



TOWNSVILLE NORTH QUEENSLAND

State Government Budget Submission

2017-18



FOREWORD

Townsville North Queensland encompasses five major regional centres: Townsville, Charters Towers, Burdekin, Palm Island and Hinchinbrook. The region contributes over \$14.1B annually to the Queensland economy and is home to nearly 240,000 people. Townsville itself is now Australia's 13th largest city and is acknowledged by State and National Governments as the "Capital of Northern Australia". The region has one of the most diverse economic bases in Australia and enjoys a stunning natural environment that provides tourism growth opportunities and an attractive lifestyle for its residents.

Key state and national policy documents highlight the critical importance of Townsville and North Queensland as a driver of national economic growth and job creation. The signing of Australia's first ever City Deal for Townsville is testament to the commitment of three levels of Government to drive economic growth, unlock potential for the broader region and encourage business and industry development to help Townsville and North Queensland become:

- the economic gateway to Asia and Northern Australia
- a global leader in tropical and marine research and innovation
- a prosperous and highly-liveable city for residents and visitors.

But Townsville and its immediate region has been doing it tough in recent years and needs targeted government investment and policy support to reverse economic decline.

The flow-on impacts associated with the closure of the Yabulu Nickel Refinery in early 2016 and the loss of over 800 direct jobs are still being realised. Regional unemployment remains very high at nearly 10% and youth unemployment at almost 20%. Investment in projects such as the North Queensland Stadium and the Singapore-Australia Comprehensive Strategic Partnership are welcome initiatives that are applauded in the region, but much more needs to be done if the region's true potential is to be unlocked for local, state and national benefit.

Projects and policies that promote economic diversification and growth are key and leading those priorities is a major focus on the issues of **Water** and **Energy**. For a region abundant with natural resources,

it is no longer acceptable for our businesses and our community to live with the unsustainable costs of accessing these basic necessities and this budget submission strongly focuses on addressing these two economic development inhibitors.

Supporting the Water and Energy priorities are a package of projects and policies that will drive new job generation, create economic opportunity and encourage business and industry to invest.

Townsville Enterprise is calling on the State Government to commit to the following:

Enabling Infrastructure: Successfully accommodate growth now and into the future with a reliable and secure water and energy supply

- Water Security for Townsville
- Sustainable North Queensland Energy Pricing and Infrastructure

Port City

- Port of Townsville Channel Widening Project
- Townsville Eastern Access Rail Corridor

Capital of Northern Australia: Build on the unique advantages of the city and continue growing Townsville as a place where people want to live and work.

- Convention and Entertainment Centre
- The Southern Hemisphere's first Underwater Art Museum for the Great Barrier Reef
- Drive It

Defence Sector

- Townsville North Queensland to become Australia's Northern Defence Maintenance Hub

Innovative & Connected City: Harnessing Tropical Science and Education

- Australian Tropical Biosecurity Network

Economic Diversification

- Papua New Guinea and Singapore
- North Queensland Bio Energy Corporation Limited
- Palm Island Retail and Business Precinct

TOWNSVILLE NORTH QUEENSLAND LOCAL CONTEXT

SHORT TERM ECONOMIC SNAPSHOT



LONG TERM GROWTH FUNDAMENTALS



2017-18

SUMMARY OF RECOMMENDATIONS

Water and Energy lead the priorities for the 2017-18 State Budget.

WATER

- Support urgent, shared State and Federal Government funding for the construction of a new pipeline from the Burdekin to Townsville that provides an affordable, long term urban water supply solution for Townsville residents and businesses.

DEFENCE SECTOR

- Understanding Townsville's leading front-line role in National Defence, we seek targeted State Government policy and funding support for the establishment of a dedicated North Queensland Regional Defence Industries body. This entity would be linked to existing State Government Defence attraction strategies, but would be based in Townsville and would be focused on leveraging the ADF's Integrated Investment Program (IIP) – supportive of local economic outcomes.
- Adjustment of ADF procurement policies to support direct engagement of regional North Queensland firms.
- Commit to supporting the servicing of Army's MRH-90 and CH-47 Chinook helicopters in Townsville.
- Co-location of Defence trade training schools and maintenance units with corresponding force elements presently stationed in Townsville.

PORT CITY

- Approve the Business Case for the \$200M Port of Townsville Channel Capacity Upgrade Project and allocate funding for the project to proceed.
- Complete the Business Case, commence marketing sounding and identify public and private financing models to ensure construction as soon as possible.

