



TOWNSVILLE NORTH QUEENSLAND

Federal Government Budget Submission

2020



TOWNSVILLE



CHARTERS TOWERS



HINCHINBROOK



PALM ISLAND



BURDEKIN

Foreword

'A strong North means a strong Nation.'

This is the theme promoted by the Federal Government's 'White Paper on Developing Northern Australia', to transform the nation's top-end into an economic powerhouse.

As the largest city and region in Northern Australia, Townsville North Queensland encompasses five major regional centres: Townsville, Charters Towers, Burdekin, Palm Island and Hinchinbrook. The region contributes over \$16.66B annually to the Queensland economy and is home to nearly 230,000 people.

Over the past eight years, the people of the Townsville North Queensland region have experienced some of the toughest economic conditions in its 153-year history. The downturn in commodities, the drought and dramatic changes in the makeup of the economy saw unemployment in 2012 at an unprecedented 14%, with youth unemployment over 20%. A looming water security issue and skyrocketing energy prices threatened the closure of our remaining manufacturing and production industries and business confidence hit historic lows.

Adding to this, in February 2019, the region experienced one of the worst natural disasters in North Queensland's recent memory. This unprecedented flooding event across the North resulted in significant property damage displacing thousands of residents and severely impacting the capacity of businesses to trade in the Townsville North Queensland region.

Townsville Enterprise seeks to not solely focus on the recovery and the drag caused by the disaster, but to deal with the pre-existing structural issues that undermine future resilience and the investment necessary to resolve these issues. This includes further investment into the key infrastructure and industries that are the lifeblood of regional Queensland, such as flood proofing and upgrading the Mount Isa to Townsville Rail Line and securing the necessary support and policy settings for the mining and resources industry to continue to grow in regional Queensland.

Prior to this event, the landscape was looking more optimistic, and all levels of Government and the private sector have played a part in the region's economic recovery.

Projects like the \$293M North Queensland Stadium and the Haughton pipeline are now becoming reality, the Port of Townsville's \$1.6B expansion project has been approved, the resources sector is ramping up, the private sector is investing again and we have Government policy agreements like the landmark Townsville City Deal and the Australia and Singapore Comprehensive Strategic Partnership providing momentum and funding for future developments.

Whilst the region has been on the move again, unemployment is still sitting uncomfortably at 7.9% and approximately 11,000 people still out of work. We need to work harder to ensure long term job creation now and into the future.

Projects earmarked for North Queensland and declared as 'Coordinated Projects' by Queensland's Coordinator-General, the CopperString 2.0 Project and the North Queensland Country Club and Equestrian Centre (Toolakea) are a part of a pipeline of future investment the region will look to pursue over the coming years.

The targeted priorities included in Townsville Enterprise's 2020 Federal Government Budget Submission have been defined based on their capacity to stimulate economic growth, encourage industry and private sector investment, influence business confidence and create jobs. This is now more important than ever with the additional economic challenges our region is facing after such a devastating weather event.

We encourage the Federal Government to work in partnership with the North Queensland community to fast-track investment and implement policies that will not only get the region back on its feet but secure its long-term future and economic resilience.

Summary of Recommendations

To continue enabling the growth of Townsville North Queensland, Townsville Enterprise is calling on the Federal Government to support the following priorities:

Enabling Infrastructure

- › Lower Energy Prices and Access

Industry Development

- › Hells Gates Dam Business Case and Big Rocks Weir
- › Agricultural Market and Supply Chain Road-Map
- › Tropical Aquaculture Accelerator

Capital of Northern Australia

- › North and North West Queensland – Economic Recovery, Insurance and Tax Concessional arrangements
- › STEMBooster Project
- › Royal Flying Doctor Service Townsville Support Hub
- › Townsville North Queensland Population Target & Defined Regional Development Agenda
- › Townsville Smart Link: Electric Rapid Transit

Economic Stimulus

- › A Strong North West Minerals Province Means a Strong North Queensland

Destination Development

- › Reef HQ Aquarium Upgrade

Supporting the Regions

- › Townsville City Council
- › Burdekin Shire Council
- › Palm Island Aboriginal Shire Council
- › Hinchinbrook Shire Council
- › Charters Towers Regional Council



ENABLING INFRASTRUCTURE

Lower Energy Prices and Access

Recommendation

In support of the Australian Competition and Consumer Commission's (ACCC) recommendations associated with the Retail Electricity Pricing Inquiry—Final Report (July 2018), the Federal Government must ensure that retail price monitoring is streamlined, strengthened and appropriately funded to ensure greater transparency in the market, reducing costs, and allowing Government to more effectively respond to emerging market issues. Consumers require clarity and certainty at all levels on regulation and rules, from the upstream (gas wells) to the end user;

- › North Queensland requires a cohesive, effectively formulated national energy policy that will work to realise sustainable/ competitive energy (electricity/ gas) solutions and promotion of distributed generation close to the fuel source, supportive of the region's future; and
- › Modifying how the Queensland Government distributes its CSO through a GOC is essential to enable retail competition that occurs already in SEQ and the southern states. Victorian and NSW CSOs are distributed through commercial entities already. Review of the National Energy Market rules on connection to the grid for new loads and generators is essential to return timeframes and costs back to reasonable levels.

THE ISSUES

- › Unsustainable and escalating power prices in North Queensland.
- › Townsville North Queensland is not connected to the national natural gas network.

BACKGROUND

North Queensland's electricity prices are having an adverse effect on industry and the local economy. Base electricity prices, exclusive of network and environmental charges, more than doubled between 2015 and 2018.

The current uncertainties over pricing and secure access to energy markets, including Townsville North Queensland's lack of connection to the national natural gas network, is negatively impacting the national and international competitiveness of North Queensland industry, the region's capacity to attract investment and the economy's ability to generate sustainable employment.

Australia's real electricity prices have increased far more than any other OECD nation. In terms of competitive position, Queensland has moved over the past five years from among the world's most cost-effective electricity producers to among the most expensive. This has occurred in an environment of the Queensland market being oversupplied with generation capacity by around 30% (Queensland Productivity Commission, 2016).

Wholesale electricity prices have increased significantly across the National Electricity Market (NEM) since 2012, with Queensland (168% increase to 2017) and South Australia (178% increase) experiencing particularly rapid price rises.

Queensland's generation assets are more highly concentrated than other mainland NEM regions, located in the south east and central regions of the state. The Queensland State Government owns or controls the dispatch of nearly two-thirds of the generation capacity through Stanwell and CS Energy and nearly all of the state's network infrastructure/ companies. Queensland's network (and distribution) costs have primarily been responsible for the increase in electricity costs over recent decades, contributing 82% of the growth in the real cost of electricity (Queensland Productivity Commission, 2016).

Queensland energy generators are not acting in a manner that is conducive to the connection of new loads and new generation – the NEM processes see connections take as long as two years which is 18 months longer than what would have been expected in the 1990's–2000's, with connection costs enormously inflated simultaneously. New access to the grid is therefore stifled and hugely expensive.

The fact is that large energy users in Northern Australia – industry, mining, manufacturers and large businesses – have their energy costs made of 'energy prices', 'losses' (through transmission) and 'energy charges'. These are all Government regulated charges that in many cases are determined by the flows (and losses) of energy.

The Federal Government has allocated \$4.7M in grant funding to accelerate development activities supportive of the CopperString 2.0 Project. The Queensland Government has announced \$1.68M in energy supply and transmission projects as part of its North West Queensland Economic Diversification Strategy; \$1.18M of this will support CopperString 2.0. The Project seeks to establish a transmission line to connect the North West Minerals Province to the east coast electricity grid. The Project will vastly improve the economics of energy supply across North Queensland. Construction of the CopperString 2.0 transmission line would increase gas and renewable energy generation capacity in North Queensland by over 1,200MW. CopperString will deliver significant State policy in terms of development of the NQ Renewable Energy Hub.

This needs to be encouraged because the area between Townsville and Mount Isa is recognised by the Australian Energy Market Operator in its Integrated System Plan 2018 as the only region that has A class wind and A class solar resources. CopperString will facilitate the development of these resources and is expected to cost \$1.5B which can be funded from the private sector. The Federal Government needs to facilitate the involvement of NAIF to ensure maximum economic efficiency is achieved in delivering this common user infrastructure. Financial close should be achieved by the end of calendar 2020.

Increases in network prices over the past decade have been largely due to significant investment by the Queensland Government in network infrastructure over this period to support increased reliability and service standards and strong projected demand growth. The combination of subsidies for renewables at the household and small business level, rapid price increases and soft economic conditions have caused average consumption to fall across parts of the NEM, meaning that the projected increases in average consumption have not occurred. However, under the existing revenue cap regulatory framework, lower electricity use has resulted in higher electricity prices, as fixed network costs (which are the basis for cost recovery) are spread across smaller volumes of electricity. The key message from all parties in the energy industry is that we need clarity and certainty at all levels on regulation and rules, from the upstream (gas wells) to the end consumer.

The Federal Government faces increased pressure over its removal of the National Energy Guarantee (NEG). The key message from all parties in the energy industry is that they need clarity and certainty at all levels on regulation and rules, from the upstream (gas wells) to the end consumer. The Federal Government announced in late October 2018, a series of measures that will seek to address energy prices and reliability. The Australian Energy Regulator (AER) will introduce

a 'price safety net', which involves power retailers setting their prices against a default market price. This was a measure recommended by the ACCC's inquiry into retail power prices.

The Federal Government seeks to support the construction of new sources of energy generation through the Underwriting New Generation Investments program. Energy companies will be required to sign contracts guaranteeing enough energy to meet demand. The Government will develop legislation for monitoring of electricity prices, and this will include receiving recommendations from the ACCC for enforcement remedies and empowering the Treasurer to divest assets if the ACCC recommends.

The ACCC's report reaffirms the significant impact that energy pricing is having on businesses. The recommendations by the ACCC, including increased policing and competition for generators and retailers and reducing asset and transmission costs, must be prioritised and achieved through collaboration with the Queensland Government.

THE SOLUTION

The Federal and State Governments have an obligation to work together on behalf of the North Queensland community in pursuit of this agenda. Under the National Electricity Market rules, the Federal Government is not in a position to influence or police the behaviour of generators or ensure that wholesale prices match costs of production – not prices driven by market distortion. Many of the recommendations identified through the ACCC's inquiry into Retail Electricity Pricing work to address the imbalance and price gouging practices currently impacting energy costs across the nation. The people of North Queensland seek the support of the Federal Government on the following recommendations:

- ▶ North Queensland requires a cohesive, effectively formulated national energy policy that will work to realise sustainable/ competitive energy (electricity/ gas) solutions and promotion of distributed generation close to the fuel source, supportive of the region's future.
- ▶ Modifying how the Queensland Government distributes its CSO through a GOC is essential to enable retail competition that occurs already in SEQ and the southern states. Victorian and NSW CSO's are distributed through commercial entities already.
- ▶ Review of the National Electricity Market rules on connection to the grid for new loads and generators is essential to return timeframes and costs back to reasonable levels.

