

18 January 2017

The Hon. Scott Morrison MP
Treasurer
The Treasury
Langton Crescent
PARKES ACT 2600
AUSTRALIA

Dear Treasurer,

MAREEBA SHIRE COUNCIL PRE-BUDGET SUBMISSIONS TO COMMONWEALTH GOVERNMENT

I am pleased to present to you Mareeba Shire Council's pre-budget submissions for the 2017-18 Budget.

Our submission, which is designed to ensure Commonwealth knowledge of, and understanding of the critical need for transport corridor connectivity as central to the future development of Northern Australia, focusses on three roads which are without doubt, focal points without which our future development potential will continue to be limited.

These roads are:

- The Ootann Road (a Local Government Road)--a critical connector between the Burke Development Road and the Kennedy Highway to the south.
- The Mareeba Western By-pass--A missing link required to connect the Peninsula Development Road to the Burke Development Road and the Kennedy Highway, facilitating unhindered road train access from the Cape York Peninsula Region to southern markets.
- Burke Development Road (Chillagoe - Almaden)--Linking the mining and cattle grazing regions of the Lower Gulf Region to coastal and southern markets.

These three sections of the region's road network are considered to be crucial for the future expansion of far north Queensland, rather than other possible project options limited to benefiting the Mareeba Shire exclusively. Indeed, two of the roads selected for funding are State controlled roads. The third, Ootann, which for all intents and purposes fulfils the role of a State controlled road, is beyond the capability of the Shire to further develop it.

Council's approach in this submission has been that, as the Shire is at the crossroads of major regional freight routes that connect with State and National routes we must derive State and National outcomes from every dollar contributed.

These separate proposals interlink to create or improve regional freight connectivity and importantly, connect the region to seaports and southern markets. All regional stakeholders agree freight connectivity is integral to regional growth and the growth of Northern Australia. As a for instance, recently a \$20 million lime mining development at Almaden did not proceed due to inefficient logistics; and economic modelling indicates the cost of horticulture produce from the Atherton Tablelands is 16% higher in southern markets due to freight costs.

It is clear that freight connectivity is one of the pillars upon which the future of the capacity of far north Queensland to increase its contribution to the Queensland economy and improve opportunities for all of our communities is based. Financial investment from the Commonwealth Government is imperative to unlocking these opportunities.

Should you wish to discuss these matters please contact me on 07 4086 4599 or 0428 266 078 and email, mayor@msc.qld.gov.au



CR TOM GILMORE
MAYOR

CONNECTING THE FAR NORTH



Ootann Road capacity upgrade

Proposal: Heavy transport capacity upgrade of Ootann Road

Results: Integrated regional heavy vehicle transport network connecting to and from southern markets

Recommendation: Funding commitment \$60 million to upgrade 91km of Ootann Road OR \$10 million per year for 6 years

Mareeba Shire Council recommends the funding of the capacity increase of Ootann Road to take multi-trailer heavy transport, 91km sealing and widening. This will enable the development of an integrated regional heavy transport network connecting far north Queensland and southern markets as well as enhanced intra-regional freight capacity. Ootann Road is a component of broader national inland freight routes connecting Australia north to south and servicing eastern seaboard markets.

This proposal is supported by far north and inland Queensland Councils as well as regional economic development stakeholders.

What the capacity increase to Ootann Road will achieve

- Medium to long term regional economic expansion and jobs growth
- Immediate productivity efficiencies for agriculture, beef, mining and tourism industries and their suppliers, saving between 260km and 680 km per trip (intra- regional) and 1000km (interstate)¹
- Completion of a key component of far north Queensland's regional integrated road network
- Reduction in whole of life road costs by strengthening and widening
- An inland route that connects through to the Hann Highway, servicing eastern seaboard markets and ports.

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The challenge

Logistics inefficiencies are holding back the development of far north Queensland, leading to productivity inefficiencies and stymying commercial investment: costs flow through the economy to end consumers, leading to increased living costs (up to 16% for fruit and vegetables) corresponding with lower standards of living; and increased business costs impact commercial investment and economic expansion. These impacts hold back the capacity of the region to be an economic contributor to State and National economies.

Recognised as a Road of Regional Significance, the proposal to upgrade Ootann Road is a high priority of far north and inland local governments and economic development agencies: Far North Queensland Region Organisation of Councils (FNQROC); Regional Development Australia FNQ and TS (Inland Queensland Roads Action Plan Group); FNQ Region Regional Roads and Transport Group (RRTG), comprised of local governments and Department of Transport and Main Roads; and Advance Cairns, far north Queensland's economic development agency. It is also identified by the Commonwealth Government as a priority infrastructure need for the development of Northern Australia.