CAPITAL OF NORTHERN AUSTRALIA

- Contribute \$130M for the construction of a new Convention & Entertainment Centre, attached to the new Stadium within the CBD precinct.
- Provide \$1.5M to support the development of the Southern Hemisphere's first Underwater Art Museum.
- Commit \$23.5M to the Drive IT NQ Driver Education and Motorsport Precinct.

ENERGY

- Fast-track the establishment of cost effective 'clean technology' base load generation in North Queensland – (seek diversification of ownership);
- The next 2,000MW of electricity generation to be licenced in Queensland must be based in North Queensland and connected to the grid north of Collinsville;
- State Government must use its influence to police the behaviour of the generators so that wholesale prices match the costs of production – not prices driven by market distortion; and
- Review the existing regulatory framework must be expedited in order to address North Queensland's particular issues – (may require the establishment of a different regulatory framework to that of South East Queensland).
- Ensure North Queensland has future access to competitively priced natural gas.

INNOVATIVE & CONNECTED CITY

The State Government support the development of the Australian Tropical Biosecurity Network:

- **Stage 1:** A dedicated diagnostic laboratory facility that would undertake arbovirus monitoring, diagnostic services in aquatic health and routine diagnostic work for any domesticated species in the region up to PC2 level at James Cook University (JCU) in Townsville and expansion of plant pathogen and insect quarantine and applied research capacity at JCU in Cairns (\$30M)
- **Stage 2:** Facilities to deliver education, training, workforce development and research and commercial innovation capacity (\$25M)

ECONOMIC DIVERSIFICATION

- Reinstate \$250K in economic development funding for Townsville Enterprise to expand and facilitate new economic development opportunities in North Queensland.
- Support the NQBE Bio-Fuels Industry Development Fund application for assistance.

URBAN ACTIVATION

- Financial support for the proposed Retail and Business Precinct on Palm Island.



WATER

WATER SECURITY FOR TOWNSVILLE

RECOMMENDATION

- Support urgent, shared State and Federal Government funding for the construction of a new pipeline from the Burdekin to Townsville that provides an affordable, long term urban water supply solution for Townsville residents and businesses.

THE ISSUE

Whereas South East Queensland normally has around 10 years' water supply in storage, the Townsville North Queensland region has around two years' supply.

Townsville North Queensland's lack of water infrastructure is constraining development across the region. While the Burdekin is the third largest river system in Australia, only 2% of its water is currently captured.

The Ross River Dam is Townsville's primary source of urban water and is sitting at 18% capacity. The Townsville City Council Local Government Area is therefore on Level 3 Water Restrictions.

A short, medium and long term water security plan for Townsville has not been developed despite water being the most prominent issue facing the Townsville population.

In 2016, it was acknowledged by the Federal, State and Local Governments that water was an economic development priority for Townsville and was to be addressed through the City Deal Policy Framework. In March 2017, an intergovernmental Taskforce was appointed to investigate short, medium and long-term solutions to water security for Townsville. Local businessman Brad Webb has been appointed as the Chair of this Taskforce.

The Townsville Water Taskforce will independently review water supply options to support the city's future growth.

The Taskforce will provide an interim report to the Prime Minister and the Premier of Queensland by 30 June 2017, with a final report to the Prime Minister and the Premier of Queensland by 30 September 2018.

THE SOLUTION

Ensuring an affordable, long term and sustainable urban water supply solution for the residents of Townsville is vital if the city is to grow and prosper. Affordable water for residential use, community amenity (city greening) and for business and industry is critical if the city is to attract new people and investment.

While Townsville Enterprise supports initiatives to manage demand more effectively, it is only through increased and secure supply that the City can position itself as the true centre for development in Northern Australia. Questions about the ability of the city to provide water for its population and businesses will compromise future development and undermine the credibility of State and Federal strategies that position Townsville as a key driver of national economic growth.

Townsville Enterprise supports the City Deal process and the work of the Water Taskforce to determine the most cost effective water infrastructure but understand that this will be a pipeline solution and that significant funds should be invested by governments as soon as practicable to ensure confidence in the city and region is not compromised any further.

Options for longer term economic growth and opening up agricultural opportunities need to remain on the agenda with a number of feasibility studies occurring at present. The raising of the Burdekin Falls Dam Wall, a new dam at Hell's Gate, and addressing integrated water management rights for the Burdekin system need to remain high on the agenda.