INDUSTRY DEVELOPMENT

Hells Gates Dam Business Case and Big Rocks Weir

Recommendation

- › Continued support from the Federal Government for the Hells Gates Dam Business Case and including the \$30M allocation for the construction of Big Rocks Weir.

THE ISSUE

The Hells Gates Dam Business Case and the Big Rocks Weir construction have the potential to provide significant employment opportunities and new agricultural investment to the region. The North Queensland community call on Federal Government to continue its support for these transformational projects.

BACKGROUND

The agricultural sector is critical to the Townsville North Queensland economy, contributing 3,642 jobs (3.5%) and approximately \$565M (3.8%) to Gross Regional Product.

The Federally funded \$2.2M Hells Gates Dam Feasibility Study, led by Townsville Enterprise and conducted by SMEC Holdings Ltd, was completed in July 2018. This Feasibility Study was primarily tasked with assessing the agricultural potential of the northern reaches of the Burdekin River catchment and surrounding land approximately 150km northwest of Townsville.

The study identified the Hells Gates development's potential to support large scale/ broad acre agricultural development, irrigation network including the proposed Hells Gates Dam, water distribution, power generation and supply (pumped hydro). While the Feasibility Study primarily addressed the agricultural development potential of the northern reaches of the Burdekin, it also undertook a preliminary investigation assessing environmental and cultural heritage concerns unique to the area.

The study's found that the \$5.35B greenfield agriculture development is economically viable with the potential to open up 50,000+ha of highly productive arable land in close proximity the Upper Burdekin river system. The Feasibility Study defined that the project represented a Benefit-Cost Ratio (BCR) of between 1.4 and 0.68 and the potential to generate up to 4,000 FTE jobs post construction (12,000 during construction) and \$1.3B annually to North Queensland's GRP.

The Federal Government announced on 10 April 2019 that Townsville Enterprise Limited would be engaged to carry the Feasibility Study forward and deliver the Hells Gates Dam Business Case.

The \$24M of Federal Government grant funding associated with the delivery of the Hells Gates Dam Business Case will be a direct allocation from the National Water Infrastructure Fund (NWIDF) and will be overseen and administered by the newly established North Queensland Water Infrastructure Authority (NQWIA).

In line with Australian Constitutional water management arrangements, Townsville Enterprise has been directly engaged by the Queensland Government through the Department of Natural Resources Mines and Energy (DNRME) to undertake the business case process.

THE SOLUTION

The North Queensland community ask the Federal Government's continued support for the Hells Gates Dam Business Case and the construction of Big Rocks Weir.

INDUSTRY DEVELOPMENT

Agricultural Market and Supply Chain Road-Map

Recommendation

- › The Federal Government to provide grant funding support toward the delivery of a 'sector driven' food and fibre value-added and priority infrastructure study that will produce a developmental road-map supporting targeted product and export market growth;
- › The Federal Government to incorporate the 'Agricultural Market Supply Chain Road-Map' body of work as a key component of its continued 2019 flood recovery agenda supportive of North West Queensland graziers immediate and future developmental priorities.

THE ISSUE

Targeted industry driven needs must be the primary consideration in determining how Australia's agriculture stakeholders respond to growing international market demand.

The need for a 'demand led' approach to the formulation of a long-term sector-driven agriculture industry development road maps, with particular focus applied to the recovering beef sector.

BACKGROUND

The increase in volume and value of global food consumption is a major mega-trend that will confront this generation and one that all global, national and regional policy makers should consider as part of their forward planning. International market demand for food security and associated interest in Queensland products exists across burgeoning key markets including East Asia and the Middle East.

To put the region's primary producers, peak bodies, regional stakeholders, investors and government decision makers in an informed position to consider the appropriate allocation of finite resources and supportive policy settings, North Queensland stakeholders partnered with the Cooperative Research Centre for Northern Australia (CRCNA) to undertake the North Queensland Agricultural Market & Supply-Chain Study (NQASCS). The study was publicly released in June 2019.

The NQASCS adopted a 'demand led' approach to the qualification of priority products, target markets, existing supply chain impediments and efficiencies,

industry capacity to supply, sector collaboration/developmental options and future investment considerations. An examination of unmet demand was undertaken across 10 of Australia's leading agriculture export destinations, which subsequently led to the qualification of five key target products (beef, avocados, macadamias, on-shore aquaculture and soybeans) which suited the climate and weather conditions across the north of the state.

The KPMG supply chain work has delivered the region a very clear pathway to develop and drive value into supply chain efficiency with a level of clarity, industry and stakeholder ownership previously unseen in the region. Although the NQASCS produced a valuable body of work, that includes important base-line product and market information that supports future North Queensland agriculture industry decision making, the full potential of the study's recommendations will only be realised if they form part of a wider, 'sector-driven' approach that underpins a strategic industry mapping exercise.

Federal investment in this mapping exercise will provide direction for the development of North and North-West Queensland's agriculture industry. A more developed agriculture industry will have greater resilience in future disasters. There is a need to develop the supply chain collaborations and strategies required to progress all five sectoral opportunities – with emphasis placed upon the beef sector's recovery. This approach would principally be influenced by industry needs and each priority product's developmental requirements in order to efficiently grow to meet future export demand. This would ensure that each resultant 'whole-of-sector' developmental plan would not be influenced by political or regional agenda but importantly reflect the prioritisation of specific enabling investment, sector

coordination, innovation and policy alignment that would underpin the long-term relevance, growth and sustainability of Australia's agriculture sector.

This approach would prioritise how industry seeks to develop capacity to ensure continuity of supply across priority products. This includes an assessment of how the horticulture sector can improve annual yields through the application of innovative technologies, protected cropping options and value-added processes (including; canning, juicing, pulping, pre-prepared meals, health supplements and nutraceuticals).

The potential contribution of major water infrastructure projects in the nation's north that leads to the development of new agricultural capacity must also be considered in determining industry's long-term capacity to meet market demand (this would include such projects the Hells Gates Dam in North Queensland, including the Big Rocks Weir in Charters Towers).

Food waste is a global challenge that has environmental, economic and social impacts. It costs the Australian economy about \$20B a year. 30 percent of the nation's agriculture output is never eaten and is lost at various stages along the supply chain. An industry mapping initiative should also look to leverage and incorporate existing food waste mitigation analysis undertaken by the Queensland Department of Agriculture and Fisheries, CSIRO, AgForce, Growcom and existing investment by the Government into food transformation and advanced manufacturing options.

THE SOLUTION

Given the importance of the agriculture sector to the national and state economies, a comprehensive 'sector driven' developmental road-map is required to guide future infrastructure investment and strategic planning. We also note positive longer-term Federal thinking about supply chain development agenda across other parts of northern Australia, enabling us to work with other regions to build the market scale required.

We ask that the following investment be considered as part of the ongoing flood recovery response by the Federal Government, delivering long-term resilience to the regional economy and supply chains. Key aspects of the proposed 'Agricultural Market Supply Chain Road- Map' include:

- The Federal Government to provide grant funding support toward the delivery of a 'sector driven' food and fibre value-added and priority infrastructure study that will produce a developmental road-map supporting targeted product and export market growth;
- The Federal Government to incorporate the 'Agricultural Market Supply Chain Road-Map' body of work as a key component of its targeted flood recovery agenda supportive of North West Queensland graziers immediate and future developmental priorities.

INDUSTRY DEVELOPMENT

Tropical Aquaculture Accelerator

Recommendation

- › Invest \$67M to create the Tropical Aquaculture Accelerator, ensuring Northern Australia and Queensland continue to enjoy our leadership advantage in aquaculture, at a time when global demand is about to soar.

THE ISSUE

Townsville North Queensland has limited access to enabling infrastructure, reducing research and development that supports the aquaculture industry and sustainability of the Great Barrier Reef. Without the investment of \$67M to create the Tropical Aquaculture Accelerator, it will become increasingly difficult for Northern Australia and Queensland to continue to enjoy our leadership advantage in aquaculture, at a time when global demand is about to soar.

BACKGROUND

Townsville has a world-leading reputation in the marine sciences and is in the perfect location to leverage tropical marine science, engineering and industry skills to address research priorities.

A very real opportunity now exists to build the epicentre of aquaculture in Northern Australia and globally, given our unique position, our track record and our focus on clean, safe and high-quality product. Positioning Northern Australia for the future involves matching what we have to offer with what the world needs.

Food security and the rapidly growing demand for high quality seafood protein (growing at current rate, aquaculture is set to be Australia's second largest agri-food export by 2050 and worth \$12.8B) are two of the biggest challenges we face. Much of the future growth in demand for high quality, clean product will come from Asia's developing economies which are forecast to contain more than half the world's middle class by 2020. This is a very real growth opportunity for Northern Australia and our aquaculture sector.

Northern Australia already boasts some of Australia's most successful aquaculture industries, supported and amplified by James Cook University's (JCU) world leading research and industry collaborations to

further enhance quality, productivity, sustainability and environmental outcomes. There is growing demand for product and, increasingly, for knowledge export (including most recently with UAE).

But, in order to cement and amplify our advantage and protect aquaculture investment to date, we need a new industrial focus – at scale – for the north. Standing still is not an option in this rapidly changing world.

Australian aquaculture production systems must be able to deliver high-quality, consistent volumes of produce, operate with minimal environmental impact, and use sustainable raw feed materials.

Industry has stressed that the aquaculture industry needs innovation if it is to reach its full potential. Townsville is the perfect location to leverage tropical marine science, engineering and industry skills to address research priorities. Investment in facilities supporting industry research and development will provide a critical mass and catalyst for links to other regional Australian and international institutions and industry. Key issues, opportunities and competitive advantage for the aquaculture industry in Northern Australia are:

- › Maintaining technological competitive advantage including rapid phenotyping, energy efficiency, and sustainability;
- › Disease management and genomic-informed breeding to achieve strong growth rates in high quality broodstock;
- › Food security and biosecurity;
- › Bioremediation, environmental and ecological sustainability innovation;
- › Internet of Things capabilities with integrated sensor and control development; and
- › Industry co-location and partnership;
- › Skilled workforce and industry exposed graduates; and
- › Achieving scale.

