

**14 March 2014**

Dr Bill Pender  
Inquiry Security – Joint Select Committee on Northern Australia  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

Email: [jscna@aph.gov.au](mailto:jscna@aph.gov.au)

Dear Dr Pender

**SUBJECT: Submission from North Queensland Airports to the Joint Select Committee on Northern Australia.**

North Queensland Airports (NQA) welcomes this opportunity to provide input to the considerations of the Joint Select Committee on Northern Australia.

NQA is a corporation that was established in 2008 to acquire and operate Cairns and Mackay Airports upon their privatisation under *the Airport Assets (Restructuring and Disposal) Act 2008*.

Since acquisition of these airports NQA has played an important role within the communities served by them, by actively promoting tourism and trade and looks forward to continuing to do so as a long term player in the future of Northern Australia. Our airports serve as cornerstones of the Cairns and Mackay regional economies, contributing a total of almost \$4B each year and generating over 40,000 jobs. The group contributes over \$2M towards regional economic development, tourism marketing and support for business and community organisations, events and initiatives.

NQA commends the Australian Government's initiative to undertake this enquiry into the development of Northern Australia and would welcome the opportunity to participate in follow up discussion on the recommendations included in our submission.

Should any clarification or additional information be required in regard to our submission please do not hesitate to contact our Corporate Communications Manager, Helen Laird, on [REDACTED]

Yours Sincerely,

Kevin Brown  
Chief Executive Officer  
North Queensland Airports

**cc. Hon Warren Entsch MP**  
Member for Leichardt, Queensland  
Chair of the Joint Select Committee on Northern Australia

## 1. Overview of North Queensland Airports

### Corporate

North Queensland Airports (NQA) is a dynamic player in the aviation industry and currently operates Cairns and Mackay Airports which together welcome more than 5M passengers each year.

The North Queensland Airports Group consortium comprises of IIF Cairns Mackay Investment Ltd (an entity advised by JP Morgan Asset Management), The Private Capital Group's The Infrastructure Fund (TIF) managed by Hastings, Perron Investments and Auckland International Airport Limited (AIAL).



*\*Rounded percentage*

NQA is committed to the communities in which it operates. Our airports serve as cornerstones of the Cairns and Mackay regional economies, contributing a total of almost \$4 billion each year and generating over 40,000 jobs.

NQA provides over \$2M in support and sponsorships for regional economic development, tourism marketing, key events, activities, initiatives and organisations that contribute to the social and economic well being of our local communities. Our company is committed to sustainability with a strong focus on environmental initiatives including recycling and energy reduction.

## Cairns Airport

The Cairns and Great Barrier Reef region in Far North Queensland is one of Australia’s premier holiday destinations, attracting over 2.3 million visitors annually. Cairns Airport is a major gateway to the destination and is geographically remote from other major international airports, the nearest being Brisbane International Airport 1,700km south by road.

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Cairns Airport is located approximately seven kilometres north of the Cairns Central Business District on a 767 hectare site comprising the existing domestic and international terminals, associated airport infrastructure and runways, aviation-related enterprises, government agencies, and vacant land intended to allow for the airport’s expansion over time.

Cairns Airport plays a crucial role in providing access for most of the international and domestic visitors who come to the region each year. Cairns Airport is Australia’s fastest growing regional airport and the seventh busiest overall.

