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Capricorn Tourism & Economic Development Ltd  
Trading as Capricorn Enterprise

Monday 22<sup>nd</sup> February 2021

Cale Dendle  
Chief Executive Officer  
Livingstone Shire Council  
PO Box 2292  
YEPPOON QLD 4703

Dear Cale

**RE: Letter from GKI Progress Association to LSC re: GKI Revitalisation Project**

Thank you for your request on Friday 19<sup>th</sup> February to provide a formal response to the contents of the above letter, which asks that Council write to the Minister for Tourism, Innovation and Sport endorsing the list of **strategic, project enabling public infrastructure** as per the table below.

**GKI – ISLAND – STAGE 1 & 2 PUBLIC, COMMON USER INFRASTRUCTURE (CUI) PROJECT**

Description	TOTAL	Qld Govt		Altum	
	\$	%	\$	%	\$
Site Establishment & Mobilisation	2,799,000	65	1,819,350	35	979,650
Site Preparatory Works	544,250	65	353,763	35	190,488
Bulk Earthworks	622,000	65	404,300	35	217,700
Breakwall, Dredging and Barge Ramp	16,181,288	100	16,181,288	0	-
Ferry Terminal	8,585,877	100	8,585,877	0	-
Wastewater Treatment Plant	1,088,500	100	1,088,500	0	-
Water Supply Infrastructure	777,500	100	777,500	0	-
Rain Water	186,600	0	-	100	186,600
Batch Plant & Concrete Equipment	1,866,000	0	-	100	1,866,000
Solar/Battery/Generator	2,157,290	0	-	100	2,157,290
Services Reticulation & Roads	7,534,848	10	753,485	90	6,781,363
50 Public Marina Berths and Govt Berths (Water Police etc)	4,000,184	0	-	100	4,000,184
Communications Infrastructure	155,500	100	155,500	0	-
Visitor Facilities	-		-	100	-
Walking Trails	-		-	100	-
<b>SUBTOTAL</b>	<b>46,498,837</b>		<b>30,119,562</b>		<b>16,379,275</b>
			65%		35%

As an advisory partner to the GKI Progress Association, Capricorn Enterprise supports its goals and commends the incredible collaboration of its Committee which is made up of key business owners and residents of Great Keppel Island, who believe that in order for the GKI Resort to proceed, funding from the State government for common user infrastructure, must prioritise Stages 1 and 2 of the development as outlined by Altum, which is the immediate investment required in order for all other public visitor facilities and amenities, including walking trails, to proceed on Great Keppel Island as the resort is developed.

Capricorn Enterprise also notes Council's request last Friday 19<sup>th</sup> February via its online portal, for community input into "**Prioritisation of the State Government \$30 million infrastructure funding for Great Keppel Island.**" Linked is a document authored by Council entitled "**GKI Priority Community Infrastructure Projects**", dated January 2021. We note that Council has prepared its list based on the assumption that a major whole of island tourism development will not materially advance within the next three to five years. Point three in the five 'Assumptions' in this document states that the proposed projects are Council's initial contribution to a draft community infrastructure plan being drafted by the State Government.

Capricorn Enterprise is of the view that considering the significant private investment from Altum towards common user infrastructure, that they have a financial incentive to develop this project as soon as they are able. The State government has previously recognised that Altum has the Management capability and experience to develop a project of this size. Based on this knowledge, we believe that this project can progress within the next three years with the support of Council. Altum has already collaborated with community groups such as the GKI Progress Association, Keppel Turtle Fund, the Woppaburra people and CQUniversity.

After viewing on-line, the discussion at Council's Ordinary Meeting on the 16<sup>th</sup> February, surrounding the GKI Progress Association request, it is heartening to hear that Councillors are on record as supporting the GKI Revitalisation and the Proponents, Altum, however is keen to ensure that visitor facilities and improved walking trails are delivered as soon as possible on the island. It is important to appreciate the prioritisation of sequential development if a Resort on Great Keppel Island is to ever come to fruition.

Capricorn Enterprise provides the following background information to assist LSC in its deliberations on the 2<sup>nd</sup> March 2021:

1. The initial \$25 Million announced in the 2017 State government election, to help attract investment and enable the development of the GKI Resort followed a round table discussion between former Minister Kate Jones, Member for Keppel Brittany Lauga, Director-General Damien Walker, former LSC Mayor Bill Ludwig, Capricorn Enterprise CEO Mary Carroll and key Great Keppel Island stakeholders. Those key GKI stakeholders in attendance at that meeting now form part of the GKI Progress Association Committee (Max Allen Snr - Freedom Fast Cats, Kelly Harris - GKI Hideaway, Geoff Mercer - GKI Holiday Village, Gerry Christie - Island Pizza/island resident), joined by Ross O'Reilly – Beaches Bistro/Rosslyn Bay Wellness Retreat, John Gavel – Rosslyn Bay Seafood Market, Shane Bonney – Tropical Vibes, Leigh McCready – Altum, Mario Mercorella – Caltex Rosslyn Bay, and Roger Penrose – Island Resident. The majority of these key GKI stakeholders are also long standing Members of Capricorn Enterprise and we have regular communication about government complexities and challenges in order for the Resort to proceed after 13 long years since its closure (Feb 2008) and nearly 8 years since the approval of the GKI Revitalisation Plan (March 2013).
2. Much has occurred since 2017, with great progress made over the past year, thanks to Altum's perseverance with the bureaucratic processes surrounding this project. Whilst investigating the detailed complexities and requirements of this project, it became clear to Altum that the provision of power and water to GKI via underground cable was not the best use of funds to enable Stage One of the GKI Resort Development. Altum requested, with the support of Capricorn Enterprise, that the state government utilise the \$30 million (*the initial \$25 million plus an additional \$5 million*) for 'on island' common user infrastructure to enable Stage One as opposed to undersea power and water infrastructure, which not only fell short by some \$50 million, but had become a

state and federal government political football which had no resolve in sight and therefore would not have progressed any development by any proponent for the GKI Revitalisation.

3. Altum has consistently made it very clear to both State and Local government and at the recent GKI Progress Association community forum held on Monday 8<sup>th</sup> February 2021, that the \$30 million state funds are required as part of the \$46.5 million to construct Stages One and Two of the Resort.
4. On 28<sup>th</sup> August 2020, the Director General of the Department of State Development, Tourism and Innovation wrote to Altum Constructions stating *“I am pleased to advise that the Qld Government will use the existing \$30 million funding commitments for GKI to invest in a package of priority works that have tangible benefits for visitors, businesses and the community which will also support future development on GKI. DSDTI remains committed to working with Altum and other key stakeholders to prioritise and deliver infrastructure that will best achieve these outcomes.”*
5. Capricorn Enterprise wrote to former Minister for Tourism Kate Jones on 7th September 2020 and our current Minister for Tourism Stirling Hinchliffe on 3<sup>rd</sup> February 2021, outlining the four (4) priorities in regards to the \$30 million funds for common user infrastructure on GKI. *“These priorities are – **1 Breakwall and Dredging, 2 Jetty/Ferry Terminal, 3 Barge Ramp within Marina Precinct lease and 4. Wastewater Treatment Plant.** ...In addition to improving access to the island for locals and visitors, it also ensures that funds are directed in a way that facilitates the further investment in the island by Altum and fast-tracks the lease transfers to them.”*
6. On the 1<sup>st</sup> October 2020, the Director General of the Department of State Development, Tourism and Innovation wrote to Altum Constructions stating *“The Government’s clear intention is to apply the \$30 million it currently has available to deliver infrastructure that would, to the greatest extent possible, support additional investment on Great Keppel Island (GKI) in accordance with value for money and accountability requirements. In allocating the announced \$30 million, Altum has identified a breakwall at Putney Beach as its number one priority to support its financing endeavours for its GKI development....the department agrees in principle to give priority to the construction of a breakwall, and **would contribute up to a maximum of \$15 million** for that purpose from the announced \$30 million allocation.”* The letter includes a number of requirements of Altum including obtaining Financial Management and Capability Assessment (FMCA) approval from the Department of Natural Resources and Mines and assuming ALL approvals risk associated with the construction of the breakwall.
7. After considering points 3 to 6 above, **\$25,855,665** of the total \$30 million state government funds is required for Altum to complete three of the four most urgent priorities outlined in Stages One and Two of the development in order for it to proceed.

Breakwall, Dredging and Barge Ramp	16,181,288
Ferry Terminal	8,585,877
Wastewater Treatment Plant	1,088,500

In summary, Altum Constructions, an **Australian owned and Queensland based company**, is supported by the GKI Progress Association and Capricorn Enterprise, and we believe the broader community, in its efforts to finally construct the long awaited Great Keppel Island Resort.

Altum is willing to invest \$16.379 million of their own funds for common user infrastructure on Great Keppel Island, so it is in their best interest for this project to succeed and be completed as expeditiously as possible to realise any return on investment for future stages.

If Council, on behalf of the Community desires the construction of the GKI Resort, it is important to support the sequential development and proposed allocated state government funds as outlined by Altum in Stage 1 & 2 in the table included in the letter to Council from the GKI Progress Association.

If the \$30 million state funds is not prioritised to enable Altum to construct Stages One and Two which is critical common user infrastructure to proceed with the subsequent stages of the Great Keppel Island Resort over the next decade, Capricorn Enterprise can state on good authority that Altum will have no choice but to walk away from this project.

Your sincerely,

A handwritten signature in black ink, appearing to read 'Mary Carroll', written in a cursive style.

**Mary Carroll**  
**Chief Executive Officer**