THE SOLUTION

Invest \$67M to create the Tropical Aquaculture Accelerator, ensuring Northern Australia and Queensland continue to enjoy our leadership advantage in aquaculture, at a time when global demand is about to soar.

The Tropical Aquaculture Accelerator will be a key enabler of the Townsville City Deal designed to develop a plan for economic growth and a commitment to action, investment, reforms and governance needed to implement them. Townsville has industry strengths in aquaculture and is a global leader in tropical and marine research and innovation.

The Tropical Aquaculture Accelerator will bring together JCU's world-leading expertise in research and commercialisation along with the commitment and engagement of pioneering industry partners in fit-for-purpose facilities. This unparalleled combination will unlock ground-breaking advantage in sustainable food production, marine resource management and knowledge amplification and export.

The Accelerator will boost the Northern Australian and Queensland aquaculture industry's sustainability and commercialisation opportunities and translate the research into sector-leading education, training and support for business. Already at #1 in the world for Marine and Freshwater Science, JCU has a track record in growing aquaculture within and across Queensland.

By 2030, the Accelerator with the support of industry will see us build a world-leading aquaculture industry across northern Australia that:

- › Delivers \$2.6B in Gross Regional Product and 11,000+ jobs (predominantly in regional areas) is clean and green (we are already using aquaculture farm discharge to grow algae as secondary crops for food and agriculture) protects, supports and commercialises current and future aquaculture businesses ensures research and development in northern Australian is underpinning significant regional and national growth in aquaculture

Real benefits in terms of jobs and economic growth:

- › An initial stimulus to the Northern Australian economy of \$62.7M, which is forecast to generate additional economic activity of \$150.5M in business turnover, supporting \$69.6M in Gross Regional Product and 460 FTE jobs

Once operational, the Accelerator will enable:

- › Additional aquaculture production of around 125,000t of product than would otherwise be produced (approximately 7% of the total Northern Australian aquaculture production estimated over this period.)
- › A reduction in the overall costs of production per tonne of aquaculture product in Northern Australia of approximately \$137 per tonne by 2034–35
- › \$2.3B in additional aquaculture industry output, supporting \$2.4B in Gross Regional Product (GRP) and 9,766 FTE jobs
- › \$38.9M in additional student expenditure, producing \$53.8M in GRP and 439 FTE jobs
- › \$104.4M in research and facility operations output, supporting \$137.7M in GRP and 1022 FTE jobs (including direct and flow-on activity).

CAPITAL OF NORTHERN AUSTRALIA

North and North West Queensland – Economic Recovery, Insurance and Tax Concessional Arrangements

Recommendation

- › Federal Government to consider key North Queensland evidence and recommendations that will be submitted to the ACCC's Insurance Inquiry this year;
- › Study into the feasibility of a National Catastrophe Insurance Scheme like that of the Australian Reinsurance Pool Corporation, or the extension of the existing Pool to include natural disasters;
- › Federal Government to maintain the ZTO and index from 1993 so that it is substantial enough to serve its intended purpose;
- › Federal Government to implement Zonal Taxation for regional businesses; and
- › Federal Government to facilitate regional payroll tax reform through either directly or indirectly influencing State and Territory policies.

THE ISSUE

- › Sustainable development in Northern Australia is a key growth area for the Australian economy. The North and North West Queensland (NWQ) regions form a large part of Northern Australia's growth potential.
- › North and North West Queensland share a symbiotic relationship, with their economic sustainability and growth being interdependent.
- › There is a clear opportunity, certainly in the public interest, to invest in the recovery and sustainability of this region. That investment will pay dividends across the nation now and into the future.

BACKGROUND

Insurance

In the first half of 2019 weather related events cost the global economy US\$7B. The February monsoon rains and flooding experienced across Townsville and North Queensland resulted in more than 30,000 insurance claims and a bill now topping A\$1.24B. The uninsured losses and regional economic losses far exceed this amount.

Higher insurance premiums in North Queensland and Northern Australia (or above the 26th parallel more particularly) is increasing the financial risk exposure of vulnerable members of our communities; those on

welfare, the elderly and some small businesses cannot afford to insure. Middle income households are expected to pay up to 10% of their take-home earnings to insure basic homes and motor vehicles.

Access to insurance is an essential tool that helps build resilient communities. The high cost of insurance and the ability to access insurance is seen as prohibitive for those looking to invest in the North Queensland region. Without insurance, investors are unable to access credit through financial institutions. This stifles the ability of the region to grow and prosper.

There are many moving parts contributing to the insurance affordability crisis in North Queensland and northern Australia. There is no single solution but there may be a combination of initiatives that will help deliver real and measurable outcomes. Without most of these working in unison we are limited in delivering meaningful results.

The population of North Queensland is in the proximity of 800,000 people. This is a small population with only a fraction of this count contributing to the regional insurance pool, and certainly much less than those contributing to the larger national insurance pool. Insurance companies buy catastrophe reinsurance from global reinsurers or capital markets to insure their portfolios against catastrophic events like that of cyclones and floods, and to meet the Prudential Standards and Capital Adequacy requirements.

In North Queensland, insurance companies pass this cost directly, or in part, onto policy holders in the region. For example, equivalent properties, either commercial or residential, in North Queensland will pay three or more times that of a property in the southern regions of the country.

Other contributing factors to the cost of premiums include limited competition, with many insurance companies opting not to offer coverage in the region. Also, due to Queensland building codes, the cost to rebuild or reinstate properties in the north are upwards of 30% more than those of similar type in the southern areas of Australia.

Options for consideration under the ACCC's Insurance Inquiry:

- › Incentives for insurance companies to insure in the north with a review of the current Prudential Standards and Capital Adequacy regulations – remove costs including rules relating to idle capital reserves;
- › Backing the banks with government guarantees, extend this, in part, to insurance companies that meet set criteria including insuring risk in North Australia;
- › Regional and remote taxation incentives that reward insurance coverage. Reward Resilience.
- › National Catastrophe Insurance Scheme like that of the Australian Reinsurance Pool Corporation, or the extension of the existing Pool to include natural disasters;
- › Resilience rewarded taxation concessions for residences and business that invest in risk mitigation measures; and
- › Fixed state duties that have no rise and fall aligned to premium costs and disallowing a 'tax on a tax'.

A knee-jerk approach to insurance companies is not a solution, neither is increased government regulation. A better approach is to improve the operating environment that incentivises insurance companies for insuring more risks in North Australia. This has the potential to increase the number of entrants to the market and will allow market forces to drive pricing down through competition.

Population Retention & Growth

A strong north means a strong nation. Even though over one million people live in the north — covering the Northern Territory, parts of Western Queensland and Queensland above the Tropic of Capricorn — it accounts for over half of our sea exports (Ports Australia, 2014).

In order to retain and grow regional populations, a key necessity for the retention of sustainable communities in regional Australia, regional economies need:

- › Enabling infrastructure and catalytic projects;
- › Aligned government (Local, State and Federal) policies to facilitate the above; and
- › Progressive and regionally relevant policy settings to enable the private sector to invest in and grow local economies for job creation.

Taxation

Taxation policy can play an important role in the recovery, resilience and sustainability of regional Australia. There are two key current and relevant examples of this:

› Regional and Remote Area Tax Concessions and Payments

The legislation to provide \$1,080 in tax relief via the low-and middle-income tax offset for many taxpaying Australians benefits not only those taxpayers, but also their families, the communities in which they live and the economy. Both the Prime Minister and Treasurer have reflected on the positive economic stimulus provided by letting Australians keep more of what they earn. Appropriate reductions in taxes increases the consumption of taxpaying Australians, providing economic stimulus.

Increasing the regional and remote area tax concessions provides an opportunity to double down in regional Australia on the economic stimulus provided thus far by the changes to the low- and middle-income tax offset. The positive effect in our regional economy would facilitate not only recovery efforts (e.g. in the flood impacted areas of North and West Queensland, also drought and fire affected areas throughout Queensland, NSW and into Victoria), but also help build resilience and sustainability throughout regional Australia.

With the right reform, the Remote Area Tax Concessions and Payments policy has a strong role to play in economic decision making for individuals and their families. That can include where to live, levels of education, jobs, business and economic investment in a region.

The Productivity Commission's draft Remote Area Tax Concessions and Payments report, published in August 2019, explicitly states that the Productivity Commission does not consider that higher living costs should be compensated by other taxpayers. This draft report does not take a dynamic view of the issue, with it often being the case that employers must pay

regional employees more to compensate for a lack of regional services and amenities, this keeps the cost of living relatively higher via higher labour costs for goods and services produced within that community. This also reduces the ability to produce goods and services for domestic and international export. This issue is further exacerbated by steady emigration from the regions to larger cities due to a fear of being 'left out' of the economic growth.

People have continued to leave remote areas as the cost of being 'left out' from the economic growth of the major cities has increased over time — particularly for younger Australians in pursuit of higher education and employment opportunities.

– Productivity Commission, 2019

The draft report acknowledges that those in regional areas often earn more than their counterparts in major cities but takes the view that this is justification for removing the zone tax offset (ZTO). In some regions, higher wages are not only caused by a remoteness premium but can be linked to a particular industry e.g. mining; a factor faintly taken into consideration in the draft report. The Productivity Commission's concept of a remoteness premium when taking into consideration the excerpt above, employers are paying more in many circumstances but to what degree is this attributable to the need to compete with the draw factors from major economic centres.

The Productivity Commission has provided evidence and statements indicating that regional Australian communities have diverse costs associated with each locale and that these costs have shifted over time. This is used within the draft report to partly justify why the ZTO should be abolished. Again, this is a simplistic view that does not take into consideration the complexities of each regional economy.

The Productivity Commission, drawing upon findings from the Transitioning Regional Economies report, state that areas have intrinsic economic value which is the major determinant of growth, not 'artificial advantage' created by Government. They go further, stating that attempts at artificial advantage (economic stimulus) results in net losses for the Australian community; ultimately stating that regions must be self-sustaining. This statement is not entirely contested. However, this submission is not asking for 'artificial advantage', nor is keeping the ZTO the only recommendation as part of this budget submission. There are a range of policies and stimulus that are needed to stimulate growth collectively, not individually.

North Queensland is advocating for a change in the current Remote Area Tax Concessions and Payments policy in Australia to incorporate businesses as well as individuals. For regional centres like Mackay, Townsville and Cairns to remain competitive and attractive places to do business, more needs to be done in the form of enabling policies.

