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Monday, 16 February 2026

Select Committee on Productivity in Australia
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: online portal

Dear Select Committee

Select Committee on Productivity in Australia.

Thank you for the opportunity to submit our thoughts into the Inquiry into Northern Australia Energy, Food and Water Security.

The Far North Queensland Regional Organisation of Councils (FNQROC) represents 12 member Councils, being Cairns, Cassowary and Tablelands Regional Councils, Cook, Croydon, Douglas, Etheridge, Hinchinbrook and Mareeba Shire Councils, and Hopevale, Yarrabah and Wujal Wujal Aboriginal Shire Councils.

We are the fastest growing region in Northern Australia with over 252,000 square kilometres, a population of approximately 294,194 and Gross Regional Product estimated at \$19.84billion.

We thank you for the opportunity to contribute to the inquiry into Productivity in Australia. We understand the terms of reference are to inquire into and report on:

- a. the history of productivity growth in Australia in both multifactor and labour terms;
- b. objectives for a multi-decade national settlement strategy to achieve a more balanced distribution of population between cities and regional Australia, with a view to enhancing economic resilience, productivity and social cohesion;
- c. the current position and opportunities to gain productivity growth;
- d. conflicts of interest and structural barriers to sustainable growth;
- e. the efficacy of federal competition law;
- f. opportunities for the states and territories to drive growth;
- g. the impact of regulatory tax burdens on productivity growth;
- h. the impact and opportunity of technology;

- i. priority opportunities in the market and non-market sectors for productivity growth;
- j. Australia's competitiveness and benchmarking against similar nations; and
- k. any other related matters.

We have also reviewed the *Select Committee on Productivity in Australia – Discussion Paper* associated with the inquiry.

Within the discussion paper, inquiry point b and d of the terms of reference doesn't seem to be captured elegantly so we will address this point and then address the questions within the discussion paper to which we believe we have an educated/experienced view. Any points not addressed; we have purposely left to those much more knowledgeable than us to respond to.

TOR Inquiry point b:

b. objectives for a multi-decade national settlement strategy to achieve a more balanced distribution of population between cities and regional Australia, with a view to enhancing economic resilience, productivity and social cohesion;

A multi-decade national settlement strategy should recognise that Australia's regions are central to lifting national productivity, strengthening economic resilience and building social cohesion. A more balanced population distribution will not only ease mounting pressures on metropolitan centres, but also enhance liveability, opportunity and long term sustainability for regional communities.

Achieving this requires a deliberate and sustained focus on two fronts:

- a. Prioritising catalytic investment in greenfield sites rather than further burdening ageing, congested metropolitan systems, creates the foundations for new population and industry growth. This enables confidence for private investors and enables the regions to support living, working and investing.
- b. Investment in people in businesses. To attract and retain people and businesses, regions need tailored incentives and support. This could include a suite of policy levers calibrated to local needs, such as those proposed in the concept of a Regional and Remote Special Economic Zone (R&R SEZ). Such mechanisms can drive long term economic activity, support innovation and help build the workforce and industry base needed for thriving regional communities.

Together, these approaches form the backbone of a national strategy that embraces Australia's regional potential and positions the nation for stronger, more resilient growth over the decades ahead.

d. conflicts of interest and structural barriers to sustainable growth;

Yes, Australia's current distribution of population and therefore votes creates an inherent conflict of interest with national productivity goals. Investment in catalytic regional infrastructure arguably will yield substantial productivity gains, yet these areas have fewer voters and therefore attract less political priority.

This results in underinvestment in opportunities such as agricultural expansion, critical minerals, marine maintenance, repair and operations (MRO), aviation training and MRO and other industries. These sectors have significant flow-on benefits, including enhanced manufacturing capability, skills

development, and education tourism. The political system can limit the focus, funding and policy attention regions receive, creating a barrier to sustainable national growth.

From the Discussion Paper:

Investment and productivity

What factors are influencing the enabling environment for investment and capital flows in Australia?

Investment in sunk infrastructure is increasingly like trying to draw water from a stone. Continually expanding major facilities such as building more port infrastructure next to growing metropolitan areas delivers diminishing returns while capital costs escalate. These projects however continue to suit traditional business case methodologies, which prioritise incremental improvements in already dense markets.