ENERGY

SUSTAINABLE NORTH QUEENSLAND ENERGY PRICING / ACCESS

RECOMMENDATION

- Fast-track the establishment of cost effective 'clean technology' base load generation in North Queensland – (seek diversification of ownership);
- The next 2,000MW of electricity generation to be licenced in Queensland must be based in North Queensland and connected to the grid north of Collinsville;
- State Government must use its influence to police the behaviour of the generators so that wholesale prices match the costs of production – not prices driven by market distortion; and
- A review of the existing regulatory framework must be expedited in order to address North Queensland's particular issues – (this may require the establishment of a different regulatory framework to that of South East Queensland).
- Ensure North Queensland has future access to competitively priced natural gas.

THE ISSUE

North Queensland electricity prices are having a crippling effect upon industry and the local economy. Base electricity prices, exclusive of network and environmental charges, have more than doubled in the past three years (between 2015 and 2017) and continue to increase at a rate of 30% year on year. The current uncertainties over pricing and secure access to energy markets, including Townsville's lack of connection to the national natural gas network, is negatively impacting upon 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 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 prices have thus far risen by 30% in 2017.

Queensland's generation assets are more highly concentrated than other mainland NEM region, located in the South East and Central regions of the State. The 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*).

For North Queensland business and industry to be competitive, there is a vital need to generate more power in North Queensland. GHD's 2013 North and Northwest Queensland Sustainable Resource Feasibility Study affirms that the establishment of additional largescale base load generation in the north would apply significantly downward pressure to power pricing across the region – simply because of the way prices are defined by the existing flow of energy within the system. The fact is that large energy users in Northern Australia – industry, manufacturers and big business – 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 from south to north. By generating 2,000MW of energy in North Queensland, this established power flow from north to south thereby reversing the cycle and the impact of transmission losses and reducing regulated energy charges.

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Simply put, by allowing the north to generate more energy we would be able to drive down energy costs to levels similar to major industrial centres such as Gladstone which currently enjoy a significant power price advantage. 2,000MW could be made up of a variety of energy sources, including renewables. Townsville Enterprise believes the State should use its regulatory powers to ensure that licences for the next 2,000MW of energy should be allocated to North Queensland and connected to the grid north of Collinsville.

The increases in network prices in the past decade have been largely due to significant investment by the State in network infrastructure over this period to support increased reliability and service standards and strong projected demand growth. The combination of 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 allocation of how network charges are allocated also needs to be reconsidered.

THE SOLUTION

North Queensland requires a cohesive, properly formulated national energy policy that will work to realise sustainable/ competitive energy (electricity/ gas) solutions supportive of the region's future. All three tiers of government have an obligation to work together on behalf of the North Queensland community in pursuit of this agenda. The State Government should use its significant control and influence across the electricity industry to ensure:

- Fast-track the establishment of cost effective 'clean technology' base load generation in North Queensland – (seek diversification of ownership);
- The next 2,000MW of electricity generation to be licenced in Queensland must be based in North Queensland and connected to the grid north of Collinsville;
- Queensland Government must use its influence to police the behaviour of the generators so that wholesale prices match costs of production – not prices driven by market distortion;
- A review of the existing regulatory framework must be expedited in order to address North Queensland's issues – (this may require the establishment of a different regulatory framework to that of South East Queensland); and
- Ensure North Queensland has future access to competitively priced natural gas.

PORT CITY

PORT OF TOWNSVILLE CHANNEL CAPACITY UPGRADE PROJECT

RECOMMENDATION

- The State Government approve the Business Case for the \$200M Port of Townsville Channel Capacity Upgrade Project and allocate funding for the project to proceed.

THE ISSUE

Townsville Port is the largest container and automotive port in Northern Australia, supplying a population of nearly 800,000 people with essential goods and materials like fuel, gas, food, furniture, electrical goods, clothing, cement, bitumen and vehicles. Farmers export products like sugar, frozen meat, cattle, fruit and vegetables and mining companies ship out commodities like copper, lead, zinc and silver. It also supports critical Defence operations and cruise tourism in the region and will welcome more than 33,000 passengers and crew during 2017/2018.

At present the Townsville Port can only accept ships up to 238 metres in length. Over the past 40 years ship sizes have grown significantly and are continuing to get bigger. Townsville's channel has not kept up with this growth and is approximately half the width of access channels at other major ports.

If the channel is not widened, North Queensland will be dependent on trucking and railing freight over 1,300 kilometres south. This will add increased cost and time for North Queensland and also be detrimental to the land based environment. More cruise ships will also bypass Townsville, having detrimental impacts on tourism opportunities.

THE SOLUTION

Townsville Enterprise is calling on the State Government to approve the funding of \$200M required to widen the sea channels into the Port of Townsville to provide access for larger ships.