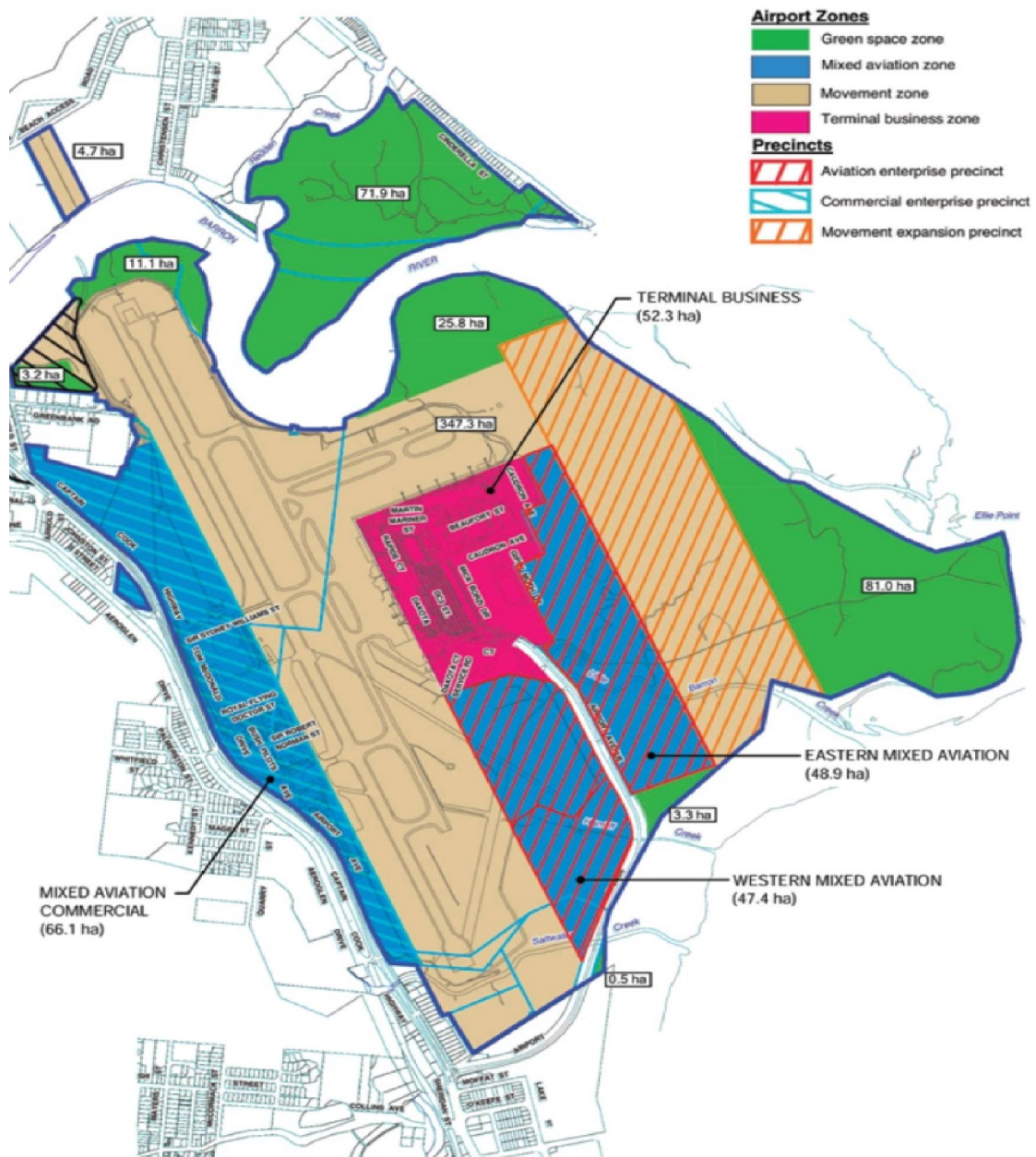
Cairns is well-positioned geographically to service the Asian market and operate as a northern gateway to Australia for both passengers and cargo.

### Cairns Airport National & International Route Network



Cairns Airport’s business plan is underpinned by the forecast population growth and associated economic opportunities arising from the Asia Pacific region, diversification of aeronautical activity, non-aeronautical development and global e-commerce activity.

Cairns Airport's Land Use Plan (LUP) was approved by the Queensland Government in 2013. Future commercial development on Cairns Airport will be divided into two precincts: The Aviation Enterprise Precinct and the Commercial Enterprise Precinct.



Within the Commercial Enterprise Precinct, NQA seeks to establish long-term sustainable developments to deliver regional, state and federal benefits by growing the region's capabilities in trade and technology, including:-

- a) World Class Medical and Tropical Health Facility;
- b) Asian-Pacific Business Centre incorporating, Agribusiness, Mining and Resource, financial and professional services; and
- c) E-commerce and E-business centre.

## Cairns Airport Commercial Enterprise Precinct – Concept



A commercially competitive Aviation Enterprise Precinct is fundamental to attracting and retaining new stakeholders and providing the agility to capitalise on global market and economic conditions, through diversification of aeronautical and aerospace capability in areas including:

- a) Engineering and maintenance;
- b) International training and business centres;
- c) Commercial flight simulators;
- d) Avionics and component services; and
- e) Air surveillance (Environmental & National Security);
- f) Ground Support Equipment (GSE) and ancillary services; and
- g) Freight and logistics.