We consider the core potential benefits from meaningful reform to the Remote Area Tax Concessions and Payments to be as follows:

- A geographically spread national population would allow for the pressures to be taken off capital cities in areas such as transport, housing, hospitals, schools and other infrastructure. This would allow for the creation of sustainable communities across regional Australia, including North Australia.
- Investment in the regions provides a higher rate of return than further investment in the capital cities which sees diminished returns on investment.
- Supports the Federal Government agenda to decentralise Government departments and move portions of them to rural and remote regions of Australia (with a similar impetus created for Australia's larger corporates to decentralise their activities).
- Tool to encourage migration, thereby creating business, economic and jobs growth across rural and regional Australia.
- Economic stimulus means more cash in the hands of taxpayers in regional cities to spend in their local economies.

As a base case, it seems equitable that the ZTO at least be indexed in line with inflation (with varying views from past submissions to Treasury as to whether that indexation should start from 1945, 1993 or some other date).

➤ **Regional payroll tax reform**

In addition to the Federal Government's policy objective of lower personal taxes in Australia, the Government has a policy objective of boosting regional employment. We consider that regional payroll tax reform has the potential to play a key role in helping Government boost regional employment – and help regional economies recover, become more resilient and sustainable.

As at March 2019, Townsville's unemployment rate sat at 7.8 per cent, while youth unemployment was recorded at 17.3 per cent. The statistics are even worse in areas of Outback Queensland, with a youth jobless rate of 25.7 per cent in Cape York, Weipa, Mount Isa and Longreach as at March 2019.

We argue that payroll tax by its very nature is an obtrusive tax that hinders the growth potential of tens of thousands of businesses across regional Australia. It sends a very clear and succinct message to employers that if they hire additional employees, they will quite literally pay the price.

We acknowledge that payroll tax is a State based tax and under the jurisdiction of our States and Territories. We do consider, however, that the Federal Government can facilitate regional payroll tax reform through either directly or indirectly influencing State and Territory policies.

The Queensland Government has implemented a 1% discount for regional employers. However, this marginal reduction in the effective tax rate is not as significant as the Victorian Government's; who have halved the payroll tax for regional businesses.

Based on a full-time wage including superannuation of \$68,000 (a level equivalent to the current national median full-time wage), payroll tax in QLD captures businesses with around 19 employees (or fewer for those businesses employing more highly paid personnel).

A reduced payroll tax burden would give operators scope to employ more people and help regional economies grow. A regional economic stimulus could be provided by way of further discounting to the Queensland Payroll Tax similar to Victoria's rates.

There is potential for the Federal Government to facilitate regional payroll tax reform through either directly or indirectly influencing State and Territory policies, for example:

- › Incentivising continued regionally relevant payroll tax reform via amendments to the GST distribution formula to reward those States and Territories that implement such policies (with the very real potential for additional Federal income tax collections from greater levels of employment and stronger business profitability – each dollar of deductible payroll tax paid comes at a 27.5% income tax cost to the Federal Government); and
- › Negotiated outcomes to redirect other Federally funded programs in return for meaningful regional payroll tax reform.

THE SOLUTION

- › Federal Government to consider key North Queensland evidence and recommendations that will be submitted to the ACCC's Insurance Inquiry this year;
- › Study into the feasibility of a National Catastrophe Insurance Scheme like that of the Australian Reinsurance Pool Corporation, or the extension of the existing Pool to include natural disasters;
- › Federal Government to maintain the ZTO and index from 1993 so that it is substantial enough to serve its intended purpose;
- › Federal Government to implement Zonal Taxation for regional businesses; and
- › Federal Government to facilitate regional payroll tax reform through either directly or indirectly influencing State and Territory policies.

CAPITAL OF NORTHERN AUSTRALIA

STEMBooster – North Queensland and North-West Queensland

Recommendation

- › Support Regional Development Australia (RDA) Townsville and North West QLD to implement the STEMBooster Project, a major long-term economic development initiative to develop the pipeline of talent in North and North West QLD (estimated to be \$8M over four years).

THE ISSUE

In order to remain relevant in the future global economy and adjust to a shifting labour market, communities must equip the next generation with the necessary skills to leverage technology and maximise their regional economy. Students must be inspired and empowered to pursue careers in Science, Technology, Engineering and Mathematics (STEM) and not be impeded by their inability to access quality STEM experiences and contemporary curriculum.

Our region is seeing an increased demand for STEM skills in our major employment sectors including mining and minerals processing, agriculture/ cattle/ aquaculture, health and services as well as our emerging industries such as defence, aviation and digital services.

Our region, despite some pockets of strength, has poor education attainment levels compared to state and national averages, as well as high unemployment levels. The gap between Indigenous and non-Indigenous education results is still large in our region, and it is likely that many schools in our region have limited or no access to new technologies and STEM opportunities. Our very high youth unemployment levels coupled with the already existing skills shortages means our lack of suitable workforce may drive current and new businesses and employers to other regions.

Without addressing this issue, our region will suffer from a lack of skilled workforce to drive the economy forward.

BACKGROUND

A key determinant of economic development is the availability of a skilled workforce. Without prioritisation of STEM skills, Northern Australia runs the very real risk of establishing an unskilled and ill-equipped workforce.

Given the tyranny of distance in our region, equitable access for regional communities to technology-based learning is critical to develop our region's workforce. We already have a skills shortage in many areas and high unemployment, particularly with youth. A PwC study found that shifting only one percent of the workforce into STEM roles would add \$57.4B to GDP over the next 20 years (2015).

Now is the time to raise students' awareness of the career opportunities that will be part of our region's future economy and begin to move the workforce into those STEM roles to ensure we can make a difference to the North.

The program aims to make curriculum more interesting and workplace-relevant leading to a pool of job-ready, qualified and motivated workers. North and North West Queensland faces its own challenges with a high level of socio-economic disadvantage and declining population, therefore it is critical we generate economic diversity and the technical skills and expertise required to secure our future.

The successful adoption and integration of STEMBooster across North and North West Queensland would prove a critical step forward in securing the skilled workforce needed to grow the economy.

THE SOLUTION

We seek the Government's support for the implementation of the STEMBooster project by RDA. STEMBooster is a major long-term economic development initiative to develop the pipeline of talent in North and North West QLD. There is opportunity for widespread collaboration with significant impact and for RDA to build on what is already happening in the region.

RDA will roll out a program, similar to the RDA Hunters' ME Program but it will be tailored to the North and North West QLD region. STEMBooster will bring together industry peak bodies, local businesses, educators, parents, students and all levels of government.

Upon securing funding, RDA will engage a STEM project manager and tailor the RDA Hunter's ME program to the North and North West QLD environment as a pilot for Northern Australia. The project will develop partnerships with education providers to plan and implement the program into schools and engage with industry to secure their commitment to school visits, site visits by students and work experience opportunities. STEMBooster will also include a gifting program for smart technologies into schools – e.g. 3D printers, drones, robots etc.

Expected outcomes include increased uptake of apprenticeships that will benefit businesses and employees. The project will deliver an effective collaboration between schools and industry which will provide a pipeline of new employees for businesses in the region. With improved access to equipment for teaching and increased confidence and capabilities of teachers in STEM subjects, the STEMBooster project will work to deliver an innovative workforce for the North and North West QLD region.

CAPITAL OF NORTHERN AUSTRALIA

Royal Flying Doctor Service Townsville Support Hub

Recommendation

- › Federal Government to provide funding towards the initial capital investment of \$45M to establish the Royal Flying Doctor Service (Queensland) Townsville Support Hub.

THE ISSUE

RFDS (QLD) has identified, through a new state-wide infrastructure plan, the need to significantly augment the Townsville base, which provides support across the North Queensland region. More than 2,000 patient transfers are facilitated through the current Townsville base. Patient transfer demand is expected to grow at around 3 per cent per year.

The current Townsville base facility has been in operation since 1996, and combines aircraft storage, aircraft maintenance, and patient transfer – all under one roof. The constraint on size and layout of the current facility now poses an increased risk to the safety of patients and staff. Challenges are presented around the efficient operation and maintenance of aircraft, as well as sub-optimal patient transfer and hand-over experience.

RFDS Board have endorsed the development of a significantly larger facility, which supports the RFDS 'Towards 100' strategy – a strategy designed to support RFDS towards 100 years of continuous operation across Queensland.

The new facility will include separate but adjacent facilities to cater for aircraft maintenance, aircraft storage, patient holding facilities and undercover patient transfer. This facility will require a significantly larger footprint than the current base and include opportunity for like-minded organisations to co-locate with RFDS to enable better coordination of retrieval services, including disaster retrieval coordination.

The Townsville Hub will be a boost for regional employment, with more than 100 full-time equivalent jobs created during construction and the creation of an additional 35 high-skilled, ongoing jobs for RFDS. The current Townsville facility already employs 32 staff, including nurses, pilots, engineers, dental clinicians and support staff. This number of employees will expand in line with the significant boost to services that would be provided with the investment into a Townsville Support Hub.

The establishment of this hub will also support collaboration with other health, logistics and aviation services in the region, including local academics, ensuring the investment is the catalyst to improved services and capacity across the region.

BACKGROUND

The RFDS employs over 400 people in Queensland with positions ranging from pilots, doctors, nurses, engineers, allied health professionals, and a variety of administration and support services roles including finance, marketing and human resources. With its Queensland head office located at the Brisbane Airport, the RFDS operates 20 aircraft from nine operational bases located in Brisbane, Cairns, Townsville, Rockhampton, Bundaberg, Charleville, Mount Isa, Longreach and Roma.

The RFDS's emergency retrieval service operates 24 hours a day, seven days a week, delivering the finest care to more than 290,000 Australians each year, that's one person every two minutes. This iconic service has expanded to provide regular transfers of patients for life-saving surgery such as organ transplants and heart surgery, delivering critical support to those who need it most.

The RFDS also delivers a broad range of essential health care services to rural and remote communities, including general practice, Aboriginal and Torres Strait Islander health, child and family health, social and emotional wellbeing, women's health and health promotion.

THE SOLUTION

With a total project estimate of \$45M, the Royal Flying Doctor Service is seeking Federal Government investment for the Townsville Support Hub. The Royal Flying Doctor Service is contributing \$15M towards the project, with the remaining \$30M being sought from Government.