Widening of the sea channels to Townsville Port will:

- Enable vessels longer than 238 metres to safely access Townsville Port
- Significantly reduce freight on road/rail networks between Northern Queensland and Brisbane
- Increase the capacity of existing berths at the Port of Townsville to allow for trade growth.

Positive outcomes of this solution include:

- Cost savings, improved efficiency, safety and environmental outcomes for freight movement
- Increased resilience for North Queensland, particularly when transport connections to the south are cut due to severe weather and flood events
- Reduced congestion on road and rail networks
- Increased capacity of Townsville Port to facilitate domestic and international trade growth
- Creating 120 FTE jobs in Townsville during construction and supports 245 FTE jobs in Queensland
- \$580M present value of benefits – a Benefit Cost Ratio of 2.90 and aggregated benefits over 40 years of \$380M.

The revised detailed business case is to be finalised by April 2017 and submitted to shareholding Ministers for a decision by June 2017. Funding sources are being investigated as a part of the business case.

PORT CITY

TOWNSVILLE EASTERN ACCESS RAIL CORRIDOR

RECOMMENDATION

- Complete the business case, commence marketing sounding and identify public and private financing models to ensure construction as soon as possible.

THE ISSUE

The Townsville Eastern Access Rail Corridor (TEARC) is an eight kilometre rail link directly connecting the Mount Isa Rail Line (and the North West Minerals Province) with the Port of Townsville.

As welcomed in the State Infrastructure Plan (March 2016), Infrastructure Australia has earmarked upgrading the Mount Isa—Townsville rail corridor (which includes TEARC) as a priority project. However, the State Infrastructure Plan did not allocate funding to the project over the forward estimates.

In May 2016, the Federal Government announced that it would provide \$150M in grant funding to the project. Building Queensland has commenced the business case and it is due to be completed in 2017.

THE SOLUTION

The construction of TEARC is vital to the future growth of the Port of Townsville and the economic growth of the broader Townsville North Queensland region. TEARC would take rail traffic out of Townsville's growing urban areas, allow for longer trains (1.4 kilometres), reduce bottlenecks in the Port and provide vital capacity for the growing tonnage demand on the Mount Isa Rail Line.

Construction of TEARC would also support the Queensland Ports and National Ports Strategies.

Townsville Enterprise is calling on the State Government through Building Queensland to complete the business case, commence market sounding and identify public and private financing models that will ensure construction can commence as soon as possible.

CAPITAL OF NORTHERN AUSTRALIA CONVENTION & ENTERTAINMENT CENTRE

RECOMMENDATION

- Contribute \$130M for the construction of a new Convention & Entertainment Centre, attached to the new Stadium within the CBD precinct.

THE ISSUE

The \$250M North Queensland Stadium project will deliver an iconic, 25,000 seat regional stadium in Townsville in time for the 2020 NRL season. With a vision to become an internationally-recognised venue with world-class sustainable architecture and urban design, the stadium will celebrate what is great about North Queensland.

The Managing Contractor will be announced in April, with early works commencing in 2017.

Whilst the stadium development is exceptionally positive and has resulted in increased investor interest, a spike in business confidence and the development of projects in the surrounding precinct the project was always envisaged as one component of the broader Integrated Stadium and Entertainment Centre. The existing Convention/Entertainment Centre at the Breakwater will end its useful life by 2020 and is likely to be closed unless significant investment is made into the facility. Again, the opportunity exists to fund a new facility rather than patch up the old facility – a similar scenario with the old and new stadiums.

At this stage, \$130M is required to complete the Convention & Entertainment Centre component of the project (*Queensland Government Business Case December 2015*).

The full Integrated Stadium and Entertainment Centre project will deliver:

- 1,650 jobs will be created in the construction phase
- \$130M in wages and salaries will be injected into the economy in the construction phase
- \$675M in additional economic output will be generated in the construction phase
- \$5M annual gross value add will be achieved once the Integrated Stadium & Entertainment Centre (ISEC) is complete
- 37,000 new visitors will be brought to the region each year
- \$2M annual visitor spend will be added to the economy once ISEC is complete

(Source: AEC Group 2016, Economic Analysis)

The Townsville City Deal notes the Convention & Entertainment Centre project but only outlines the development of the business case, not the construction of the project.

THE SOLUTION

2017 is a critical year. Townsville's current major stadium and entertainment centre are ageing assets and both will require replacement or refurbishment by 2020.

A study by KPMG shows that it will cost less to co-locate the facilities in the new ISEC complex than to continue to maintain both.

Townsville Enterprise is calling on the State Government to increase its capital contribution by \$130M and complete the ISEC complex.