## Cairns Airport Aviation Enterprise Precinct – Concept

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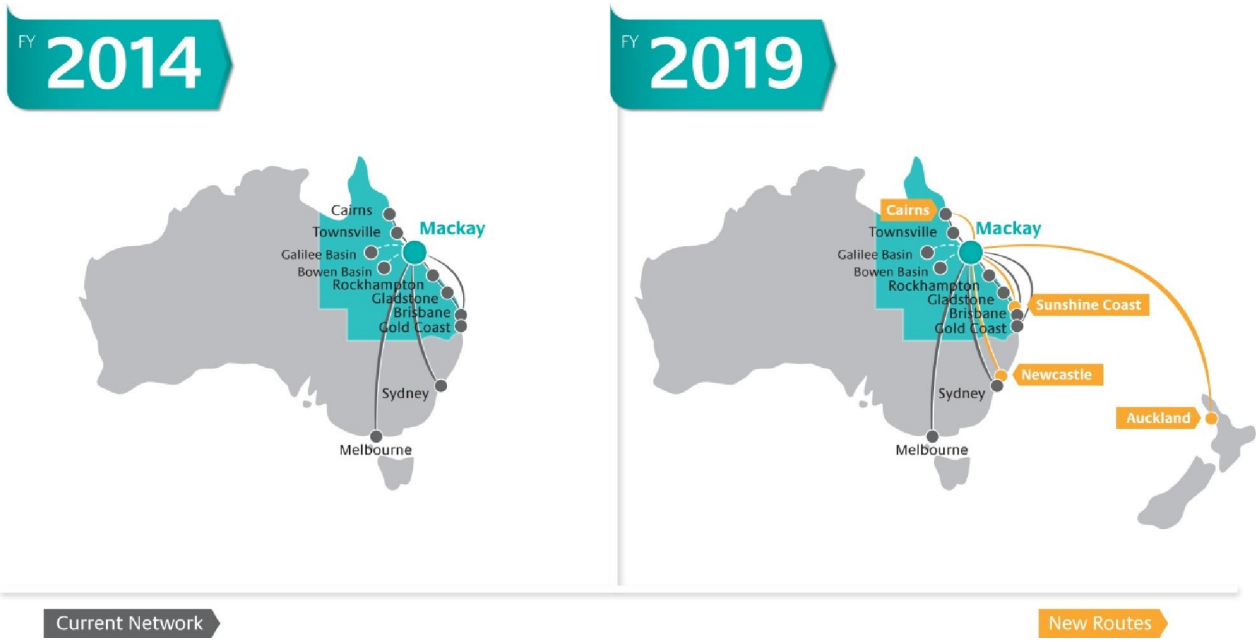
### **Mackay Airport**

Mackay Airport is in the heart of the Central Queensland resource centres of the Bowen and Galilee Basins and adjacent to the popular Whitsundays tourist destination. It offers scheduled services between key Australian cities as well as frequent and flexible charter services.

NQA's vision is to grow and develop Mackay Airport land holdings into a sustainable Central Queensland Multimodal Integrated Transport Hub. Mackay Airport's proposed Land Use Plan is underpinned by the economic opportunities arising from Central Queensland's mining projects, diversified commercial aeronautical activity and the region's growing tourism industry.

