



NORTHERN QUEENSLAND

- Far North Queensland and Torres Strait
- Townsville and North West Queensland
- Mackay-Isaac-Whitsunday
- Fitzroy and Central West

NORTHERN QUEENSLAND STRATEGY

BUSINESS CASES FOR INVESTING IN REGIONAL ROADS, DEVELOPING AGRICULTURAL DISTRIBUTION HUBS AND SUPPORTING REGIONAL AVIATION AND AIR FREIGHT FOR EXPORTS

OVERALL RECOMMENDATIONS

June 2014

INTRODUCTION

Northern Queensland has made an outstanding contribution to national economic growth over the past decade and is poised to make a major contribution over the next decade.

However Northern Queensland has long suffered from constraints with internal transport systems, lack of direct connectivity with outside markets and poorly developed distribution systems that have impacted the rate of development.

The four Regional Development Australia committees north of the Tropic of Capricorn have come together to present three priority elements of a Northern Queensland Strategy to support the development of Northern Australia.

New Dimensions of Potential Growth

The region is rich in resources such as energy, water, minerals and outstanding tourism assets with much potential to supply rapidly expanding Asian markets.

Emerging technologies, especially those of relevance to operating industry and business in the tropics, and new markets, will be enablers of growth for the region in the future.

Potential new developments include:

Primary industries

- The sugar industry moving to produce much more than raw sugar;
- Pastoral industries expanding to meet growing demand for protein in Asia;
- Other crops breaking into overseas markets;
- Cropping moving north and west into new production areas;
- New technologies leading to potential expansion of aquaculture and biofuels production.

Mining

- Opening up the Galilee Basin coal developments;
- Prospective gas developments in the Far West and North West;

The Northern Queensland region covers an area equivalent to the States of New South Wales, Victoria and Tasmania.

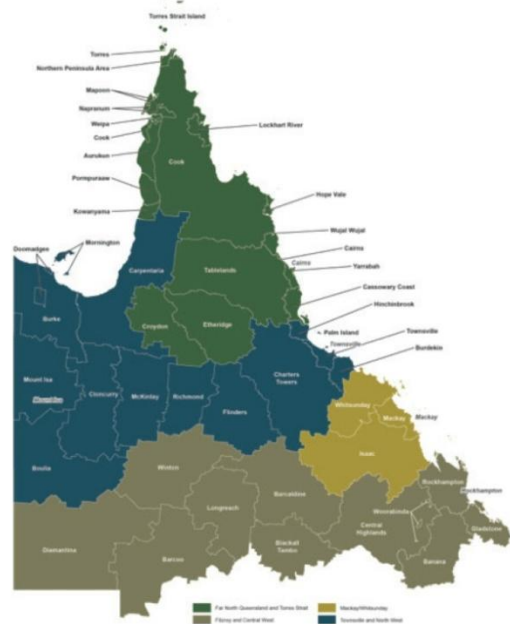
Its population will pass 1 million in 2016.

It has an estimated Gross Regional Product of \$80bn.

The 1 in 25 Australians who live in Northern Queensland:

- Produce almost 1 in 5 of Australia's export dollars;
- Produce 9 out of 10 of Queensland's mining dollars and 1 in 5 of Australia's mining dollars;
- Produce 1 in 10 of Australia's agricultural production dollars.

The area attracts the most international holiday visitors after Sydney and Melbourne.



- Expansion of bauxite mining in Cape York;
- New mining prospects in the North West and North East Mineral Provinces.

Tourism

- A major new surge of tourism development, especially out of China, including some of the largest integrated resort developments in the world.

INVESTING IN REGIONAL ROADS

Fundamental to realisation of potential

Previously lower levels of development of Northern Queensland have meant that the area's road system is in major need of upgrading.

The need for upgrading of the Bruce Highway connecting the Northern Queensland major cities with Brisbane has been recognised. Funding of \$8.7bn over ten years has been announced by the Commonwealth and Queensland Governments.

Much of the area's economy is based on industries such as mining, agriculture, fisheries and substantial segments of tourism, located in areas away from the east coast.

If the area is to maximise its future contribution to national growth, there is a need to step up funding for regional roads.

The 10,000km of regional roads in Northern Queensland account for 2,000 million vehicle kilometres of connector traffic between towns and cities, equivalent to the Bruce Highway.

Reducing inefficiencies and costs

There is a need to upgrade the whole system to reduce excessive wet season road closure and damage:

- Large amounts are being regularly spent from disaster relief funds due to susceptibility of poor roads to extreme events.
- Large numbers of road closure days occur in the system each year causing large travel disruption and costs to the economy.

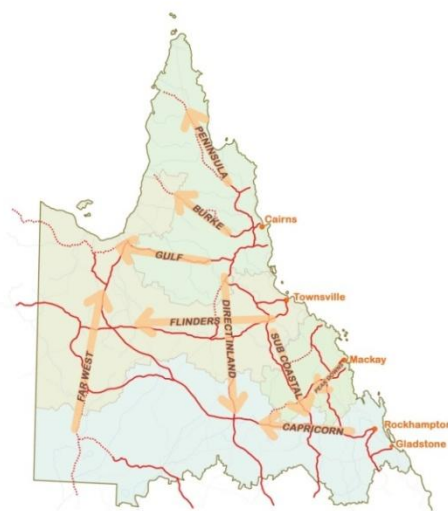
Improving the standards of roads could save large amounts in vehicle operating costs and travel time costs.