CAPITAL OF NORTHERN AUSTRALIA

Townsville North Queensland Population Target & Defined Regional Development Agenda

Recommendation

1. The Federal Government must put in place a dedicated Population Policy for Northern Australia and commit to population targets for each of its component regions. In Townsville North Queensland, a population increase target of 140,000 by 2030 is appropriate. This is consistent with high-growth scenarios considered by Infrastructure Australia but will only be achieved if supported by the right policy mix.
2. The Population Policy should focus not only on attracting new residents, but also on retaining existing residents, immigrant targets, and should include:
 - › A commitment to invest in the economic infrastructure, social infrastructure and Government services needed to support the population target;
 - › Legitimate consideration of the relocation of relevant Federal Government department and agency functions to Townsville North Queensland;
 - › Federal Government tax incentives and concessions supportive of regional business development in the North Australian footprint; supporting new investment/ development and the decentralisation of private sector operations;
 - › A whole-of-government requirement for laws and policies that affect Northern Australia to explicitly consider how they will positively impact population growth targets; and
 - › Support relocation research and marketing campaign for Townsville North Queensland.

THE ISSUE

Townsville needs a sustainable population to support its mandate to become an economic hub of regional Australia.

BACKGROUND

Townsville North Queensland needs the right policy settings in place to retain and attract the population needed to underwrite its future economic growth. The Developing Northern Australia White Paper 2015 recognised that rapid population growth is fundamental to unlocking Northern Australia's economic potential and capitalising on its proximity to the burgeoning economies of Asia and the Tropics.

The broad objective of macroeconomic policy is to contribute to economic and social wellbeing in an equitable and sustainable manner.

Unless, as a nation, we are prepared to make a strong commitment to address factors that support the sustainability of regional communities, we will continue to see the exodus of educated and skilled labour to capital cities in pursuit of opportunity and employment. The Federal Government, through the Northern Australia Agenda, should deliver sustainable public-sector employment opportunities and career paths for locals whilst attracting those that are living in cities to regional communities.

Governments of the day have a fundamental obligation to ensure fair and equitable distribution of wealth and opportunity across the nation, supporting and contributing to the regeneration and sustainability of regional cities and communities. If Governments fail to support proactive regional development, they run the risk of economic instability and the emergence of a "two-speed" economy. Not since the influence of Australia's mining and resources boom has Australia found itself in the midst of a two-speed economy, this time comprising: (i) NSW and Victoria (driven largely by Sydney and Melbourne); and

(ii) the rest of Australia (ROA). The size and relative strength of the NSW and Victorian economies means that economic data presented at the national level is masking weaknesses throughout the ROA, particularly that of regional centres. Without an interventionist approach by Government to regional development, the economic divide between southern capitals and regional communities will continue to widen.

Australia's southern capital cities are burdened by a lack of affordable housing options and are unable to address cost of living pressures partly caused their growing populations. It would only seem practical that the Federal Government would seek to alleviate this pressure through the decentralisation and relocation of departmental and agency operations to regional centres, seeking to turn the tide of regional migration.

If we take serving Defence personnel out of consideration, there are over 243,300 Federal Government public servants employed nationally, with less than 2,000 residing in Townsville (ABS; June 2016). Commonwealth Departments whose partial operation or sub-departmental agencies may be considered for rural relocation include:

- › Australian Taxation Office (ATO)
- › Department of Agriculture and Water Resources
Department of Communications and the Arts
Department of Defence
- › Department of Veterans Affairs
Department of Human Services
Department of Education and Training
Department of Jobs and Small Business
- › Department of Infrastructure, Regional Development and Cities
- › Department of the Environment and Energy

The Federal Government should be supportive of the economic and social benefits of relocating relevant Government agencies and jobs to regional communities. Consideration must also be given to the positive externalities associated with this agenda, with the potential to alleviate major city congestion and cost of living pressures. The Townsville Enterprise Senate Enquiry Response to Department Relocation explores this in detail.

Zone Tax Offsets

The Australian Productivity Commission announced in late November 2018 that it will conduct a study into Zone Tax Offsets and related remote area tax concessions and payments. This study is scheduled to commence in February 2019 and to report to government by February 2020.

What is now the Zone Tax Offset was originally

introduced in 1945 as the "Zone Tax Allowance". Currently Ayr, Charters Towers, Ingham and Townsville (and adjoining areas) all fall within "Zone B" for Zone Tax Offset purposes – an individual living in Zone B has a Zone Tax Offset entitlement starting at \$57 per annum (the individual receives this benefit by way of reduction of their income tax otherwise payable – it is not refundable in the event the individual does not pay tax).

The Productivity Commission's draft Remote Area Tax Concessions and Payments report, published in August 2019, explicitly states that they do not consider that higher living costs should be compensated by other taxpayers. This draft report does not take a dynamic view of the issue, with it often being the case that employers must pay regional employees more to compensate for a lack of regional services and amenities, this keeps the cost of living relatively higher via higher labour costs for goods and services produced within that community. This issue is further exacerbated by steady emigration from the regions to larger cities due to a fear of being 'left out' of the economic growth.

People have continued to leave remote areas as the cost of being 'left out' from the economic growth of the major cities has increased over time — particularly for younger Australians in pursuit of higher education and employment opportunities.

– Productivity Commission, 2019

The draft report acknowledges that those in regional areas often earn more than their counterparts in major cities but takes the view that this is justification for removing the ZTO.

The Productivity Commission has provided evidence and statements indicating that regional Australian communities have diverse costs associated with each locale and that these costs have shifted over time. This is used within the draft report to partly justify why the ZTO should be abolished. Again, this is a simplistic view that does not take into consideration the complexities of each regional economy.

The offset amounts have not changed since 1993 – arguably it is long past the time at which they should be reviewed to ensure they continue to deliver on their original purpose. As a base case, it seems equitable that the Zone Tax Offset at least be indexed in line with inflation (with varying views from past submissions to Treasury as to whether that indexation should start from 1945, 1993 or some other date).

The Federal Government should increase the Zone Tax Offset as part of the Federal Budget, to ensure the offset is relevant in addressing living costs.

THE SOLUTION

1. The Federal Government must put in place a dedicated Population Policy for Northern Australia and commit to population targets for each of its component regions. In Townsville North Queensland, a population increase target of 140,000 by 2030 is appropriate. This is consistent with high-growth scenarios considered by Infrastructure Australia but will only be achieved if supported by the right policy mix.

2. The Population Policy should focus not only on attracting new residents, but also on retaining existing residents, immigrant targets, and should include:
 - › A commitment to invest in the economic infrastructure, social infrastructure and Government services needed to support the population target;
 - › Legitimate consideration of the relocation of relevant Federal Government department and agency functions to Townsville North Queensland;
 - › Federal Government tax incentives and concessions supportive of regional business development in the North Australian footprint; supporting new investment/ development and the decentralisation of private sector operations;
 - › A whole-of-government requirement for laws and policies that affect Northern Australia to explicitly consider how they will positively impact population growth targets; and
 - › Support relocation research and marketing campaign for Townsville North Queensland.

CAPITAL OF NORTHERN AUSTRALIA

Townsville Smart Link: Electric Rapid Transit

Recommendation

- › In recognition of the City Deal, commitment to revitalise the Townsville CBD and establish a Health and Knowledge Precinct, a Smart Link should be established between these two hubs. The proposed trackless tram is an affordable and sustainable public transport option to efficiently connect the precincts. The total cost of development will be determined through the pre-feasibility process.

THE ISSUE

The Douglas Health and Knowledge precinct and the Townsville CBD are lacking in connectivity and amenity, which are impeding opportunities for growth and accessibility for the population.

The transformation of Townsville from a regional centre to an important and progressive tropical city on the world stage is at an impasse.

BACKGROUND

Townsville, as the capital of Northern Australia and gateway to the tropics, is a growing metropolis with increasing growth management pressures including a need to maintain productive, sustainable and liveable planning responses. As the city grows, there is a need to ensure alignment between Federal, State and Local Government policy frameworks and private sector investment decisions to ensure that activity centres within the city provide the economic opportunities, services, residential and lifestyle opportunities that are reflective of a major urban centre of regional and national importance.

The Townsville City Deal includes a tri-lateral commitment to develop the Health and Knowledge Precinct and renew and revitalise the city's urban centre. The Smart Link concept has emerged from City Deal dialogues as a key enabler for the development of these key productive precincts in the city of Townsville. This is a city-making initiative and a key enabler in transforming Townsville from a regional centre to an important tropical city on the world stage.

Townsville Smart Link is a proposed electric rapid transit service and active transport corridor linking Townsville's two most significant employment nodes

and knowledge intense precincts, the CBD and the Douglas Health and Knowledge Precinct. The Smart Link carriageway would connect civic and commercial infrastructure, retail nodes, education and medical establishments and an abundance of established and burgeoning businesses and give Townsville the necessary preconditions for medium density, transport-oriented development.

This proposition builds on research into contemporary Public Transport Technology (PTT) platforms for Australian cities undertaken by the Sustainable Built Environment National Research Centre (SBEnc) led by Prof Peter Newman, Curtin University. This work has identified the 'Trackless Tram' as an innovative PTT that provides the benefits of light rail at around 1/10th the cost.

SBEnc are now enquiring into the suitability of particular Australian urban growth corridors for next generation public transport. Townsville is participating as one of these case study research projects with support from Townsville City Council, James Cook University and Townsville Hospital and Health Service. This study, with emphasis on socio economic impact, placemaking and redevelopment opportunities is being led by urban researchers from Griffith University, in association with Curtin University and JCU and will be completed in early 2020.

Townsville already has an existing broad road corridor of around \$37M for a dedicated public transport lane for a Townsville Smart Link which, with the relatively simple addition of lane prioritisation, some intersection works and construction of dedicated 'tram-like superstops' could facilitate the commencement of the Townsville Smart Link.

By establishing a public transport solution, these two urban hubs will be linked, improving accessibility for students (domestic and international), employees within JCU and the hospital, and CBD workers residing in outer suburbs.

The Townsville Smart Link concept is strongly supported by Townsville City Council, James Cook University and Townsville Hospital and Health Service as an important enabler for the Health and Knowledge development strategy as set out in the Townsville City Deal.

THE SOLUTION

In recognition of the City Deal, commitment to revitalise the Townsville CBD and establish a Health and Knowledge Precinct, a Smart Link should be established between these two hubs. The proposed trackless tram is an affordable and sustainable public transport option to efficiently connect the precincts. The total cost of development will be determined through the pre-feasibility process.