¹ Cummings Economics, 2016, Linking the Kennedy Highway and Burke Development Road: Benefit Cost Analysis.

A major transport route for Cape York Peninsula and Gulf of Carpentaria and with the potential to be used by the Atherton Tablelands horticulture industry, the capacity OF Ootann Road is constrained by weather-effected unsealed road sections, creating inefficient heavy transport logistics. In addition to stymying regional economic growth and adding to freight costs, further road degradation increases heavy transport into the Atherton Tablelands - an environmentally sensitive and geographically challenged environment - World Heritage-listed rainforests; part of Queensland's second-largest regional tourist destination; and Kuranda Range limitations. Consequently, heavy transport, travelling north and south, must de-couple and divert hundreds of kilometres into the Mareeba Shire (see Figure 1).

These negative impacts and lost opportunities will compound over time on far northern communities and industries while connected communities prosper. The challenge is to improve links in the heavy vehicle transport network to and from far north Queensland and southern centres, including the direct inland route to Sydney, Melbourne, Adelaide and Perth via the Hann.

The solution

The long term goal of all major regional stakeholders is for Ootann Road to be sealed and widened for multi-trailer heavy transport or progressive sealing and widening. This proposal is included with Council's suite of three strategic economic priorities including the Mareeba bypass and sealing Burke Development Road (Chillagoe to Almaden). All three contribute to regional, State and Australian freight connectivity. These proposals are priorities for Council as Mareeba Shire strategically borders all major inland and coastal far north

locations, except for Cassowary Coast. This includes Cairns, the major regional centre, the Gulf of Carpentaria, Cape York Peninsula and Atherton Tablelands. Consequently, Mareeba is developing as a regional logistics and services hub, particularly for the agricultural sector and its suppliers, with national companies such as Visy (packaging) and Lindsay's Transport setting up operations here. The closest inland centre to Cairns, it is experiencing an average of nearly 2% growth, developing as the region's largest inland commercial centre and an alternative to future coastal development which is constrained by environmental impacts and high lands cost).

Ootann Road is the critical link between Burke and Kennedy Development Roads leading to and from the Hann Highway and Gulf Development Road (see Figure 1). Recognised as a strategic economic priority by regional stakeholders, increasing the capacity of the route will open up far north Queensland as it will achieve a major step in the realisation of a regionally integrated heavy transport network linked north and south and to the Australian eastern seaboard. For example, capacity upgrade of the road will unlock the potential of the beef supply chain in far north Queensland and improve distribution between agricultural communities and markets. Council's conservative cost-benefit analysis indicates a ratio of 1.83.

This is imperative for future economic growth, particularly in regard to emerging Asian markets.

Interior routes, especially when the Hann link is sealed, will provide major savings in transport distances and time, to major southern markets in Melbourne, Adelaide and Perth, but also Sydney, due to freight cost efficiencies with multi-trailer road transport. In regards to agriculture production, this will result in savings up to 16% on costs² of Atherton Tablelands horticulture produce. Additionally, Weipa port, with its proximity to south East Asia also presents an opportunity for sea export.

² Cummings Economics, 2016, Linking the Kennedy Highway and Burke Development Road: Benefit Cost Analysis.