CAPITAL OF NORTHERN AUSTRALIA

AUSTRALIAN UNDERWATER ART MUSEUM FOR THE GREAT BARRIER REEF

RECOMMENDATION

- The State Government to provide \$1.5M to support the development of the Southern Hemisphere's first Underwater Art Museum.

THE ISSUE

Townsville North Queensland has a growing reputation for providing unique and enriching experiences for residents and visitors alike. These are founded on an inspiring combination of assets, including natural environment (reef and rainforest, weather, etc), international-quality cultural activities (Strand Ephemera, Australian Festival of Chamber Music, etc) and leading scientific institutions (James Cook University, Australian Institute of Marine Science, Great Barrier Reef Marine Park Authority). Building on these strengths, Townsville North Queensland could further strengthen its position as a leading region in Northern Australia through facilitation of an underwater art museum.

Underwater art museums are artistic installations, usually involving sculptured works placed on the seafloor or riverbeds to provide fascinating visual, emotional and physical experiences for visitors. Among the most famous and effective examples of this art form are works by Jason de Caires Taylor, who has installed major works in several Northern Hemisphere locations, including the Bahamas and Grenada (Caribbean), Cancun (Mexico) and London (Thames River).

High-quality, large-scale installations such as those done by de Caires Taylor attract very large numbers of visitors and high-profile media coverage. Such installations in the waters adjacent to Townsville would be the first of their kind in the Southern Hemisphere. They could be a powerful way to strengthen the city's connection to the marine environment, enhance its international profile, and attract increased visitation from domestic and international tourists. It could be a dramatic and enduring way to further differentiate Townsville North Queensland as an attractive and progressive region with unique connections between the Reef, Art and Research.

In 2016, Mr de Caires Taylor's works achieved a global press reach of 700M viewers. The world's first

underwater sculpture park, created by Taylor off the coast of Grenada in 2006, is now listed by National Geographic as one of the Top 25 Wonders of the World. The Museo Subacuático de Arte off the coast of Cancun, Mexico, created by Taylor in 2009, resulted in an increase of annual visitor numbers of almost 400,000.

THE SOLUTION

The proposed approach is to establish an Underwater Art Museum in the waters off Townsville and Palm Island. In addition to experiential and artistic goals, the installations would have strong environmental and educational themes. They would explicitly support Australia's major strategic and policy initiatives relating to the Great Barrier Reef, notably the Reef 2050 Long Term Sustainability Plan and Great Barrier Reef Marine Park Authority's management program.

The vision is to create reconciliation and environmentally themed sculptural installations at one or two inter-tidal locations (entrance to Townsville Port, Geoffrey Bay, Magnetic Island (snorkel trails)), one offshore location (John Brewer Reef) and an installation off the coast of Palm Island that would be reflective of its 100 year anniversary celebrations .

Jason de Caires Taylor has expressed an interest and willingness to undertake the works and will be in Townsville 6–15 July 2017 to prepare the scoping and feasibility study.

The estimated total project cost is \$2M–\$3M. We propose that a public private partnership funding model is appropriate, supportive of the projects realisation whereby State, Federal and corporate funding support would be sought. We are directly seeking \$1.5M in State Government funding support for this project and its realisation in 2018.

Townsville Enterprise is calling on the State Government to support the development of the Southern Hemisphere's first Underwater Art Museum.

CAPITAL OF NORTHERN AUSTRALIA

DRIVE IT

RECOMMENDATION

- Commit \$23.5M to the Drive IT NQ Driver Education and Motorsport Precinct.

THE ISSUE

Drive It NQ Limited is a not for profit (NFP) Company Limited by Guarantee, made up of organisations, clubs and individuals dedicated to the primary purpose of establishing a permanent driver education and motorsport precinct in the Townsville Local Government Area (LGA).

The proposed upgraded motorsports facility at Charters Towers, together with a new Driver Education And Motorsport Precinct for Townsville, will enable North Queensland to cement its positioning as an Events and Adventure destination, and in particular to become a leading motorsports destination.

Drive It NQ has in place a lease agreement with Townsville City Council to establish a new community owned and managed facility based at Calcium.

Townsville North Queensland has been largely without a dedicated motorsport facility since the closure of the Townsville Dragway in 2012 (for the land to be used for residential housing development) and the closure of the Townsville Speedway in 2007. The Drive It NQ precinct will address this need to support driver education and motorsport in Townsville, generating significant economic and community benefits, including:

- Reduced incentive for illegal and dangerous street racing and dragging
- Expanded driver education activities in the areas of L-P Programmes, Defence and Emergency Services, Heavy Vehicle and other Industry specific training, with the potential for significant positive road safety impacts for the greater North Queensland community
- Enhancing Townsville's profile as a motorsport events destination, building on the success of the annual Townsville V8 Supercars (which draws crowds of around 150,000 over three days) and contributes a significant amount to the local economy
- Improving the tourism and events profile of the Townsville region generally, particularly in conjunction with an upgraded motorsports facility at Charters Towers.