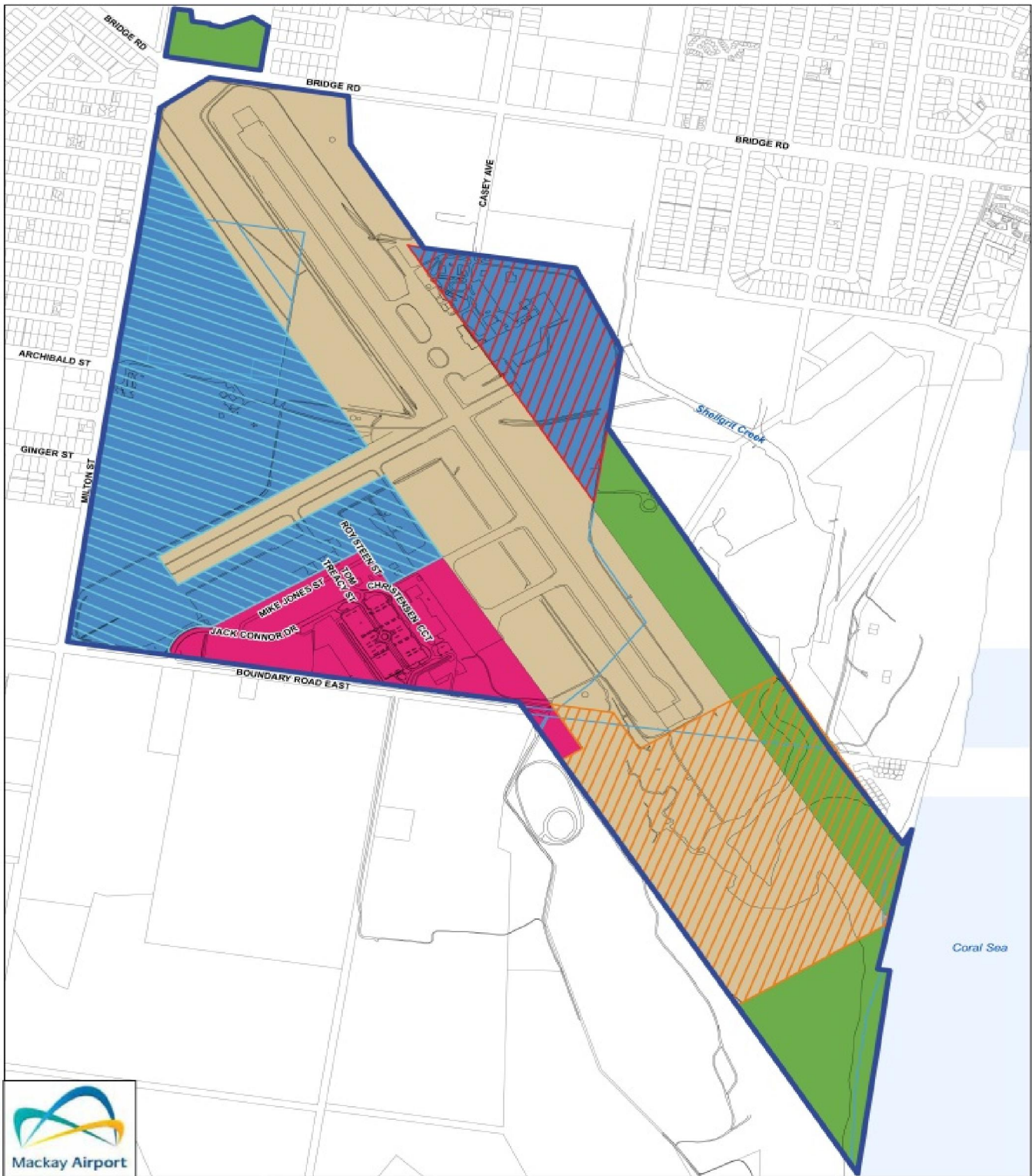
Overall benefits are not just regional, but of "State Significance", providing direct commercial opportunities for new passenger air services, freight and logistics, health care services, primary industries, mining and resources industries, building and construction and retail.

Mackay Airport National Route Network



Mackay Airport Land Use Plan - Currently with State Government for approval

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Airport Zones	Precincts
Green space zone	Aviation enterprise precinct
Mixed aviation zone	Commercial enterprise precinct
Movement zone	Movement expansion precinct
Terminal business zone	
Cadastre	
Airport Boundary	
Airport Lots	

DATE: 09/05/2012	DATUM: Geocentric Datum of Australia 1984 (GDA84) (Zone 55)	+
SCALE: Approx Scale @ A4 1:15,000		
<b>MACKAY AIRPORT LAND USE PLAN 2012</b> ZM-001 ZONE AND PRECINCT PLAN		



## Mackay Airport Terminal Business Zone – Concept

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## Mackay Commercial & Freight Logistics Enterprise Precincts – Concept



NQA has invested heavily in upgrading Mackay Airport since acquisition and will continue to invest to ensure we meet the needs of passengers and all airport users. Approval of the Mackay Airport Land Use Plan will facilitate progress on planned developments for continued investment and contribution to the regional, state and national economies.

## 2. NQA's role in the development of the region's mineral, energy, agricultural, tourism, defence and other industries.

### Employment and economic contribution

Queensland's Deputy Premier and Minister for State Development, Infrastructure and Planning, the Hon Jeff Seeney, recognised the importance of airports as drivers of economic growth in the Economic Directions-Queensland Airports 2013-2023 policy paper, relevantly including the statement that:

*Efficient, accessible and well integrated air transport services and infrastructure are vital to Queensland's four pillar economy and ensuring the benefits of prosperity are spread across the state.*

*Airports are capital intensive and in their own right are significant generators of economic growth and employment.*

This policy paper recognises both Cairns and Mackay Airport as being of strategic significance to Queensland's economic development.

NQA is committed to the communities in which it operates. Our airports serve as cornerstones of the Cairns and Mackay regional economies, contributing a total of almost \$4B each year and generating over 40,000 jobs.

The redevelopment of Cairns Airport will create a significant number of jobs throughout construction and once the development is fully operational. A study prepared by Norling Consulting Pty Ltd indicates that the proposed new land uses within the Aviation Enterprise and Commercial Enterprise precincts are likely to generate the following benefits to the regional economy:

- \$921 million of construction costs on the site which would contribute \$829 million to Cairns' Gross Regional Product and \$958 million to the Queensland's Gross State Product;
- Employment onsite is estimated at 2,100 full-time equivalent person years;
- After including flow-on benefits from the construction of the two precincts, the project is estimated to generate a total of 3,500 full-time equivalent job years in Cairns and a total of 4,200 full-time equivalent job years in the State.