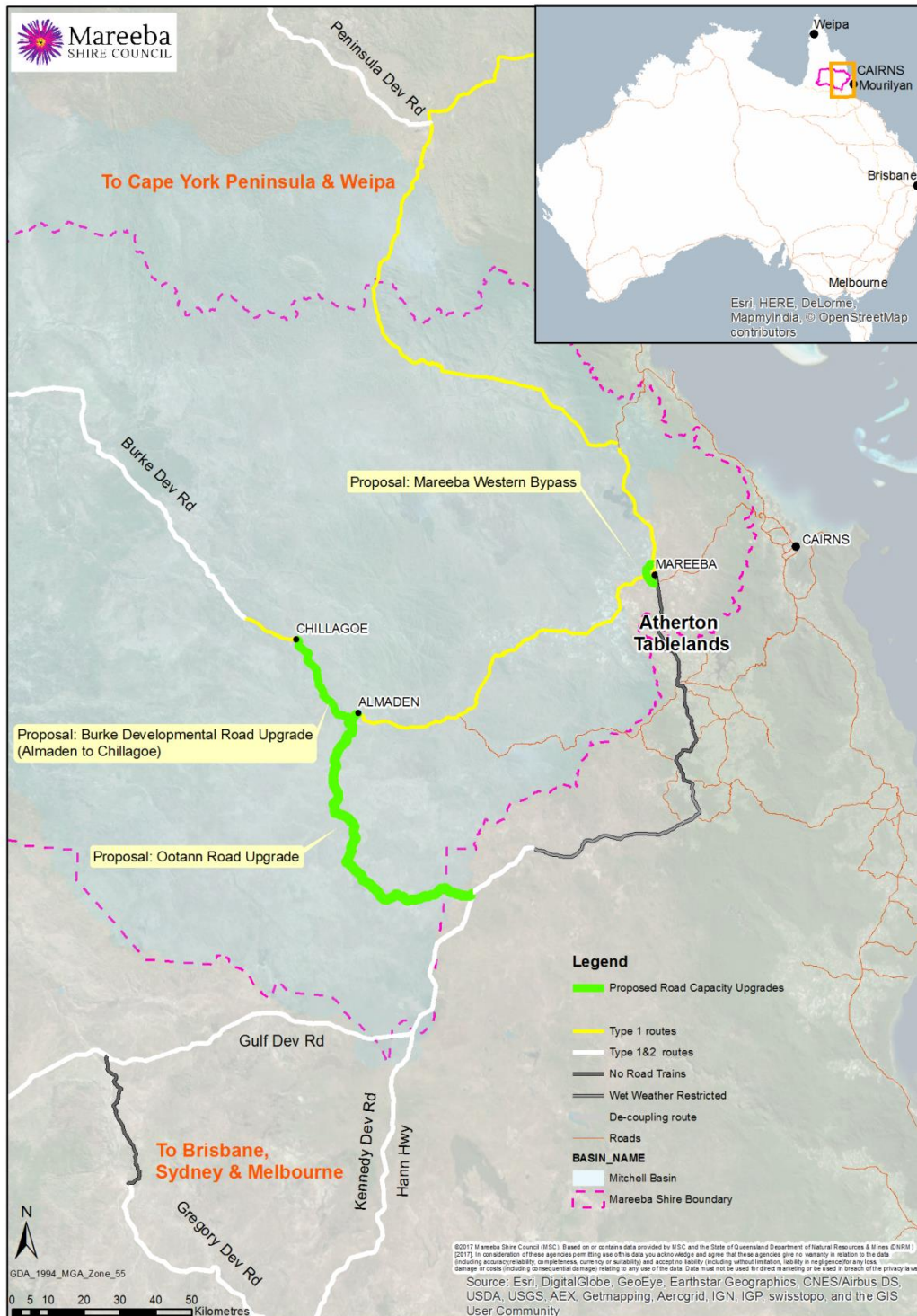
Ootann Road - the highest return on investment of all Australian beef roads modeled by CSIRO's TRANSIT program

Source: Transport Network Strategic Investment
Tool: Application to Northern Australia Beef Roads Programme

Connecting the Far North
Ootann Road capacity upgrade

Ootann Road is a key link to an intra- and inter-state integrated heavy vehicle transport network, connecting far north Queensland to southern markets. Connecting the Burke and Kennedy Development Roads, it will be an economic enabler for far north Queensland expanding agriculture, cattle, mining industries and their supply chains. This will create an efficient alternative inland route integrating with the Bruce and Hann Highways and improving connectivity to air and sea ports; and southern and Asian markets.

Figure 1: Map of far north Queensland freight connectivity.



INTEGRATED REGIONAL HEAVY TRANSPORT NETWORK



Mareeba western bypass

Proposal: Heavy transport capacity bypass linking major highways on Atherton Tablelands

Results: Enabling an far north Queensland logistics efficiencies to and from southern markets

Enabling infrastructure for future regional expansion

Recommendation: Fund \$20 million Mareeba western bypass in stage 1 (northern section) and stage 2 (southern section)

Mareeba Shire Council recommends the funding of the Mareeba western bypass road, in stage 1 linking Mulligan Highway to Mareeba-Dimbulah Road and in stage 2 linking the Mareeba-Dimbulah Road to the Kennedy Highway. This route is a component of broader road transport plans to achieve regional freight connectivity and provide an inland road transport route that connects through to the Hann Highway, servicing eastern seaboard markets. Enabling connectivity between major roads, it will create efficiencies in existing logistics to and from southern markets. Secondly it will introduce enabling infrastructure for future economic expansion in far north Queensland, particularly in the agriculture, beef, mining industries and their supply chains.