- Increased sporting, recreation and entertainment options and amenity for residents.

THE SOLUTION

Drive It NQ proposes to establish a permanent driver education and motorsport precinct, which would also be utilised for other recreational purposes (such as concerts, field days, auctions, etc).

The precinct facility is proposed to include:

- A skid pan for all levels of driver education including heavy vehicles
- A network of interconnect roads that can be utilised for driver education
- A 3.0–3.5km bitumen circuit track
- A range of off-road rally tracks ranging from 1-5km
- International standard drag strip and speedway with grandstand seating
- Common use and large event area facilities.

The precinct is designed to host weekly club level motorsport in addition to being able to attract and service State and national level rallies and events across:

- Circuit racing (cars and bikes)
- Speedway racing
- Drag racing
- Off road racing
- Kart racing

The precinct will also support ongoing driver education and advanced training programs throughout the week.

Townsville Enterprise is calling on the State Government to commit \$23.5M for the project.

DEFENCE SECTOR

TOWNSVILLE – AUSTRALIA’S NORTHERN DEFENCE MAINTENANCE, LOGISTICS AND SERVICE HUB

RECOMMENDATION

- Understanding Townsville’s leading front-line role in National Defence, we seek targeted State Government policy and funding support for the establishment of a dedicated North Queensland Regional Defence Industries body. This entity would be linked to existing State Government Defence attraction strategies, but would be based in Townsville and would be focused on leveraging the ADF’s Integrated Investment Program (IIP) – supportive of local economic outcomes.
- Adjustment of ADF procurement policies to support direct engagement of regional North Queensland firms.
- Commit to servicing Army’s MRH-90 and CH-47 Chinook helicopters in Townsville.
- Co-location of Defence trade training schools and maintenance units with corresponding force elements presently stationed in Townsville.

THE ISSUE

Defence has long been one of the key contributors to Townsville’s growth and economic diversity. Within this context, the consideration of Townsville’s Defence role is also deeply inter-related with the development of the Townsville region itself. There has been considerable long-term Defence investment in North Queensland that combined, delivers a premier force generation environment and a proven mounting base for major operations to the north of Australia.

Presently, it is estimated that approximately 7,500 service men and women are based in Townsville. In all, Defence personnel and their dependents constitute about 15,000 people or 9% of Townsville’s population. There are a high number of ex-Defence personnel who remain in Townsville and make up a significant and influential component of the community.

Townsville is a valuable asset for Australia’s Defence Force capability that must continue to be recognised and strengthened. Moreover, there is tangible mutual benefit to be attained through Defence investments within the Townsville region. Among these are community support and lifestyle satisfaction, which are increasingly vital factors in the attraction and retention of Defence Force personnel.

In this sense, the relationship of Defence and regional economic development is not merely a choice between competing policy priorities, but rather the challenge of maximising capability and economic outcomes whenever a complementarity between Defence and developmental interests occurs. The continued consolidation of force capabilities within multi-user bases helps support more rationalised logistics arrangements, while also promoting innovation, local economies and skills sharing between Defence and industry.

The further development of a local economic or ‘Townsville defence procurement strategy’ would maximise the service and support opportunities made available via Townsville’s projected growth over the next twenty years. The ADF’s Integrated Investment Program (IIP) and procurement policies should be adjusted to allow for better and direct engagement with local Townsville firms. In particular, these would include extended scope for specialised services in medical development and research, vehicle and aeronautical maintenance/ repair, family support and mental health. Local “content” contracts should be replaced by local contracts. Defence, in Townsville, should have the capacity to deal directly with local suppliers and businesses. There are opportunities for greater public/private partnerships.

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DEFENCE SECTOR

TOWNSVILLE – AUSTRALIA’S NORTHERN DEFENCE MAINTENANCE, LOGISTICS AND SERVICE HUB

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Furthermore, there are a number of initiatives available to facilitate force concentration within the Townsville region. These would involve, firstly, the continued relocation to Townsville of elements of the Defence Materiel Organisation, Defence Science and Technology Organisation (DSTO), intelligence agencies, service, health and logistics headquarters, that support operations in the Asia Pacific. Organisations, like the DSTO, would be better able to leverage and share information with key regional agencies currently developing tropical solutions in energy and health.