Norling Consulting forecast that at completion the Aviation Enterprise and Commercial Enterprise precincts are likely to generate the following:

- Annual revenues on the site of \$933 million which would contribute \$870 million or an additional 10% to Cairns' Gross Regional Product and \$1.1billion to the State's Gross State Product;
- Employment onsite of 5,300 full-time equivalent jobs;
- After including flow-on benefits from the operation of the facilities at the Aviation enterprise and Commercial enterprise precincts, a total of 9,000 full-time equivalent jobs in Cairns and a total of 10,000 full-time equivalent jobs in the State, which would increase the current workforce in Cairns by around 10%.

North Queensland Airports also commissioned Norling Consultants to provide an Economic Report outlining the potential benefits of the Mackay Airport Draft Land Use Plan underpinned by the Mackay Airport Draft Master Plan.

The Queensland Government listed Mackay Airport as the fifth busiest airport in the state in its 2013 document titled *Economic Directional Statement Queensland's Airports*, which recognised the enormous contribution made by the state's airports to the regional and state economies. Mackay was only surpassed by the international airports of Cairns, Gold Coast and Brisbane and internationally capable airport of

Construction of the proposed new land uses within the Mackay Airport Terminal Business Zone, Commercial and Aviation Enterprise Precincts is likely to generate the following benefits to the regional economy:

- \$902m of construction costs on the site would contribute \$721m to the Mackay Gross Regional Product and \$937m to the State Gross State Product;
- Employment created on-site forecast at 2,100 full-time equivalent jobs.
- After including flow-on benefits from the construction of the three precincts, the project is expected to generate a total of 3,100 full-time equivalent jobs in Mackay and a total of 4,100 full-time equivalent jobs in the State.

NQA provides over \$2M in support and sponsorships for regional economic development, tourism marketing, key events, activities, initiatives and organisations that contribute to the social and economic well being of our local communities. Our company is committed to sustainability with a strong focus on environmental initiatives including recycling and energy reduction.

### **Tourism**

The UNWTO estimates that around 30 per cent of the world's middle class population is now in Asia, with this figure expected to increase almost fivefold over the next 20 years to 3.4 billion, or 60% of the world's total.

Accordingly, the UNWTO further predicts that the strongest growth in world tourism to 2030 will be seen in Asia and the Pacific, where arrivals are forecast to increase by 331 million to reach 535 million in 2030 (+4.9% per year). Europe (from 475 million to 744 million) and the Americas (from 150 million to 248 million) will grow comparatively more slowly.

China became the number one source market in the world in 2012, spending US\$ 102 billion on international tourism. Chinese visitation to Cairns has grown at an exponential rate over the past 5 years, increasing by 149% since 2008.

An efficient airport is integral to the operation of the tourism industry. The National Visitor Survey estimates that spending by the 1,269,000 domestic visitors to the Cairns/North Queensland region in 2010/11 was \$1.439 billion and that those that travelled to/from the region by air accounted for 50% of visitors. Spending by domestic visitors was estimated at \$1,133 per visitor. Those dependent on the airport are estimated to spend at a rate higher than this. At \$1,500 per visitor, spending in the region by domestic visitors by air is estimated at \$952 million.

Estimates from the most recent International Visitor Survey (YE Sep 2013) for expenditure in Cairns by the 703,000 international visitors to the region was a minimum of \$671 million. Of the total number of international visitors to the region, the International Visitor Survey estimates that 90% arrived by air, generating \$604m in regional expenditure.

Page | Mackay is a gateway to the popular Whitsunday tourism destination and also has a growing local tourism  
12 industry which Mackay Airport supports through financial contribution to, and working in partnership with, Mackay Tourism.

### **Trade**

As an airport operator, we also have an important role to play in enabling the conduct of trade in the region, as the quality of logistics is an essential element of an exporter's competitive advantage. The flow of air freight is, like any other trade flow, the result of connecting supply with demand. Whereas an airport has little or no control over the factors that influence supply in the local source market or demand in the foreign consumption market, it does play a critical role in the supply chain as a facilitator of efficient trade.

Air freight has become increasingly important for transporting goods on Australia's international routes, largely due to the fact that Australia is a large island nation which lies far from densely populated business centres such as Singapore, Hong Kong, London, Paris, New York and Los Angeles and that movement of freight by sea on Australia's international routes is time consuming. Goods that are moved by air are mostly light and high-value goods requiring urgent delivery.