This proposal is supported by Far North Queensland Organisation of Councils (FNQROC).

What the bypass will achieve

- Efficiencies in market connectivity for Cape York Peninsula and Gulf of Carpentaria cattle and mining industries and the existing Atherton Tablelands horticulture industry
- Improved commercial viability of horticulture industry expansion e.g. in Gulf of Carpentaria, Cape York Peninsula and Cooktown
- Reduced costs of living in far north Queensland communities including Cape York Peninsula indigenous communities and Cairns
- Facilitation of movements to Mourilyan seaport and Townsville seaport
- Diversion of heavy vehicle traffic off Kennedy Highway in the Atherton Tablelands area and reduced heavy vehicle traffic on the Kuranda Range.

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The challenge

Logistics inefficiencies are holding back the development of far north Queensland. This leads to productivity efficiencies and stymies commercial investment in the far north: costs flow through the economy to the end consumer, leading to increased living costs and corresponding lower standards of living; increased business costs impact commercial investment and economic expansion. For example due to freight costs, the end cost of horticulture produce grown in the Atherton Tablelands can be an additional 16% in southern markets. These negative impacts and lost opportunities will compound over time on far northern communities and industries while connected communities prosper.

Mareeba is at the centre of major highways connecting communities and industries to southern markets (see Figure 1). For example, at present to access all major regional locations including Cairns, multi-trailer heavy transport must terminate five hours from Cairns (at Mt Garnet), and ferries each trailer 164 km to Cairns at great inefficiency. Multi-trailer heavy transport routes into Mareeba would bring the break point much closer to Cairns (63 km).

The challenge is to improve transport efficiency of routes that converge in Mareeba and impact freight to and from far northern centres and importantly, southern centres via the Kennedy Developmental Road and inland routes to the south, including when upgraded, the direct inland route to Sydney, Melbourne, Adelaide and Perth via the Hann. However, the topography, population and World Heritage-listed rainforest of the Tablelands area south of Mareeba along the Kennedy Highway pose a major problem for extending multi-trailer road transport routes through the area. Also routes converge in Mareeba along Byrnes Street, which comprises high traffic volume in the CBD and outlying residential zones.

Without financial investment to unlock these economic opportunities, this critical component of an integrated transport network will not be realised. Mareeba Shire Council is unable to support the development of this critical infrastructure due to its low rates base.

The solution

The Mareeba western proposal is included with Council's suite of three strategic economic priorities including capacity upgrades to Ootann and Burke Development Roads (Chillagoe to Almaden), which combine to contribute to regional, state and national freight connectivity.

These proposals are priorities for Council as Mareeba Shire strategically borders all major inland and coastal far northern locations, with the exception of the Cassowary Coast: the region's major centre Cairns, the Gulf of Carpentaria, Cape York Peninsula and Atherton Tablelands. Due to these geographic advantages Mareeba is at the centre of major routes that connect these regions to markets along the eastern seaboard of Australia through to Melbourne and Adelaide. These major routes include: Kennedy Development Road, Peninsula Development Road and Burke Development Road. In turn these connect to national routes of Hann Highway and Bruce Highway (see Figure 1).

Consequently, Mareeba is developing as a regional logistics and services hub, particularly for the agricultural sector and its suppliers, attracting companies such as Visy (packaging) and Lindsay's Transport. National companies such as Elders, Landmark, Visy and Lindsays have expanded their operations to far north Queensland, based in Mareeba. Others are diversifying their operations into value added processing e.g. MSF Sugar bio-fuel. Mareeba continues to grow as a service centre for the horticulture industry in far north Queensland.

The Mareeba bypass is considered as the most suitable solution to these logistics issues; Department of Transport and Main Roads have advised it is the shortest and most accessible route; and secondly, it does not require land resumption.

Interior routes, especially when the Hann link is sealed, will provide major savings in transport distances and time, to major markets in Melbourne, Adelaide and Perth, but also Sydney, due to freight cost efficient multi-trailer heavy transport.