Secondly, programs aimed at growing skilled workers in Defence Industries should be emphasised, with a focus in the Townsville region. These include programs like the Defence Materiel Organisation’s (DMO) Industry Skilling Enhancement, which could be broadened by creating regionally specific packages targeting skill sets in tropical health, engineering, and mechanics.

THE SOLUTION

In support of the ‘Defence Hub’ agenda defined under Townsville’s City Deal, we seek the State Government’s support in ensuring that Townsville continues to play a significant role in the Australian Defence landscape through:

1. Understanding Townsville’s leading front-line role in National Defence, we seek targeted State Government policy and funding support for the establishment of a dedicated North Queensland Regional Defence Industries body. This entity would be linked to existing State Government Defence attraction strategies, but would be based in Townsville and would be focused on leveraging the ADF’s Integrated Investment Program (IIP) – supportive of local economic outcomes.
2. Support for the adjustment of ADF procurement policies to support direct engagement of regional North Queensland firms.
3. Commit to supporting the servicing of Army’s MRH-90 and CH-47 Chinook helicopters in Townsville.
4. Support for the co-location of Defence trade training schools and maintenance units with corresponding force elements presently stationed in Townsville.

INNOVATIVE & CONNECTED CITY

AUSTRALIAN TROPICAL BIOSECURITY NETWORK

RECOMMENDATION

The State Government support the development of the Australian Tropical Biosecurity Network:

- Stage 1: A dedicated diagnostic laboratory facility that would undertake arbovirus monitoring, diagnostic services in aquatic health and routine diagnostic work for any domesticated species in the region up to PC2 level at James Cook University (JCU) in Townsville and expansion of plant pathogen and insect quarantine and applied research capacity at JCU in Cairns (\$30M)
- Stage 2: Facilities to deliver education, training, workforce development and research and commercial innovation capacity (\$25M)

THE ISSUE

Australia urgently requires biosecurity preparedness and response capacity located in the north to support our animal, aquaculture and plant industries, and to protect human health and our natural environment. Strengthening Australia's biosecurity capacity is about future proofing our nation, and strategic investment is required to increase our capacity to respond to national biosecurity and human health security threats.

Future opportunities and challenges in biosecurity in northern Australia are shaped by the two great axes of global growth: the Asian axis and the tropical axis. The establishment of an Australian Tropical Biosecurity Network (ATBio) – a multidisciplinary set of facilities and capabilities is proposed to enable Queensland to meet the challenge.

ATBio aims to integrate surveillance and detection support capacity and diagnostic capability in a coordinated system to underpin biosecurity preparedness, surveillance, detection, diagnostics and response across animal, aquaculture and plant industries to benefit Queensland, Australia and the Asia Pacific region.

Although risks to Australia's biosecurity are increasing, our preparedness and response capacity have declined. Northern Australia is the epicentre for some of Australia's biggest agriculture and aquaculture industries; Townsville is the northern hub for beef grazing industries in Queensland and aquaculture is fast becoming an important animal and algal production enterprise in the region.

Cairns is a hot spot for insect invasions and vector-borne risks to agriculture, plants and people and JCU Cairns has significant capacity and expertise in vector and pathogen surveillance and control.

Queensland's long coastline includes seven rapidly expanding ports and two international airports.

THE SOLUTION

Biosecurity surveillance and laboratory capacity in the north of Australia is therefore essential to prevent disease outbreaks in plants, animals and people and prevent establishment and spread of pests and weeds that will pose a threat to the economy and environment.

Biosecurity research and innovation is also essential. ATBio will develop innovative and targeted training and education programs to provide a frontline biosecurity workforce and grow surveillance capacity. It will also deliver diagnostic and vector and pathogen control activities and programs and deliver a multidisciplinary research program to develop novel approaches to surveillance, detection, diagnostics, preparedness and rapid response across a wide range of targets. Research and Innovation in biosecurity will inform, and be informed by, Aboriginal and Torres Strait Islander land carers and communities.

Building on a substantial existing base of expertise and networks at JCU, ATBio will meet growing biosecurity challenges and leverage new growth opportunities such as the expansion of export markets for high quality, high value agricultural products and in off-shore and on-shore biosecurity training and research, particularly to the Asia-Pacific.

JCU proposes progressive development of ATBio:

- Stage 1: A dedicated diagnostic laboratory facility that would undertake arbovirus monitoring, diagnostic services in aquatic health and routine diagnostic work for any domesticated species in the region up to PC2 level at JCU in Townsville and expansion of plant pathogen and insect quarantine and applied research capacity at JCU Cairns (\$30M);
- Stage 2: Facilities to deliver education, training, workforce development and research and commercial innovation capacity (\$25M).

