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Joint Select Committee on Northern Australia
PO Box 6021
Parliament House
Canberra ACT 2600
Via Email: jscna@aph.gov.au

Dear Sir/Madam

RE: SUBMISSION ON INQUIRY INTO THE DEVELOPMENT OF NORTHERN AUSTRALIA

We write in reference to the Joint Select Committee on Northern Australia, in particular correspondence seeking submissions relating to the Inquiry into the Development of Northern Australia (herein referred to as the inquiry). The Whitsunday Regional Council (Council) welcomes the opportunity to provide input into the inquiry and seek to provide feedback to the Committee on this matter.

Council strongly supports the parliamentary inquiry process and the facilitation of integrated partnerships between all levels of Government. Northern Australia is a large and diverse area of investigation, and Council applauds the inquiry for seeking to bring together regional interests in a coordinated manner. Council has, and continues to work with the Queensland Government and neighbouring Local Councils on regional issues and the ongoing development and prosperity of the region.

The structure of this submission is consistent with the format of the terms of reference set for the inquiry, and Council's response to this has been provided herein.

1. Potential for development in the region's mineral, energy, agricultural, tourism, defence and other industries

The Whitsunday region is a local government area located in North Queensland, approximately 1,000 kilometres north of Brisbane and 600 km south of Cairns. Its coastline is a gateway to the 74 Whitsunday islands wonders and Great Barrier Reef, whilst the mainland contains agriculturally and mining rich areas, including direct access to the northern tip of the coal-rich Bowen Basin.

The estimated Gross Regional Product (GRP) for the 2011/12 year was \$2.3 billion. GRP is considered to be the most appropriate measure of the Region's economic performance. The Whitsunday region generated approximately 0.7% of Queensland's Gross State Product in 2011/12. Over this period, in order of value, key regional industries were mining, tourism, construction, agriculture and manufacturing. It is recognised that the construction sector included elements of mining, tourism and lifestyle population growth¹.

¹ Norling Consulting (November 2013) *Whitsunday Region Economic Analysis: Economic and Population Study*.



Key opportunities for the continued growth and development of our regions key industries have been summarised below.

Mining

Contributing over 25% of the Whitsunday's GRP mining is clearly an important economic driver both now and into the future. With direct access to the Bowen and Galilee Basin(s) the Whitsunday region plays an important role in providing a pit to port solution for the production, transportation and export of coal product. Key opportunities for the Whitsunday region and Bowen/Galilee Basins in general are considered to include but not limited to:

- The expansion of existing Bowen Basin mine operations, with the combined potential to triple coal production within the Whitsunday region and create approximately 1000 operating jobs.
- Recently approved expansions to the Abbot Point Coal Terminal, also situated within the Whitsunday Council area. The ongoing expansion of this facility is estimated to increase the current 50Mtpa capacity to 190Mtpa.
- Ongoing activity in the wider Galilee Basin, and associated infrastructure including improved rail infrastructure from the west, through the Whitsunday region and connecting with Abbot Point.
- Further development of existing industrial development precincts at Collinsville, Bowen and also potentially the Whitsunday Coast Airport.
- Any future expansion of the Whitsunday Coast Airport will also provide opportunities to support the mining industry, in particular transportation of workforce.
- Opportunities to accommodate permanent workforce within the Whitsunday region. Council has recently identified a trend of employees of the mining industry choosing to live within the Whitsunday region due to its lifestyle qualities and greater affordability than other mining centres such as Mackay and Moranbah.

Whilst in dollar value terms mining is the most significant contributor to our regions economy, Council recognises the volatility of the industry as a result of a fluctuating Australian dollar and long term uncertainty relating ongoing international demand, and as a consequence strongly values its diversity in other markets such as agriculture and tourism.