Integrated regional heavy transport network

Mareeba western bypass

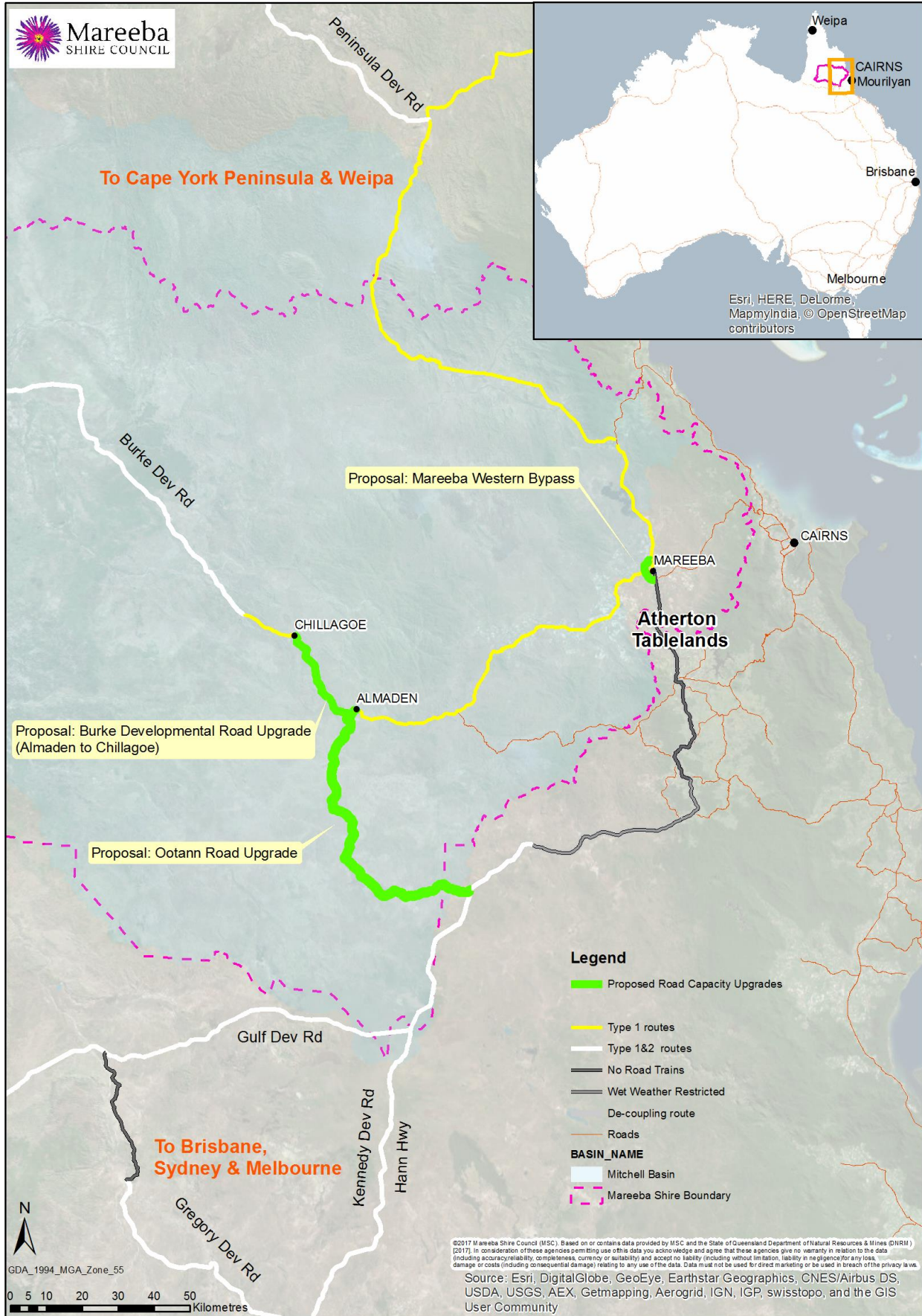


Figure 1: Map of far north Queensland freight connectivity.

Heavy Transport Capacity Upgrade



**Burke Development Road capacity
upgrade (Chillagoe - Almaden)**

- Proposal:** Heavy transport capacity upgrade of Burke Development Road (Chillagoe - Almaden)
- Results:** Improved integrated regional heavy vehicle connectivity to and from southern markets and seaports
- Enabling infrastructure for future regional expansion
- Recommendation:** Funding commitment \$10 million to complete the upgrade of the Burke Development Road (Chillagoe - Almaden) by sealing the two remaining sections

What the capacity increase to Burke Development Road will achieve

- Completion of a component of far north Queensland's regional integrated road network
- Immediate productivity efficiencies for industries; agriculture, beef, mining, tourism and their suppliers
- An inland route that connects through to the Kennedy Development Road, servicing eastern seaboard markets and ports
- Medium to long term regional economic expansion and jobs growth, particularly for mining and agriculture.