ECONOMIC STIMULUS

A Strong North West Minerals Province Means a Strong North Queensland

Recommendation

The Mount Isa to Townsville Rail Line, Townsville Eastern Access Rail Corridor (TEARC) and Port of Townsville upgrade should be seen as critical components of an integrated Mount Isa to Townsville 'Supply Chain'. This critical enabling infrastructure should be assessed by all levels of government as interdependent and non-segmented. The Federal Government must proactively engage with the Queensland Government to define a sustainable and cost-effective operating model that supports long-term contribution of the Mount Isa to Townsville Rail Line to the national economy;

- › Federal Government to support the connection of the North West Queensland to the National Electricity Market (NEM), via delivery of CopperString 2.0;
- › Federal Government to provide continued support to major water infrastructure projects across the North and North West via the National Water Infrastructure Development Fund (NWIDF), including the Hughenden Irrigation Project (HIPCO) development in Flinders Shire, the Cave Hill Dam proposal at Cloncurry, large scale off-stream water storage in the Richmond Shire, and the Hells Gates Dam and Big Rocks Weir near Charters Towers;
- › Federal Government to provide grant funding support toward the delivery of the 'Agricultural Market and Supply Chain Road-Map' – a 'sector driven' food and fibre value-added and priority infrastructure study that will produce a developmental road-map supporting targeted product and export market growth; commencing with the recovering North West Beef Sector (Total Study Cost: \$4M/ over five years); and
- › Federal Government to work with North Queensland communities to identify an appropriate regulation model that will deliver sustainable air services and pricing to communities and industry of the North West.

THE ISSUE

Sustainable development in Northern Australia is a key growth engine for the Australian economy. That in turn is underpinned by strong North and North West Queensland (NWQ) regions.

North and North West Queensland share a symbiotic relationship, with their economic sustainability and growth interdependent.

There is a clear opportunity, certainly in the public interest, to invest in the recovery and sustainability of this region. That investment will pay dividends across the nation now and into the future.

BACKGROUND

The North and North West Queensland economies are critically linked through supply chains and labour flows to North Queensland, particularly for the resources and agricultural sectors. Priority agenda supportive of the growth and ongoing contribution of the region includes:

1. Commitment to ongoing support and investment to enhance the competitiveness of the Mount Isa to Townsville Rail Line.
2. Commitment to competitive and reliable energy supply via connection to the National Electricity Market (NEM).
3. Direct support for large scale water storage projects to facilitate agricultural development – including targeting beef sector recovery.

Each of these key areas are considered in further detail in the following sections.

1. **Commitment to Ongoing Support and Investment to Enhance the Competitiveness of the Mount Isa to Townsville Rail Line**

The widespread flooding event in February 2019 caused significant damage to the track, leading to its closure and the short-term cease of operations for a number of major mining organisations that had to seek alternative supply chain routes to transport minerals to the Port of Townsville.

The improvement in efficiency and capacity is crucial to creating a stronger economy with cost-competitive supply chains, providing the opportunity to grow resource exports. Over the next five years, the Queensland Government will contribute \$380M to maintaining and improving the line, with an additional \$30M for the development of a new container terminal at the Port of Townsville and \$80M to reduce rail access charges (Queensland Government, 2019).

A commitment to long-term investment into key supply chains such as the Mount Isa to Townsville Rail Line is critical to ensure the North West's and more broadly Queensland's position in the Asia and Indo-Pacific region and support the generation of regional jobs and income.

Sun Metals Corporation's recent commitment to a \$300M expansion and upgrade of its Townsville zinc refinery is a key example of the resurgent opportunities in the sector. There are currently major regional manufacturing investments totalling \$4.0B under consideration, including lithium-ion batteries, fertiliser production, nickel processing and cobalt processing.

The Townsville City Council's initiative to develop an Industrial Hub on the Lansdown site at Woodstock comprising a Lithium-ion Battery Plant should remain high on the Federal Government's agenda for continued support.

By adding value to resources within the North West (where viable) and across the broader region, the North West resource industry can remain competitive in the global market while providing a greater economic return to Queensland from the current and future resources produced in the North West Queensland.

2. Commitment to Competitive and Reliable Energy Supply via Connection to the NEM

Townsville Enterprise supports the Draft Strategy's commitment to developing the North West region as a major renewable energy provider in order to reduce operating costs for energy-intensive operations and foster resilience to rising energy costs.

However, the Draft Strategy would greatly benefit from a commitment to supporting the connection of the North West Minerals Province to the NEM. While the energy generation capacity of the North (in particular gas, wind and solar) has grown rapidly and has potential to expand exponentially with the emergence of pumped hydro and potential for coal and gas fired market entrants, limited transmission

capacity on the 275kV network north of Rockhampton precludes the region from realising its potential as a major producer of electricity.

A prime example is the \$160M Kennedy Energy Park located at Hughenden which has been constructed for over seven months but remains idle due to difficulty in connection and energisation to the national grid. Given the challenges of high contestable electricity prices due to the lack of connection to the NEM, Townsville Enterprise suggests that the strategy would benefit from a commitment to fostering investments to connect the North West to the NEM.

CopperString 2.0 is a \$1B project aiming to begin construction in 2020. The project will connect the North West Minerals Province to the National Electricity Grid, providing competitively priced electricity to the community and opening the opportunity for large scale resource projects and renewable generation development. The enhanced transmission strength will provide an attractive location for renewable energy projects and with continued financial support and development, play a crucial role to drive change by providing access to a fair market with minimal barriers to entry.

3. Direct Support for Large Scale Water Storage Projects to Facilitate Agricultural Development

North Queensland supports the Federal Government's strategic focus on agricultural development as a key means to drive diversification and economic development in North West Queensland. The region also supports the identified opportunities for increasing and diversifying agricultural production through high-value cropping options and the potential for irrigated agriculture.

With an increasing global population, reaching almost 10 billion by 2050, comes an increasing demand for global food consumption from reliable, safe producers (FAO, 2017).

North West Queensland agricultural production remains dominated by extensive cattle grazing operations, focussed heavily on low-value breeder properties, with limited regional value-adding or intensive employment opportunities. The industry endures significant variability due to drought as well as the recent flooding which left an estimated loss of approximately 664,000 head of stock.

Given the challenges of extreme distances and limited water storage infrastructure for irrigation, the Draft Strategy would benefit from a greater commitment to large scale water storage and associated

infrastructure. The study region hosts several promising irrigated agricultural projects that would support the development of a sustainable agricultural supply chain from across the North West and the broader region.

Key developments worthy of specific support include the HIPCO development in Flinders Shire, the Cave Hill Dam proposal at Cloncurry, large scale off-stream water storage in the Richmond Shire, and the Hells Gates Dam project located on the outside fringe of the study catchment, which aims to develop up to 50,000 hectares of irrigated agricultural land.

These developments are crucial to the diversification of agricultural production and development of a sustainable and co-ordinated supply chain throughout the North West region. Specific support for the fostering of these and other potential developments is critical to drive step-change for the North West Queensland agricultural industry to fulfil its significant economic development potential.

THE SOLUTION

- › Federal Government to support the connection of North West Queensland to the National Electricity Market (NEM), via delivery of CopperString 2.0;
- › Federal Government to provide continued support to major water infrastructure projects across the North and North West via the NWIDF, including the HIPCO development in Flinders Shire, the Cave Hill Dam proposal at Cloncurry, large scale off-stream water storage in the Richmond Shire, and the Hells Gates Dam and Big Rocks Weir near Charters Towers;
- › Federal Government to provide grant funding support toward the delivery of the 'Agricultural Market and Supply Chain Road-Map' – a 'sector driven' food and fibre value-added and priority infrastructure study that will produce a developmental road-map supporting targeted product and export market growth; commencing with the recovering North West Beef Sector (total study cost: \$4M over five years); and
- › Federal Government to work with North Queensland communities to identify an appropriate regulation model that will deliver sustainable air services and pricing to communities and industry of the North West.

DESTINATION DEVELOPMENT

Reef HQ Aquarium Upgrade

Recommendation

- › Provide a \$53.1M in addition to the \$26.9M commitment to support the immediate requirements of Reef HQ Aquarium requiring improved contemporary technology and extensive infrastructure and asset maintenance to reimagine the facility to be a flagship for energy sustainability as well as for education and reef science.

THE ISSUE

The National Education Centre for the Great Barrier Reef, Reef HQ Aquarium, is ageing and infrastructure is well beyond its effective life.

BACKGROUND

As the National Education Centre for the Great Barrier Reef, Reef HQ is the Federal Government's (through the Great Barrier Reef Marine Park Authority) public face of reef education and engagement activities. Opened in 1987 as a Bicentennial initiative it is home to the world's largest living coral reef exhibit, a natural resource that provides in excess of 140,000 guests annually the opportunity to view and learn about the Great Barrier Reef. Reef HQ provides a real-life reef experience that is accessible for both tourists and locals alike, is an iconic Townsville attraction and provides unique employment opportunities for up to 50 locals. Reef HQ's talks, tours and activities are an integral part of a tourist's experience when visiting the region. Reef HQ delivers in-house and outreach education as well as formal EduTourism programs to international university students, including video-conferencing across the world with an underwater diver.

Located in Townsville's Waterfront Priority Development Area, Reef HQ is ideally placed to be the epicentre of a world leading marine science precinct that showcases Townsville's reputation as a world leader in marine science, research and education. However, after 32 years, rather than being a vibrant and contemporary facility, it is ageing and tired with significant infrastructure degradation.

Reef HQ has not been able to keep up with advances in technology. As development occurs around and beside Reef HQ Aquarium, its degraded appearance becomes more noticeable and less enticing for locals and tourists alike.

As part of the Great Barrier Reef Marine Park Authority, Reef HQ is already a fledgling flagship for sustainability and energy efficiency – a physical demonstration of the choices that can be made to

reduce carbon footprint and other impacts on the reef. Reef HQ is a registered solar power station however lacks thermal storage capacity and the ability to fully offset operations, a feat relevant experts believe is within reach. Reef HQ Aquarium showcases energy efficient materials including Fibreglass Reinforced Plastic (structural uses) and carpet made from 100% recycled ghost nets and other plastics.

Providing an economic benefit to Townsville through tourism and EduTourism, Reef HQ adds significantly to what attracts visitors to the region. Requiring an external face-lift, improved and contemporary technology and extensive infrastructure and asset maintenance, Reef HQ has the potential to support extensions of research partnerships such as those that currently exist with James Cook University and the Australian Institute of Marine Science and showcase the best available reef related science and information. Reef HQ also has the potential to expand to incorporate a dedicated training facility to be at the forefront of reef restoration science, animal husbandry and veterinary services as well as supporting an expanded EduTourism focus for Townsville.

THE SOLUTION

We acknowledge the Federal Government's December 2019 funding commitment of \$26.9M towards upgrading Reef HQ Aquarium. Whilst the commitment only partly addresses the refurbishment requirements that would see this asset reclaim its former glory of a world class Great Barrier Reef education and research facility, it is a solid step forward and a great start after years of neglect across successive Governments.