Tourism

Tourism represents the second most valuable market for the Whitsunday Region. Infrastructure supporting this industry includes two domestic airports (Proserpine and Hamilton Island), three passenger port facilities (Shute Harbour, Abel Point and Port of Airlie) and over 10 000 bed spaces for visitors. In recent years the global financial crisis has had an impact on the regional tourism industry, however now as the market continues to steadily improve Council is focused on rebuilding a stronger and more robust tourism opportunities. Major projects include but are not limited to:

- The potential expansion of the Whitsunday Coast Airport to accommodate international flights, in particular directly from South-East Asia.
- Current bid for an integrated resort precinct and casino licence for the Whitsunday, Airlie Beach region.
- The major expansion of Shute Harbour Marina (\$252 million value).

Whilst the identified opportunities are largely project specific, their significance is that they represent new markets to the Whitsunday region particularly in relation to providing direct international investment and access Northern Australia.

Agriculture

The agricultural sector is a significant part of Northern Australia, and also the Whitsunday region, having long been the economic and cultural backbone of our towns and communities. Horticulture, sugar cane and grazing are the primary sectors for the Whitsunday region, of which contribute more than \$400 million to the national horticulture sector. This is primarily due to the regions tropical dry climate and fertile soils. Bowen and nearby northern Burdekin region are Australia's most significant winter growing regions. Crops include tomatoes, capsicums, chillies, melons, beans and mangoes. The tomato industry represents the most significant crop, valued at over \$122 million in 2011/2012 equating to over half of Queensland's production. Sugar cane remains an important growing and production market for the Whitsunday region, however has been affected by significant fluctuations in the global price of sugar and strong competition with other international growing markets such as Brazil. Key opportunities for the ongoing sustainability and prosperity of the agricultural sector include:

- Opportunities for the international export of local horticulture and aquaculture products from Whitsunday Coast Airport should it be extended to full international capacity.
- Continued investment and innovation in local sugar production, particularly as a result of recent acquisition of the Proserpine Sugar Mill (in addition to a number of other regional mills) by international operator Wilmar Sugar.
- Significant land capacity for expansion of both existing and new crops.

Whilst in terms of dollar value and stolid economic outlooks agriculture may not be the most valuable regional industry. However, qualitatively it plays an important role in the fabric of local communities and Northern Australia as a whole. As one of the oldest and most widespread industries it is essential the opportunities to support and diversify markets are achieved. For the Whitsunday region the potential to export local agricultural product to the world directly from and international airport at Proserpine, is considered an exciting and valuable prospect for local and regional growers and economy.

Water and Energy

The ability to provide equitable and cost effective access to water and energy is an essential foundation for the future development of Northern Australia. For water, whilst the climate of Northern Queensland lends itself to the capture of large quantities of water, in many instances there is a lack of supporting infrastructure (pipelines, irrigation schemes, etc) to truly maximise the opportunities that exist. Current challenges, particularly in relation to the long distance transmission of electricity from Southern Queensland have a significant impact on the cost of living for residents, and increased costs to production and operation of key economic industries such as mining and manufacturing.

Overall Council considers that there are significant opportunities to improve access to water and energy in Northern Australia, and in particular Northern Queensland. However feels strongly that in order to realise opportunities, that better regional coordination is essential to ensuring that sufficient critical mass and demand exists for these service providers.

The Whitsunday region is well (centrally) located on the Queensland coast, to service a large regional area, including populated settlements in the Far North and large scale mining operations in the Central West. An added benefit of the Whitsunday Region is that it is already well service by existing and proposed water and energy infrastructure, including but not limited to:

- Existing bulk water resources from the Burdekin Falls Dam, Peter Faust Dam and Bowen River Weir.
- Additional water resources from catchments at Urranah Creek and Andromache River (with an existing dam proposal)

- The existing 180MW Collinsville Power Station (previously base load, currently not in operation).
- Approved 50MW solar farm proposed adjacent to the Collinsville Power Station.

It is Council's opinion that the ability to efficiently service the current and future water and energy needs of Northern Australia will be a critical factor to its ability to develop and expand over other industries and as such should be a prioritised for consideration as part of this inquiry.