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The challenge

The Burke Development Road between Chillagoe and Almaden is experiencing 2.4% growth in heavy vehicle traffic (Australian Bureau of Statistics) yet its capacity remains constrained due to its width and lack of sealing. It links with Peninsula Development Road, Ootann Road and south through to the Kennedy Development Road (see Figure 1).

The immediate Chillagoe-Mungana area has a long term history of mining activity. Affected by world commodity prices, efficient business costs such as freight are imperative to achieve industry stability. There are substantial mining exploration and prospect developments in the area for a wide range of minerals e.g. gold, silver, copper, lead, zinc, wolfram and others. Therefore, further mining development is highly likely to occur. However, freight costs will impact commercial development, as well as the beef industry, and potentially the future of the far north as food bowl.

For example, a \$20 million lime works at Ootan, for shipment through Cairns and Mourilyan to New Guinea gold mining operations, did not proceed due to freight costs. Also until 2012 Kagara Ltd operated five sites throughout



All regional stakeholders agree an integrated heavy vehicle freight network is the most critical infrastructure need

the area (copper and zinc mining), processing 500,000 tonnes per annum; it closed in part due to unsustainable costs of production including freight.

Importantly, The Burke Development Road runs through the Mitchell Basin, the second largest river basin in Australia, marginally less than the Murray Darling River basin. This presents a major opportunity for supporting agricultural expansion in northern Australia which will require supporting road infrastructure to connect to markets.

The constraints of the Burke Development Road hold back the capacity of the region to be an economic contributor to the State and National economies. It also limits the potential of inland freight networks which connect to and from markets as far south as Melbourne and to eastern seaports.

These negative impacts and lost opportunities will compound over time on far northern communities and industries while connected communities prosper. The challenge is to improve heavy vehicle transport links in far north Queensland and connecting to southern centres including via direct inland route to Sydney, Melbourne, Adelaide and Perth via the Hann.

The solution

This proposal is included with Council's suite of three strategic economic priorities including the Mareeba bypass and sealing Ootann Road, all contributing to achieve regional, State and national freight connectivity. These proposals are priorities for Council as Mareeba Shire strategically borders all major inland and coastal far northern locations, with the exception of Cassowary Coast i.e. Cairns, the region's major centre, the Gulf of Carpentaria, Cape York Peninsula and Atherton Tablelands. As the closest inland centre to Cairns, it is experiencing an average of nearly 2% growth (OESR), developing as the region's largest inland commercial centre and an alternative to future coastal development (increasingly impacted by environmental constraints and high land costs). Consequently, Mareeba is developing as a regional logistics and services hub, particularly for the agricultural sector and its suppliers, with national companies such as Visy (packaging) and Lindsay's Transport setting up operations here.

Burke Development Road is a critical link between Peninsula Development Road and Kennedy Development Road, servicing Gulf of Carpentaria and Cape York Peninsula and providing local industry with links to and from southern markets and seaports (see Figure 1). Increasing the capacity of the route will enable the expansion of far north Queensland for mining, agriculture and beef. For example, in the immediate area two large-scale operations have re-opened - Mungana Goldmine, with a 300-person workforce and Mt Lucy Mine (Almaden), shipping perlite and marble lime through to Mourilyan. Given the area's history of mining and the level of exploration other large-scale operations are likely. In the long term agricultural expansion is likely given the location of the road near to the Mitchell River basin.

Securing efficient heavy vehicle transport with links to seaports and markets is imperative for future economic growth, particularly in regard to emerging Asian markets. Interior routes, especially when the Hann link is sealed, will provide major savings in transport distances and time, to major southern markets in Melbourne, Adelaide and Perth, but also Sydney, due to freight cost efficiencies with multi-trailer heavy transport. Weipa port, with its proximity to south East Asia also presents an opportunity for sea export.

Financial investment is required to unlock these economic opportunities. Mareeba Shire Council is constrained in its support of the development of critical regional infrastructure due to a low rates base.

Heavy Transport Capacity Upgrade

Burke Development Road Capacity Upgrade (Chillagoe - Almaden)

Figure 1: Map of far north Queensland freight connectivity.