In Cairns, the supply of air freight services for exporters is tightly linked to services for outbound passenger traffic. In many respects, air freight is a close companion of the international passenger travel market, as around 90 per cent of air freight movements into and out of Australia travel in the belly hold of passenger services. As such, the ability of Cairns Airport to attract new passenger services on international aviation routes will have important implications for the supply and configuration of air freight services for North Queensland's exporters.

Population and income growth in the Asian region is driving increased demand for food—in quantity, quality and product integrity. The real value of global food demand is expected to rise by around 35% by 2025 from 2007 levels, with most demand coming from Asia. China and India alone could account for almost 60% of the global increase. The size and scale of global food markets will shift as an increasingly affluent region demands higher value food and greater food choice. Consumer food preferences and diets in our region will also change, becoming increasingly homogeneous.

Cairns Airport is extraordinarily well placed to emerge as a major export and trans-shipment point for air cargo travelling between Australia and Asia. The farms and sustainably-managed fisheries of Queensland's northern regions are an abundant source of fresh produce, beef, dairy products and seafood that have the potential to not only meet domestic demand, but also to grow in prosperity through exports to our regional neighbours, particularly to Asia.

The catchment area for cargo to and from Cairns is also very large and well connected by road and rail infrastructure. Whereas the majority of Queensland's air cargo currently moves through Brisbane, much of the beef, dairy and horticulture exports originating from the regions north of Rockhampton could be sent

*North Queensland Airports submission to the Joint Select Committee on Northern Australia 14 March 2014*

by air to Asia from Cairns Airport far more economically in the future should capacity on wide-body jets become available through the establishment of new direct passenger services to key markets.

Cairns Airport is the only airport within the geographic area of interest to the Joint Select Committee on Northern Australia that is served by international passenger services using wide-bodied jets. As the cargo capacity of a narrow-bodied jet (A320/B737) is generally no more than 1 metric tonne, compared with a cargo capacity of between 15 tonnes and 40 tonnes for a wide-bodied jet (A330/A340/B777/B787), air freight in any quantity can only be carried efficiently by wide-bodied aircraft.

With the significant increase in Chinese visitation to Cairns and the Great Barrier Reef over recent years expected to continue, wide-bodied jet services between Cairns Airport and China will grow rapidly over the coming years, potentially bringing with them the capability to move more air cargo directly to China from Cairns Airport than from any other airport in Australia. Whilst this capacity is one element essential to increasing exports from North Queensland, equally critical will be timely investment in the infrastructure and services required to efficiently process the additional cargo.

Australian State and Federal Governments, through their respective tourism agencies, have until now provided conditional financial support for the establishment of new international passenger aviation services to Cairns on the basis of their prospective contribution to the regional economy through tourism expenditure. Economic growth flowing from the trade opportunities presented by the cargo capacity of a new international service has not previously been a basis for seeking government assistance.

### **Resources**

Cairns Airport supports a mining workforce of over 2,100 people located in Cairns, on the Atherton Tablelands and throughout the Cassowary Coast. These people are generally engaged in fly-in-fly-out (FIFO) work at mines throughout Central Queensland, Far North Queensland, PNG and—to a lesser extent—Western Australia. The workers involved are generally highly paid with an average annual income of more than \$120,000. Estimated contribution to the regional economy from this group is approximately \$240 million per annum.

In March 2013 the Mackay Whitsunday Regional Economic Development Corporation reported that the largest contributor to GRP in the region was mining, with other top performing sectors including:

- Construction (4.4% of total GRP),
- Manufacturing (4.1% of total GRP),
- Transport, postal and warehousing (3.6% of total GRP),
- Wholesale trade (3.4% of total GRP) and;
- Agriculture, forestry and fishing (2% of total GRP)

The resources industry has been the key economic focus for the Mackay region over the past decade, with a large workforce engaged in the construction of new mining infrastructure in addition to operating established mines. This sector currently faces some challenges but there are also some key opportunities through new, expanding and proposed mining operations.

Mackay Airport welcomes one million passengers each year and continues to develop as an integrated multi-modal hub for Central Queensland for transport and logistics. A passenger survey conducted in 2012 at Mackay Airport showed that 41 per cent of its passengers were involved in the resources industry and were flying in and out of Mackay Airport on a regular basis. Almost half of these passengers reside in South East Queensland and many are seeking better connections for their regular travel between work and home through direct flights between Mackay Airport and the Gold Coast, the Sunshine Coast, Melbourne and Cairns. Jetstar has just announced that it will operate a daily direct Mackay-Gold Coast service from 28 June 2014.