Within the Whitsunday region, Council's will continue to promote its existing infrastructure and the ability for this to be readily converted into a reliable source of supply for not only the immediate region but also areas to the north and west.

2. Recommendations

Whilst this inquiry is seeking to identify the numerous opportunities to develop Northern Australia, it is necessary to also identify potential barriers to and impediments to these being realised. On this basis Council has sought to provide recommendations in relation to the following themes, as potential impediments to growth:

- Trade and investment with the Asia pacific;
- Regulatory, taxation and economic environment; and
- Conditions for private investment and innovation.

In order to realise the true opportunities for Asian investment and trade it is necessary for greater involvement of all levels of Government in formalising trade agreements and securing financial investment partnerships. Whilst there is currently active participation in this area, greater integration of Federal and State initiatives should be sought. In particular the active involvement of Local Government as to the implementation of development projects is recommended.

Whilst Federal and State Government play an important strategic role in the investment and deliver of major regional development, this should not outweigh the role of Local Government in the implementation and ongoing delivery of major development projects. This includes the provision of basic infrastructure and services, workforce populations and also access to the communities where projects are seeking a social license to operate. Early engagement with Local Government provides the opportunity to identify potential opportunities or barriers to specific development opportunities.

Coordinated engagement across all levels of Government will also empower and encourage Local Government to play a greater role in identifying and negotiating potential investment opportunities. For example, Council currently maintains a partnership with the China Australia Entrepreneurs Association Incorporated (CAEI) which has seen trade missions both in Australia and China result in the recent identification of key investment opportunities for the Whitsunday region.

As part of this partnership Council is actively working to identify potential barriers to these opportunities, and in particular seeking to establish a regulatory framework that supports development and plans for the necessary supporting infrastructure. This includes but is not limited to:

- Statutory local planning instruments (i.e. Local Planning Scheme) that support the strategic growth and development of the region. Including, where possible the resolution of any potential State regulatory requirements (i.e. State Interests) and avoiding any duplication or intensification of State and Federal regulations (i.e. Matters of National Environmental Significance).
- Infrastructure planning for the cost effective and efficient delivery of infrastructure

- Securing sufficient funding for the delivery of the necessary infrastructure. Although at this stage, this is proving increasingly challenging for Local Government as the ability to recover costs directly from development proponents is heavily regulated, arguably in favour of proponents, whereby creating a funding gaps.

The establishment of strong integrated partnerships across all levels of Government, and active removal of known barriers for investment and development are considered critical factors for the creation of strong conditions for investment and innovation.

3. Critical infrastructure to support the long term growth of the region

In order to realise the potential and deliver regional opportunities identified under heading 1, the following infrastructure has been identified as essential for the growth of the region:

- A strong transportation network, incorporating:
 - Improvements to the national highway (Bruce) to provide greater safety and reliability, particularly where prone to closure as a consequence of inundation or accidents;
 - A strong north south rail network, providing efficient transportation of good from Northern Australia to key centres such as Brisbane, Sydney and Melbourne;
 - A regional rail network that can accommodate projected mineral extraction and export from mineral provinces directly to key ports; and
 - Diversified air transportation infrastructure, particularly in relation to access to international passenger and cargo movement.
- A northern Queensland base load power source, subsequently reducing the current premium price on energy for areas north of Gladstone
- Improved access to water to enable improved and expanded agricultural production
- Quality education and training facilities to service the regional population and promote ongoing learning and innovation in key industries.

We trust that this correspondence provides a suitable outline of what Council considers are the key factors relevant to the growth of Northern Australia and the Whitsunday region as a part of this. It is reiterated; Council strongly supports the inquiry process and is keen to continue to participate in the implementation of recommendations in the future,

Council would like to take the opportunity to thank the Joint Select Committee for the opportunity to provide a submission relating to the development of Northern Australia. Council's looks forward to the presentation of findings and recommendations report later this year.

Yours faithfully


Dan Staley
Director – Planning and Community Development