In support of the immediate requirements of Reef HQ Aquarium requiring improved and contemporary technology and extensive infrastructure and asset maintenance, we seek the Federal Government's support in ensuring Reef HQ remains the National Education Centre for the Great Barrier Reef by providing \$53.1M in addition to the \$26.9M commitment to reimagine the facility to be a flagship for energy sustainability as well as for education and reef science.

SUPPORTING THE REGIONS

Townsville City Council

Lansdown Industrial Precinct

Recommendation

- › Provide \$36.5M in matched funding for essential transport and water infrastructure to enable full activation of the Lansdown Industrial Precinct.

THE ISSUE

The Lansdown Industrial Precinct is under development, with over half of the land committed or conditionally committed to proponents.

Lansdown Industrial Precinct will be fuelled by low-cost renewable energy, creating products that contribute to the battery supply chain. There are also opportunities for hydrogen manufacturers to base themselves at this strategic site, creating the opportunity to build clean energy demand.

The Lansdown Industrial Precinct is strategically located 40km from Townsville. To unlock the full potential of the Precinct, direct road access to the Flinders Highway and water connection infrastructure is required.

Concept studies to connect the Lansdown Industrial Precinct to the Flinders Highway have costed the critical infrastructure required at \$50M. It is estimated that \$23M is required to provide a water pump station and to connect Lansdown to the Haughton pipeline, providing future industry the capacity to directly access affordable raw water for industrial use. Without these investments, the proposed developments will not proceed.

BACKGROUND

Developing Townsville as the 'Industry Powerhouse of the North' is a key outcome of the *Townsville City Deal*. Central to achieving this commitment will be the accelerated development of the Lansdown Industrial Precinct.

Over half of the precinct's 1,500 hectares of developable land has already been committed or

conditionally committed, with 660 hectares currently remaining for new users.

Two cornerstone projects have publicly committed to the site. These are Imperium3's proposed \$3B 18 GWh lithium-ion battery cell manufacturing factory and Pure Minerals Limited's battery materials refinery. These two projects alone will generate more than 1,500 direct ongoing jobs, 5,000 indirect ongoing jobs and over 1,500 construction jobs.

The precinct will be vital for Townsville's continued economic growth as it transitions from its dependence upon traditional industry sectors, such as mining and resource processing, and takes up opportunities within the hi-tecs battery technology and hydrogen manufacturing sectors.

A core feature of the Lansdown Industrial Precinct is access to clean energy solutions. This will be generated by Edify Energy's proposed 200 megawatt (expandable to 800 megawatts) Majors Creek integrated clean energy hub, adjoining the Lansdown Industrial Precinct. This clean energy hub will provide Lansdown tenants with a behind the meter renewable energy supply at a significantly lower and more predictable cost than conventional retail options.

The Lansdown Industrial Precinct will transform Townsville's advanced manufacturing and renewable energy sector. It will activate industry and export growth for Australia. Lansdown Industrial Precinct will set the new benchmark in Australia for development of industrial areas.

THE SOLUTION

Under the Townsville City Deal, tripartite concept studies into the optimum access point and infrastructure required have revealed that the

Lansdown Precinct would best be activated by a connection to the Flinders Highway over the Queensland Rail Line. This is costed at \$50M. Additionally, access is required to raw water sourced from the Haughton pipeline. This is costed at \$23M including pump station infrastructure.

It is requested that the Federal Government partner with the Queensland Government by contributing \$36.5M to the total \$73M cost of the new road and water connection infrastructure. A matching contribution of \$36.5M is also being sought from the Queensland Government. The Townsville City Council's contribution will centre on internal road and other service infrastructure estimated at \$5M.

Federal Government support will be a catalytic investment, not only for Townsville's economy, but also for Australia's advanced manufacturing, technology and processing industry supply chains.

SUPPORTING THE REGIONS

Townsville City Council

North Australian Concert Hall and Arts Precinct

Recommendation

› Provide \$40M to deliver a world-class Concert Hall and Arts Precinct for the North.

THE ISSUE

The lack of suitably scaled venue and limited calendar availability at existing venues is restricting the growth of audiences and nurturing of local talent.

Townsville is overlooked by major national and international performances due to the lack of facilities. At present, the cultural and arts offering for the region is limited compared to other equivalent regional cities. This creates a cultural vacuum and favours those who can afford to travel to access broader cultural and arts experiences in capital cities.

While Townsville is home to the North Australian Festival of Arts and Australian Festival of Chamber Music, we are unable to grow and expand due to a lack of suitable facilities. An investment of \$80M will ensure the delivery of a world-class Concert Hall and Arts Precinct for the North.

During construction of the North Australian Concert Hall and Arts Precinct (NACHAP) economic output of \$87M will be achieved, complemented by 272 jobs and \$39M in GRP contribution. During operation, 55 ongoing jobs will be created with an annual economic output of \$11M.

The socio-economic benefits include increased visitor numbers generating economic activity, increased resident economic activity, improved social connectivity, recreation, volunteering opportunities and improving the viability of local community groups and events.

BACKGROUND

Under the Townsville City Deal, Commitment 2 focusses on a Townsville Entertainment and Convention Centre. Several studies have been completed showing that there is clear need for a dedicated concert hall located within the city centre. Facilities that do exist in Townsville are outdated, not fit for purpose and do not contain the modern technical equipment expected by professional artists.

Stakeholder consultation has confirmed that existing arts organisations and festivals are struggling to grow their audience due to this gap. Strong support for a NACHAP is felt across the region's professional and amateur arts organisations.

The economic benefits derived from such a facility will create employment, increased visitation nights and general economic multiplier effects in the local community.

Furthermore, 97% of workers from the North Queensland Stadium are trained and ready for their next construction project, which the NACHAP can provide.

THE SOLUTION

Construction of NACHAP will address the critical lack of high-class performance venues currently impeding Townsville's access to cultural events and the related tourism expenditure.

It is requested that the Federal Government partner with Townsville City Council and the Queensland Government by contributing \$40M to the total \$80M cost of the North Australian Concert Hall and Arts Precinct. A matching contribution of \$40M is also being sought from the Queensland Government.

SUPPORTING THE REGIONS

Burdekin Shire Council

Recommendation

- › \$5.2M towards the provision of suitably located and serviced industrial land in Ayr to meet business and industry needs.
- › \$5M towards the construction of a bioremediation facility at the Ayr/Brandon Sewerage Treatment Plant (STP) to enable a full-scale demonstration facility to be developed and operated.
- › \$4.3M towards water distribution infrastructure to improve water delivery to agricultural properties in the southern part of Burdekin Shire.

Development of New Industrial Land, Ayr

The Issue

Burdekin Shire Council needs to develop new land for industrial purposes in Ayr as the existing industrial estate is close to capacity, with only one vacant lot available for sale. Council receives many enquiries about the establishment of new industry and is unable to promote available industrial land. Land owned by Council which had been set aside for future expansion of the estate is now severely constrained by a State Government 'wetland' overlay that restricts its future development. The Council has therefore had to identify other suitable land to purchase and develop with appropriate infrastructure to provide for the expansion of the existing industrial estate, allowing for business growth and development in the Shire. The Council has purchased the land and requires State funding assistance to undertake the development of the land with appropriate infrastructure.

The Solution

The provision of suitably located and serviced industrial land in Ayr to meet business and industry needs. The requested funding will act as a catalyst to develop further stages of the industrial estate as the land sales from stage one will enable infrastructure provision in future stages, thereby multiplying the initial investment and job creation opportunities.

Funding requested: \$5.2M

Use of Macro-Algae to Remediate Sewerage Effluent by removal of Nitrogen and Phosphorous

The Issue

The project involves the use of fresh water macro-algae to remediate nitrogen and phosphorous from the discharge effluent of the Ayr/Brandon STP. These two nutrients represent a significant threat to the ongoing health of the Great Barrier Reef as reflected

in recent laws introduced by the State Government to control runoff to the Reef. Research trials undertaken with James Cook University indicate the algae can significantly reduce the levels of nitrogen and phosphorous from the wastewater produced by the STP. Council is working in partnership with the company PacificBio, which holds the intellectual property for the macro algae treatment process, to secure funding to build a demonstration facility at the Ayr/Brandon STP.

The Solution

The construction of a four hectare bioremediation facility at the Ayr/Brandon STP will enable a full scale demonstration facility to be developed and operated. Subject to its success, the facility could be duplicated at a number of other STP sites throughout Queensland that are discharging to the Great Barrier Reef lagoon. The technology has a much lower capital and operating cost than other current conventional STP upgrade options designed to remove nitrogen and phosphorous.

Funding Requested: \$5M

Upgrading of the Mount Inkerman Road/Bruce Highway Intersection

The Issue

The project involves the construction of a protected turning lane and deceleration lane on the Bruce Highway adjacent to Mount Inkerman Road. This is to improve safety for locals and tourists at this intersection which provides access to the Mount Inkerman Lookout. The project has been identified by the Queensland Department of Transport and Main Roads for upgrading as part of future improvements to the Bruce Highway in the region. It is requested that the project be given priority for construction to commence within the next 12 months.

The Solution

The project will improve safety for local residents and tourists accessing the Mount Inkerman lookout and nature trail, which is a popular tourism and fitness/recreational site just off the Bruce Highway.

Funding Requested: \$2M

Lower Burdekin Water Warren's Gully System Upgrade

The Issue

The Lower Burdekin Water Board requires funding to upgrade its water distribution infrastructure to improve water delivery to agricultural properties in the southern part of Burdekin Shire. The project is designed to increase the peak flow capacity of the Warren's Gully Aquifer Recharge and water distribution system from 140ML to 250ML per day. The project will enable an increase in irrigated agricultural production and an increase in reliability of the aquifer recharge in peak flow periods. This is to meet demand from properties currently serviced by the irrigation scheme and allow for future agricultural land development in adjoining areas, with 1,000 hectares of land ready to go into production, providing additional employment and economic benefits.

The Solution

The project will allow for an increase in agricultural production in the Shire, with additional land of approx. 1,000 hectares being brought into production. Council is very supportive of this project as it will increase employment opportunities, diversification and economic benefits.

Funding Requested: \$4.3M

SUPPORTING THE REGIONS

Palm Island Aboriginal Shire Council

Recommendation

The Palm Island community is seeking:

- › Federal Government to provide \$30M in funding to support construction of Stages 3 and 4 of a retail and commercial precinct on Great Palm Island; and
- › Federal Government to support the 'Palm Island Readiness and Resilience (RnR) Program' to leverage the opportunities that the Museum of Underwater Art (MOUA) will generate (total cost: \$15M (over five years)/ Federal contribution \$7.5M)

Retail and Commercial Precinct

The project involves construction of Stages 3 and 4 of a retail and commercial precinct on the underutilised waterfront land on Great Palm Island. The precinct will provide a vibrant mix of retail and specialty shops and is designed to bring mainland shopping and service opportunities to the Island, increase employment, community capacity and pride and stem the leakage of vital expenditure from the Island. It will provide a safe and inviting environment to support Palm Island Aboriginal Shire Council's Tourism and Event Strategy.