While metropolitan areas have continued to attract capital for initiatives such as:

- shorter commuter trips (congestion busting)
- liveable cities (public transport, stadiums, large scale community infrastructure)

.... Australia's greenfield opportunities have been largely overlooked. These include:

- additional water storage
- upgrading to ports outside CBDs, where utilisations don't require yet another road to deal with the congestion caused
- building resilience into road infrastructure where no viable alternative exists, and
- investing in community infrastructure which attracts and sustains population growth.

Investing in greenfield sites produces far higher productivity gains than continuing to build on metropolitan infrastructure that is arguably fully exploited.

Business case methodology is now stifling economic growth. FNQROC commissioned an investigation into the long term analysis of the role of Dams¹ at its core:

- business cases can't capture generational regional benefits
- communities with dams outgrew the base case populations by 200% – 300%
- where dams had been constructed, the value of produce/ha increased by 90-100 times that of a base case.

Current business case methodologies inherently favour highly urbanised and already developed economies. They reward building onto sunk infrastructure while failing to account for the true productivity uplift that comes from new and transformative infrastructure in emerging regions. It raises a critical question: has anyone meaningfully assessed how much productivity is actually gained

¹ <https://www.fnqroc.qld.gov.au/files/media/original/005/1a5/95e/e63/Long-Term-Analysis-of-the-Role-of-Dams.pdf>

from continued metropolitan investment and at what point further spending delivers zero marginal benefit? This may help explain Australia's stubborn productivity stagnation.

Cities have become increasingly creative in developing business cases to 'make a project work'. Some even including projects unrelated to the project being assessed to get it across the line. Glen Searle and Crystal Legacy articulate this clearly in their April 19, 2018 article in *'The Conversation'*² which critiques the business cases for West Connex in Sydney, East West Link in Melbourne and Cross River Rail (at that time) highlighting questionable claims around wider economic benefits and productivity improvements.

Infrastructure Australia, developing a business case – stage 3 of the Assessment Framework identifies how to measure productivity impacts³:

- *Investment to reduce congestion on the road network (this could be measured from travel time and vehicle operating cost saving for business users.*
- *Investment in the transport network – may increase accessibility of firms to one another and their input and labour markets generating positive productivity externalities or agglomeration effects. Methods for quantifying agglomeration effects and other wider economic benefits (WEBs) are still in development.*

"You should monetise quality of life impacts, where possible and include them in the economic appraisal.

This will always favour metropolitan areas. It is also unclear whether these benefits genuinely lift GDP, or simply improve liveability in ways that draw more population away from the regions that do directly drive GDP.

Congestion is repeatedly treated as a core productivity inhibitor, but this distracts from the bigger picture. Metropolitan congestion is an inconvenience; in regional Australia, a single flooded road is a blackout. There is no alternative route. Isolation lasts not for an hour, but for days and weeks – cutting off health care, education, supply chains and entire economies.

History shows transformative outcomes follow major infrastructure builds. FNQ has the potential to mirror SEQ's explosive growth trajectory from the 1980's, if the enabling infrastructure is prioritised.

Australia's tax system and impacts on productivity

How does Australia's overall tax system, including personal, property and other taxes distort or limit investment and productivity growth?

"The ATO collects tax so that government can deliver services for the Australian community⁴".

While the ATO collects tax to enable governments to deliver services for the Australian community, the reality is that these services are not delivered equitably across the country. Access to essential

² [A closer look at business cases raises questions about 'priority' national infrastructure projects](#)

³ Source: Infrastructure Australia – Developing a business case – stage 3 of the Assessment Framework

<https://www.infrastructureaustralia.gov.au/sites/default/files/2024-02/Assessment%20Framework%202021%20Stage%203.pdf>

⁴ <https://www.ato.gov.au/about-ato/who-we-are>

services declines the more remote a community is and this inequity directly affects population attraction and retention, particularly the skilled workforce needed to drive investment and productivity growth.

As service availability decreases, the cost of living and doing business in regional and remote Australia effectively increases, reducing competitiveness and discouraging private investment. This structural imbalance limits the ability of regions to realise their economic potential.

The Regional and Remote Special Economic Zone ⁵(R&R SEZ) concept is aimed to help address these distortions by creating targeted incentives that support and encourage employees and businesses to live, work and invest in the regions, ultimately strengthening national productivity.

Freight Supply Chains:

How can fit-for-purpose freight infrastructure encourage productivity growth and economic dynamism?