The challenge for Mackay region is now to step up, reinvent itself and develop strategies to leverage the operational phase of mining, and diversifying away from its 50% reliance on mining, to build a more sustainable economic model. The move towards diversification and innovation throughout industry in Mackay is ripe. This was demonstrated by the recent *Diversify Mackay* forum led by Mackay Regional Council which brought government, business and industry leaders together to workshop ideas for economic diversification. These industry leaders understand the economic situation, previously reliant on mining, has changed and business is retraining the workforce and identifying how they can drive costs down and increase productivity. The forum identified 10 key strategic initiatives to drive economic diversification in the Mackay Region, with the first being the development of Mackay Airport and the Mackay Seaport as the key transport and freight hubs for the region.

**3. Identify the critical economic and social infrastructure needed to support the long term growth of the region, and ways to support planning and investment in that infrastructure.**

If Northern Australia seeks agricultural prosperity through becoming “Asia’s Food Bowl”, investment must be made early in the infrastructure prerequisite to moving our products efficiently from the areas of production to the points of consumption. Our export commodities are ultimately transported to international markets by either sea or air, but their journey usually begins by road or rail, and it is the efficiency, security and seamless connectivity of these disparate modes of transport that is essential to our competitiveness.

**Bruce Highway**

As our capital cities grow and their road networks become increasingly congested, the time required to carry goods by road just from the outskirts of these cities to their airports is adding significantly to the overall time and cost of the journey from the farm. Connecting the major centres of Northern Queensland with an improved Bruce Highway would encourage the movement of export freight to sea ports and airports in the north of the state, drawing heavy trucks away from the already-congested roads of the South East.

**Kuranda Range**

The Kuranda Range is a significant barrier to transporting produce in bulk from the production areas of the Atherton Tablelands to Cairns Airport and the Port of Cairns. Whereas the Kuranda Range road can and does take semi-trailers, it is not suitable for B-Doubles, thereby limiting its capacity to facilitate the movement of freight.

The Kuranda rail line could be a viable means of moving large quantities of fresh produce down the Kuranda Range to the air and sea ports but investment in the land-rail interfaces along the length of the rail line would be required, as would an investment in rolling stock appropriately specified for the characteristics of this line. .

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Page | **Air Cargo Facilities**

15 In order to grow cargo throughput, Cairns Airport needs to attract significant investment in improved cargo facilities, yet a commercially-viable return on such an investment may not be achievable in the near term. For example, the establishment of an irradiation treatment facility is necessary to allow direct export of mangoes and lychees to New Zealand, Malaysia and the United States, but the significant upfront capital investment in such a facility is unlikely to be recovered within a period that is acceptable to potential investors.

### **Special Economic Zone**

The spectacular economic growth of China rests in no small way upon strategic economic zoning. The establishment of China's first Special Economic Zone in Shenzhen in 1980 increased that city's share of provincial trade from 1% to 20% within 5 years, and served as a model for more than 180 zones that have been established throughout China since and that now employ more than 50,000 people. China now accounts for about 19 percent of the roughly 2,300 Special Economic Zones of various forms in 119 countries, clustered mainly in Asia, the Pacific and the Americas.

The primary producers of Northern Australia already face tough competition in winning a larger share of Asia's massive perishables markets. Whilst the renowned quality and safety of produce originating from Australia provides some competitive advantage, our costs of production and transport to markets force most exporters to pursue only the premium end of each market, sacrificing volume for yield.

Australia should look to the most successful Special Economic Zones abroad to develop a model that meets the objective of growing Northern Australia's export capabilities and competitiveness.

## 4. Impediments to Growth

### Passenger Movement Charge

Australia currently applies a Passenger Movement Charge of AUD \$55 to all departing international passengers to offset the cost of government-provided services. Australia is one of only a few countries in the world to apply such a levy, and even within the group of OECD countries that do apply departure tax, Australia's is the highest for short-haul international flights and the second-highest for long-haul flights. In the World Economic Forum's *Travel and Tourism Competitiveness Index* for 2013, Australia was ranked number 130 out of 140 countries for competitiveness of *Ticket Taxes and Airport Charges*.

The rate of the Passenger Service Charge is a very significant barrier to attracting new international passenger services to Cairns. Cairns' proximity to South-East Asia would make it a viable destination for short-to-medium-haul leisure traffic from that region if fares were competitive, but with many low cost carriers in South East Asia charging less than \$300 each way on short-to-medium haul flights within the region, Australia's PMC is often more than 25% of the ticket price. Airlines are forced to raise the overall ticket price to cover this cost, thereby making alternative tropical destinations more attractive.