Readiness and Resilience Program

This targeted program of action will seek to realise the untapped potential of Palm Island through the development of tourism and recreation infrastructure, physical upgrades, and community tourism products and experiences that will leverage the soon to be built Museum of Underwater Art (MOUA) as a catalyst for sustainable long-term development.

In its current state, the Palm Island community is at risk of missing out on the anticipated benefits generated from the MOUA attraction. Unless the appropriate settings exist at the time of its launch, the potential opportunities will remain unrealised.

The initial two years of the strategy will aim to position the Palm Island community to be 'visitor ready' by building upon the findings of the already State-funded 'Maturing the Infrastructure Pipeline Program' and fast-tracking the construction of the identified key enabling infrastructures critical to Palm Island's capacity to host modern visitors. It will address the gaps required to meet tourist needs, utilising and leveraging current initiatives in place such as the new retail and commercial precinct, Small Business Incubator and Indigenous Ranger Program.

Funding for the Program would seek to fast-track needs outlined in Palm Island Aboriginal Shire Council's Tourism and Event Strategy such as:

- › **Multi-purpose Trail Network:** Design and construction of a network of graded tracks for walkers, runners, cyclists and horse riders including breakout platforms, signage and interpretation.
- › **Splash Park:** Installation of a splash park as a safe place for families, children and visitors to socialise and play together.
- › **Transport Development:** Including upgrades to the aerodrome terminal, establishment of a scheduled bus service and a ticketing solution for ferry services.
- › **Feasibility Studies and Investment Attraction** of various forms of new accommodation, a new recreational jetty and boat moorings.
- › **Infrastructure Upgrades** to existing accommodation and installation of interpretation and way finding signage.
- › **Skills Development:** Training of local community members in tourism management, hospitality and small business.
- › **Cultural Precinct Development:** Upgrades to the Indigenous Knowledge Centre and history exhibition and establishment of a centrally located arts studio and gallery.
- › **Marketing and Promotion:** Development of a tourism focussed web page and booking system and conduct of familiarisation trips with influencers and media.
- › **Governance:** Establishment of a local governing body responsible for continued economic growth and development with an organisational structure tailored to the local tourism and economic needs of Palm Island.

SUPPORTING THE REGIONS

Hinchinbrook Shire Council

Recommendation

Hinchinbrook Shire Council is seeking Federal Government support towards the following priorities:

- › Federal Government to provide \$1.5M in funding to assist dredging and beach replenishment, including a comprehensive Environmental Impact Statement at Dungeness to facilitate development of tourism in the area.
- › Federal Government to provide \$750K in funding to undertake the business case, including comprehensive Environmental Impact Statement for the establishment of ramp and jetty facilities at Forrest Beach.
- › Federal Government to provide \$750K in funding towards heated silo storage facilities for pulse, rice and comparable grain production.
- › Federal Government to provide \$20M towards the NQBE Renewable Energy Facility.
- › Federal Government to provide \$450K in funding towards a business case, including comprehensive Environmental Impact Statement for the establishment of an in-stream weir facility within the Herbert River.
- › Federal Government to provide \$835.5K towards the Dungeness Boat Ramp Car Park Extension.

THE ISSUES

Dungeness Marine Access Improvement Project

Hinchinbrook Shire Council is proposing to increase the accessibility of the Enterprise Channel at Dungeness in order to attain all-tide access and safe passage for boating vessels.

Development Applications are in process for the following:

- › Rock wall construction approximately 400m long – \$8M; and
- › Channel dredging and beach replenishment works to create a 50m wide channel estimate 15,000m³ dredge spoil – \$950K per dredging cycle.

New Boat Ramp/Jetty Facilities at Forrest Beach

There are limitations to accessing marine waters in the region, including access restrictions at low tide, with limited to no access for small shallow draft vessels and a lack of all-tidal marine access facilities within reasonable proximity to the Hinchinbrook region.

There is also an inadequate ability to provide safe and efficient marine access for people and goods within the region, including access to Palm and Orpheus Islands and access for Maritime Safety Queensland vessels, a major concern in emergency situations.

Heated Silo Storage Facilities

Due to the cyclical nature of world sugar pricing, alternate cropping industries must be established with a view to breaking sugar cane monoculture and introducing complementary cropping to counter yield decline through soil improvement. This project will encourage and promote diversification in agriculture, complementary to sugar cane production, by value-adding during crop rotational/ fallow cycles, utilising dryland rice cropping and legumes. A lack of suitable storage facilities is impacting transport costs as smaller truck loads need to travel between Hinchinbrook and Burdekin. Efficiencies and improved profitability can be achieved through increased storage capacity, enabling individual farmers the ability to drop loads at a local depot for collection by bigger units when appropriate quantities have accumulated.

Bio Precincts – North Queensland Bio-Energy (NQBE) Project – Ingham

Hinchinbrook Shire Council and community are committed to diversifying to grow their economy and population. NQBE was incorporated by growers to diversify the way they conduct their business for future sustainability. It is envisaged this will be the start of a bio precinct in Hinchinbrook Shire. The NQBE Project has existing State and Federal Development Approvals in place and will deliver a net increase of:

- › 253 'new' jobs to the region (not including an additional 114 truck drivers required to transport the cane to the facility);
- › 400 to 450 jobs during construction over a 2.5 year period
- › \$96M per annum in regional output;
- › \$68M per annum in regional value added; and
- › \$19M per annum in regional income.
- › Herbert River Weir Project

Tidal rises will compromise town water supply operations, given potential for salt water intrusion at Fairford Road water intakes. Advancement of salt water to that extent can be stopped by construction of a weir. An in-stream weir facility within the Herbert River will seek to protect salt water intrusion of fresh water supplies, whilst increasing the opportunity for irrigated horticulture, complementary to sugar cane production, by availability of supplementary irrigation. In addition, it will also increase recreational opportunities for fishing, water sports and tourism adjacent to the township of Ingham.

Dungeness Boat Ramp Car Park Extension

This project value adds to recently completed pontoon upgrades at the Dungeness Boat Ramp which is no longer regarded as a local ramp, but rather, a ramp of regional significance given the utilisation by boaties from the adjoining areas of Townsville and Cassowary Coast. This project has the capacity to triple current capacity by approximately 190 bays. The much-needed car park expansion hopes to reduce current vehicle congestion, as well as allowing for an increasing demand on boating facilities and future growth in the area.

THE SOLUTION

Hinchinbrook Shire Council is seeking Federal Government support towards the following priorities:

Dungeness Marine Access Improvement Project

Federal Government to provide \$1.5M in funding to assist dredging and beach replenishment, including a comprehensive Environmental Impact Statement at Dungeness to facilitate development of tourism in the area.

New Boat Ramp/Jetty Facilities at Forrest Beach

Federal Government to provide \$750K in funding to undertake the business case, including comprehensive Environmental Impact Statement for the establishment of ramp and jetty facilities at Forrest Beach.

Heated Silo Storage Facilities

Federal Government to provide \$750K in funding towards heated silo storage facilities for pulse, rice and comparable grain production.

Bio Precincts – North Queensland Bio-Energy (NQBE) Project – Ingham

Federal Government to provide \$20M towards the NQBE Renewable Energy Facility. The project is shovel ready.

Herbert River Weir Project

Federal Government to provide \$450K in funding towards a business case, including comprehensive Environmental Impact Statement for the establishment of an in-stream weir facility within the Herbert River.

Dungeness Boat Ramp Car Park Extension

Federal Government to provide \$835.5K. The project is shovel ready.

SUPPORTING THE REGIONS

Charters Towers Regional Council

Recommendation

- › Federal Government to support the recommendations of the Townsville Enterprise led Hells Gates Dam Business Case and construction of Big Rocks Weir
- › Adopt a strong policy platform for regional drought assistance
- › Commit to continued and ongoing support towards Flying Fox management
- › Support long-term planning for strategic regional freight and tourism routes through the region including Gregory Development Road
- › Funding towards a new Charters Towers Hospital

THE ISSUES

Big Rocks Weir

The Charters Towers region requires water security to develop prime agricultural land and adequately support residential growth and commercial and industrial development as a direct result of the agricultural opportunities and future tourism opportunities.

Drought Assistance

With agriculture currently a key economic pillar for the Charters Towers region, ensuring the industry remains viable is a central challenge of serving the wider community. The Charters Towers region has been partly or wholly drought declared since 2013. In 2018, part of the region's drought declaration was revoked however 28.5% of the region remains drought declared.

Flying Fox Management

Increasing numbers of flying foxes are significantly impacting our community economically and environmentally as well as reducing the quality of life for residents.

Transport Infrastructure

Given the Charters Towers region's strategic location at the centre of a designated triple-road-train network, the Flinders Highway and Gregory Development Road requires essential upgrades to serve as an alternative North-South route to the Bruce Highway to service ongoing beef and agricultural trade and unlock pending economic development opportunities such as Defence training and further emerging projects.

Improved health services, including a new hospital

Charters Towers region residents are currently travelling frequently to Townsville to receive life-saving dialysis treatment; for birthing and to obtain x-rays and ultrasounds due to eroded service offerings and ongoing gaps in service provision. Furthermore, the

Charters Towers Hospital facility is grossly outdated, with many issues ranging from piping and plumbing, to design and layout as well as there being various areas that do not meet health, safety and fire standards.

THE SOLUTION

Charters Towers Regional Council is seeking Federal Government support towards the following priorities:

Big Rocks Weir

Federal Government to support the recommendations of the Townsville Enterprise led Hells Gates Dam Business Case and construction of Big Rocks Weir.

Drought Assistance

Adopt a strong policy platform with a more insightful and responsive approach to drought policy which considers the impact on regional economies, the level of assistance required by primary producers and landholders and the role local government plays in securing communities against ongoing threats such as drought.

Flying Fox Management

Commit to continued and ongoing support of Charters Towers Regional Council to develop sustainable solutions.

Transport Infrastructure

Federal Government support long-term planning for strategic regional freight and tourism routes through the region; Federal Government fund state-identified works on the Gregory Development Road.

Improved health services, including a new hospital

The Federal Government fund a new, replacement hospital to be built in Charters Towers, alongside Eventide Aged Care Facility with increased speciality services in Obstetrics and Gynaecology, Renal Medicine, Radiology and Ultrasonography.



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