How has disrupted freight supply chains impacted Australia's infrastructure resilience?

The FNQROC region contributes domestic exports of \$10.4 billion and \$544 million in international exports. Yet despite being geographically larger than Victoria, the region is scarcely recognised in the National critical supply chain.

Our freight networks are regularly disrupted by regular flooding events often for weeks at a time with no alternative route, unlike metropolitan areas. This has a significant impact not only on our exports, but on educating our children, accessing timely health services, workforce mobility and the basic ability to get home at night.

⁵ <https://www.fnqroc.qld.gov.au/files/media/original/15a/d81/315/Regional-and-Remote---Special-Economic-Zone-R-R-SEZ-.pdf>

Case Study – Laura River Crossing

As at 20 January 2026, the Laura River crossing was under more than 5 metres of water, cutting off all road access to Cape York. These prolonged and recurrent flood events isolate nearly 20,000⁶ people across the nine Indigenous local government areas, Weipa Town Authority and Cook Shire (excluding Cooktown). For these communities, the Peninsula Developmental Road is not just a transport corridor, it is their primary and often only supply route.

Laura is critical access route for essential services and produce to the entire Cape York Peninsula, servicing nine Indigenous councils, Weipa and the iconic tourism destination of Pajinka (the Tip). Demand on this route continues to grow.

Approximately 6% of the population is of high school age with the majority of these having to attend boarding school. They missed the first couple of weeks of school as the crossing was not clear of water until 6 February 2026.



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<https://statistics.qgso.qld.gov.au/profiles/grp/resident/pdf/0083GGO8GEATB8K626D7WL5SSCG46C02DSZ9EPMB6NG3OI6RL2117CGSDO7MSOAU7A3QY718UUBL4CJDEI5DOGVQH7W7EW5DXKUMPP0FWCMB06R7C0G55KPIZYC4NMR/qld-regional-profiles-resident#view=fit&pagemode=bookmarks>

<https://www.abs.gov.au/census/find-census-data/quickstats/2021/UCL315024>

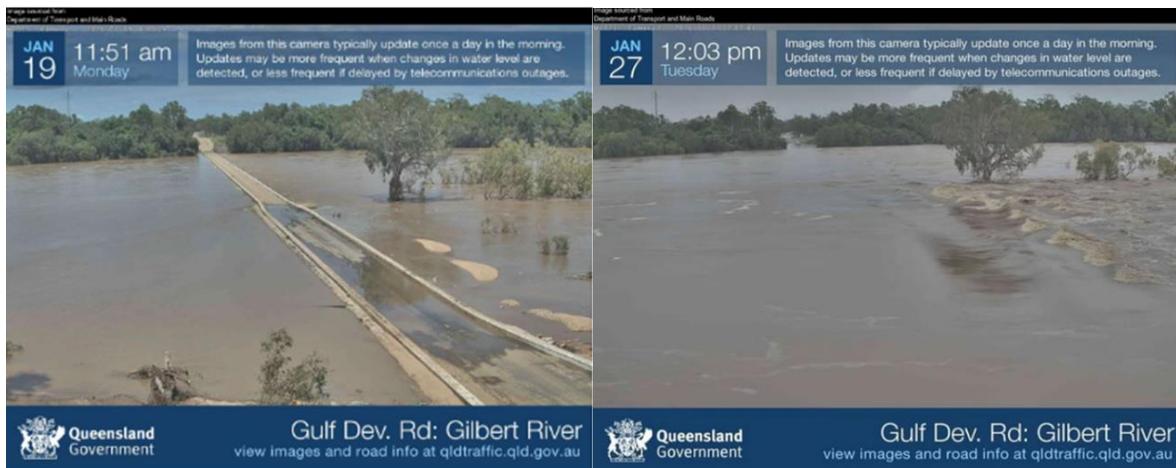
<https://profile.id.com.au/fnqroc/population-estimate?WebID=130>

<https://abs.gov.au/census/find-census-data/quickstats/2021/315011403>

Case Study – Gilbert River

This is the Gilbert River Bridge. In the wet season the primary access route to the Gulf of Carpentaria to and from Cairns and Townsville. The first picture was as the river was approaching the bridge deck, later that day it went over and was still over eight days later. The camera feed was subsequently lost. Similarly to the Laura crossing, students could not reach school and essential services can't get through.