### Integrated resort

After a prolonged period of market contraction, Cairns is suffering from underinvestment in tourism infrastructure. As a (self-declared) top tier international tourism destination, Cairns lacks the resort facilities that might be expected by the contemporary international tourist.

Cairns is also under-prepared for the growth in Chinese tourism that it desires, evidenced by the results of recent China Eastern passenger surveys undertaken by CAPL. These surveys found, inter alia, that Cairns lacks sufficient Chinese language information, offers poor-value-for-money food and accommodation, and does not offer certain experiences that the Chinese visitor is expecting.

The proposal to build the Aquis Great Barrier Reef Resort and Casino in Yorkey's Knob is supported by North Queensland Airports, as this development will raise Cairns' profile throughout Asia as a major tourist destination. NQA expects far-reaching benefits to the regional economy from this development, with the additional airline capacity that this development would inevitably attract also serving to deliver guests to existing hotels and tourism operators throughout the region. This airline capacity would also provide immediate opportunities for the region's primary producers to grow their exports to Asia by utilising the additional air cargo space, and for Cairns to become a significant distribution centre for mail and parcels inbound from Asia.

### Impending Free Trade Agreements

Whereas the current Australian Government clearly has the broadening of Australia's Free Trade Agreement portfolio high on its agenda, the lack of Free Trade Agreements with China and Japan continues to place exporters in Northern Australia at a distinct disadvantage. Our dairy industry in particular, struggles to compete with that of New Zealand which, largely thanks to having a Free Trade Agreement with China in place since 2008, provides two-thirds of that country's dairy imports by value.

### Lack of Economic Diversification



Growth of the communities within which our airports operate is constrained by an over-reliance on the fortunes of one industry. For Mackay this industry is mining; for Cairns it is tourism. Whereas other industries certainly exist within these communities as with any other of a similar size, the affect of a downturn in mining employment on Mackay has brought into stark relief the dominance of mining within the regional economy, just as Cairns' tourism downturn for almost the decade to 2012 saw unemployment in that community rise to among the highest in Australia.

Despite having some highly-regarded tertiary institutions, outside of the healthcare professions, teaching and some engineering disciplines there are few opportunities for university graduates to secure a rewarding career in Northern Australia. Very few State or Federal Government agencies have significant operations north of Brisbane, and there are no particular incentives to national or multi-national corporations to establish a base in Northern Australia in preference to larger urban centres further south.

## 5. Recommendations

1. The establishment of Cairns Airport as a Special Economic Zone (SEZ), the features of which could include:
  - a. The establishment of bilateral agreements to abolish tariffs on certain imports from countries that do not yet have a Free Trade Agreement with Australia;
  - b. The establishment of customs pre-clearance for perishable goods being exported to China and PNG, through bilateral agreements with the governments of those countries;
  - c. Relaxation of certain Foreign Direct Investment (FDI) restrictions for foreign entities wishing to establish operations within the SEZ;
  - d. Concessions on levies for horticulture, dairy and meat products exported from Cairns; and
- e. Tax concessions on maintenance conducted within the SEZ on foreign-registered aircraft, and tariff-free importation of aeronautical components for this purpose.
2. Waive the Passenger Movement Charge for passengers departing Northern Australia's Airports on international flights. This enormous incentive for international airlines to establish services to/from Northern Australia would help to shift capacity from already-congested airports in Brisbane and Sydney by enhancing Cairns and Darwin's viability as the northern entry points to Australia for Asian visitors, at the same time increasing both the volume of air cargo capacity and the choice of markets available to the region's primary producers to grow their exports.
3. Establish Public Private Partnerships for investment in the infrastructure that must be in place in order for cargo to move from North Queensland's production areas to export markets.
4. The international airports in Northern Australia could become de facto members of the ASEAN open skies agreement, by the Australian Government approving bilateral or multilateral Air Service agreements that allow CASA-approved ASEAN-based airlines uncapped capacity to & from Northern Australia.

5. Additional incentives for the establishment of international passenger services that will provide significant export cargo potential. Government support for new international services should not be assessed for their potential contribution to tourism alone, but also for the trade opportunities they offer the region's industries.

6. The development and implementation of strategies to diversify the economies of Northern Australian's significant urban centres through the establishment of large-scale public and private sector employers.

7. The recent Mackay Regional Council led *Diversify Mackay* forum identified key strategic initiatives to generate economic growth for the Mackay region. NQA urges Federal Government support for the implementation of these initiatives, which include development of Mackay Airport as a key transport and freight hub.