Catering for new developments

There is a need for improvements to cater for new developments in:

- Mining, especially the Galilee Basin, in Cape York and the North West and gas in the Far West and North West;
- Expanded agricultural areas in the Gulf Rivers, Cape York and the Burdekin and Fitzroy basins.
- Catering for expanding tourism use.

A System of East-West and North-South Connectors



External connectivity

There is a need to expand external connectivity, especially with Melbourne, Adelaide, Central and Northern Australia.

Return on investment

A major investment in regional roads will:

- Help underpin the viability of Northern Queensland's mining, agricultural and tourism base industries in the non coastal areas earning an estimated \$40bn per annum of mainly export income.
- Help major new developments such as the \$40bn Galilee Basin projects, and new cropping areas in the Gulf and Peninsula, one alone having a proposed investment of \$1bn.
- Provide substantial benefits to the State's Gross Regional Product and government revenue.

Recommendations

- Investment into Northern Queensland regional roads and the development and implementation of the Queensland Western Roads Action Plan which will ensure a strategic and collaborative approach to the development of the regional roads network in Queensland including major roads in the north.

DEVELOPING AGRICULTURAL DISTRIBUTION HUBS

Achieving growth in agriculture

Northern Queensland will need to be a major contributor if Commonwealth and State objectives are to be achieved of doubling agricultural production by 2040 and increasing northern agricultural exports to a growing Asian market.

Overcoming weaknesses in the agricultural distribution system

There will need to be a major development of transport and distribution systems, especially to:

- Increase penetration of local markets;
- Develop direct container and air freight services from northern ports & airports.

Penetrating local markets

Action is needed to encourage:

- More distribution hubs in Northern Queensland by major retail chains;
- Specialist food distributors to increase local purchases;
- Local groups promoting greater awareness of local food products.

Developing container shipping

The current situation where almost all containerised agricultural exports move south through Brisbane, limits growth opportunities for northern producers. Current services out of northern ports cater mainly for minerals.

Developing container shipping for agricultural products needs:

- Base load cargoes spread throughout the year;
- Critical mass of services available to different overseas ports to be achieved;
- A reverse import trade;
- An improvement in inter-regional transport.

Potential cargoes include processed primary products including refined sugar along with seafood, meat, dairy products, fruit and vegetables, cotton, pulses, high grade wheat, sorghum, rice, cassava.

Return on investment

There are prospects of greatly expanding the \$7bn agricultural sector.

Growing direct imports will help lower export freight rates, benefit consumers but also reduce costs and improve competitiveness of Northern Queensland's manufacturing and other industries.

Recommendations

Proposed strategy is at two levels:

General support

- Enhancing market intelligence and the region's products included in negotiation of trade arrangements and protocols;
- Encouraging and working with specialist commercial export merchants and agents;
- Enhancing quality through traceable food security systems, disinfestation plants and use of modified atmosphere technology;
- Accelerated research to improve crops and reduction of costs including of inputs like electricity.

Transport and distribution

- Working with shipping companies and others to develop exports / imports, and additional shipping services;
- Encouraging appropriate port investment;
- Recognition of the need to improve transport services between the northern regions.

SUPPORTING REGIONAL AVIATION AND AIR FREIGHT EXPORTS

Background

Aviation has long been of disproportionate importance to the Northern Queensland region.

There are some 54 certified and registered aerodromes, over 30 with regular passenger services accounting for 9.7m passenger movements.

Remote airports and services

There is a need for the Commonwealth and Queensland Governments to continue policies and funding supporting remote airport development and to extend support for additional air services from some regional centres to remote areas.

Need to reduce costs of regional operators

A range of issues have been identified that affect costs of regional air services including policy/regulation issues, high fuel costs, landing charges, poor facilities, and government charters that need attention.

FIFO issues

There is a need to increase supply of services to mining from local communities and to address the recommendations of the Parliamentary Committee of Inquiry into the damaging effects of fly-in/fly-out on local communities.

Major air freight opportunities

Developing tourism from Asia is promising to greatly expand direct flights into Northern Queensland.

This has potential to greatly expand air freight exports of primary products, especially seafood, meat, dairy products and seasonal fruit and vegetables.

Extra flights will potentially lead to increased imports, such as high value medical supplies and equipment.

Return on investment

Airport operation and airport dependent industries are currently estimated to add 47,000 jobs and \$3.9bn in Gross Regional Product to the Northern Queensland economy.

Benefits include:

- Support for over \$2bn per annum planned in future airport development;
- Support for communities that account for \$40bn in outside earnings;
- Support for the \$6.5bn tourism sector;
- Expansion of air freight exports from \$200m to of the order of \$1bn.

Recommendations

An aviation strategy is proposed to include:

- Airport investment;
- Aviation services development;
- Local provision of services to mining;
- Air freight development linked to agricultural distribution hubs development.