have made any donations to the Labor Party or its members or politicians.

Reg Lawler 19th Sept 08