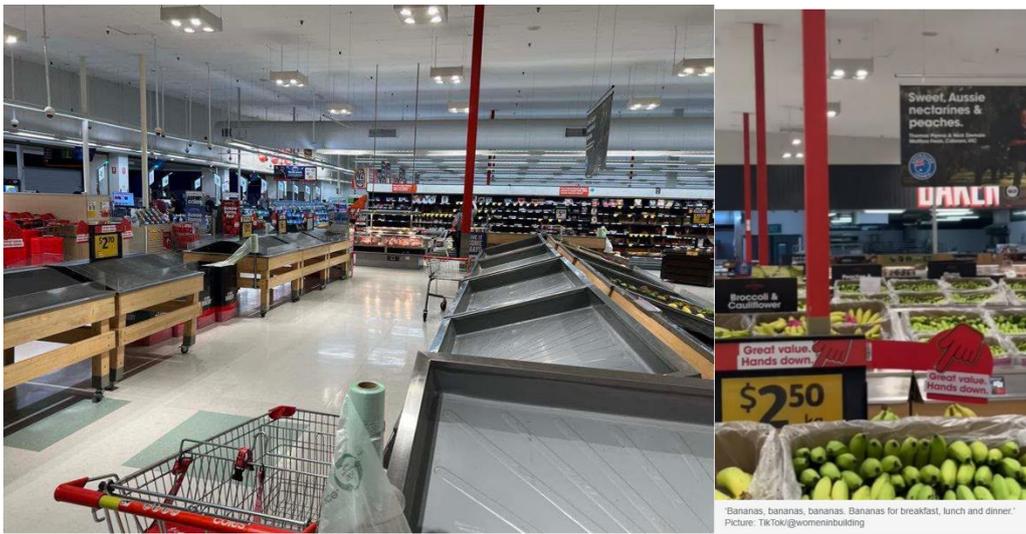
Not only is education and essential services affected, so is the life expectancy of our communities. We had an elderly resident who had her cardiology appointment booked six months in advance. The morning she was due to travel the Gilbert River went over the crossing. There was no alternative route. She must now wait months for another appointment.



Case Study – Cairns February 2025

The Bruce Highway between Townsville and Cairns (347km) is the primary north-south route. When it floods, the first alternate route is an additional 266km but that is usually flooded as well. The next available route adds 930km, assuming the Gilbert River Bridge is not under water.

In 2023/24 and again in 2025, all access roads were closed due to flooding. An area larger than Victoria was isolated for weeks, requiring food for over 315,000 people to be flown in. Exports ceased and with FNQ producing 96% of Australia's bananas, the impact was felt nationally.



Productivity in regional Australia

What aspects of productivity are most relevant for regional Australia, and what have been the development in these areas over time?

What strategies can be employed for supporting the economic and productivity growth of regional Australia? How does this growth impact Australia's national productivity?

How do strategies that encourage increased settlement in regional areas support growth, development and improved productivity?

What opportunities and challenges do inland cities present for long-term development?

Regional Australia does more than foster local business and diverse entrepreneurial activity – we underpin the operations of major national industries. COVID-era population shifts proved that regional areas are attractive due to affordability and space. This has created challenges around housing, regional areas are often greenfield sites where infrastructure rarely stacks up under current business case models.

As metropolitan salaries and incentives rise, many skilled workers are being drawn back to capital cities. The R&R SEZ⁷ has been developed to directly address the retention and attraction of skilled workers in the regions.

Supporting the economic and productivity growth of regional Australia is essential to national productivity. Increased regional settlement, when matched with enabling infrastructure drives:

- Stronger supply chain resilience
- Higher output from agricultural, resources and tourism sectors
- Reduced pressure on metropolitan infrastructure and housing markets.

Inland and regional cities offer significant long term potential due to land availability, strategic location and links to emerging industries such as critical minerals. However, they do require foundational investment in water security, transport, digital connectivity and essential services.

Thank you again for the opportunity to contribute to the inquiry into Productivity in Australia. Should you have any queries regarding our submission, please do not hesitate to contact me on ■

Yours sincerely

Darlene Irvine
Chief Executive Officer

⁷ <https://www.fnqroc.qld.gov.au/files/media/original/15a/d81/315/Regional-and-Remote---Special-Economic-Zone-R-R-SEZ-.pdf>