ECONOMIC DIVERSIFICATION REINSTATEMENT OF STATE GOVERNMENT'S DIRECT FINANCIAL SUPPORT OF NQ ECONOMIC DEVELOPMENT

RECOMMENDATION

- The State Government reinstate \$250K in economic development funding for Townsville Enterprise to expand and facilitate new economic development opportunities in North Queensland.

THE ISSUE

In the 2012/13 financial year, the State Government ceased economic development program support for Townsville North Queensland. Financial support from the State Government for Economic Development program through Townsville Enterprise in previous years had been as follows:

2006/07	\$229,091
2007/08	\$250,000
2008/09	\$250,000
2009/10	\$328,188
2010/11	\$270,000
2011/12	\$233,000
2012/13	\$0
2013/14	\$0
2014/15	\$0

Townsville North Queensland continues to experience challenging economic conditions in the wake of Government austerity measures, the mining downturn, and years of drought. For the region to recover and prosper projects and policies that promote economic diversification and sector development in education, advanced manufacturing, tourism, food and agribusiness need to be prioritised.

Townsville Enterprise is Townsville North Queensland's peak economic development body. While it generates significant support from private sector organisations it receives little government funding support for its economic development programs. Given the region's record levels of unemployment and the impact of the mining downturn, it would be timely for the State Government to reinstate critical funding for new growth opportunities, in line with the City Deals agenda, that generate new jobs for the city and region. Importantly, Townsville City Council has indicated that it would consider matching funding support if the State were to reinstate the circa \$250,000 in funding.

THE SOLUTION

Townsville Enterprise is calling on the State Government to reinstate \$250,000 of economic development funding. Townsville City Council has previously indicated a preparedness to match a new State Government funding commitment.

ECONOMIC DIVERSIFICATION

NORTH QUEENSLAND BIO ENERGY CORPORATION LIMITED

RECOMMENDATION

- The State Government support the NQBE BIDE application for assistance.

THE ISSUE

North Queensland Bio-Energy Corporation Limited (NQBE) is a Queensland based company, planning the construction of a \$600M renewable energy facility incorporating sugar (raw), ethanol and power generation at Ingham in North Queensland.

This “state-of-the-art” facility will be the first of its kind in Australia and will produce approximately 350,000 tonnes of sugar annually, have a flexible ethanol distillery capacity of between 90,000 and 200,000 litres per day and generate between 110–115MW of renewable “green” power.

The project, which is expected to be fully operational by June 2019, will provide a major boost for the local Herbert River district economy. Sugar cane growers will benefit from increased revenue derived from the additional products produced and with an anticipated workforce of approximately 220–250, full-time employment will be boosted.

The State Government also currently has mandated ethanol currently at three per cent increasing to 10 per cent over several years. This facility will produce 60 million litres per annum. Electricity production will be 150 MW installed capacity.

There are only two other facilities in Queensland presently capable of producing ethanol and they do not have the capacity to meet the government’s mandated ethanol target.

THE SOLUTION

The State Government support the NQBE Bio-Fuels Industry Development Fund application for assistance.

URBAN ACTIVATION

PALM ISLAND RETAIL AND BUSINESS PRECINCT

RECOMMENDATION

- State Government financial support for the proposed Retail and Business Precinct on Palm Island.

Palm Island, situated 65 kilometres north-east off the coast of Townsville, has a well-documented history of economic and social challenges. Its current unemployment rate is 61% and nearly 50% of families have no parent in employment. More than 90% of Palm Island's residents are Indigenous.

THE ISSUE

A major obstacle to growth and opportunity on Palm Island is its underdeveloped business base. Residents routinely travel to nearby Townsville for basic retail shopping, resulting in expenditure leakage of up to \$6.44M each year.

Palm Island needs investment in urban infrastructure to provide local employment opportunities, catalyse private sector investment, stimulate its nascent tourism industry and provide locals with the ability to access fresh food and produce, without needing to travel to the mainland.

THE SOLUTION

Government support for the Palm Island Retail and Business Precinct will catalyse economic development, provide enhanced employment opportunities for locals and internalise spending to support economic growth.

The Precinct will support a vibrant mix of retail and speciality shop facilities and will provide a safe and inviting environment to support the Palm Island Aboriginal Shire Council's Tourism and Event Strategy.

It will also open opportunities to repurpose existing buildings into cultural, heritage and community facilities, an area currently lacking on the Island. A Primary Health Care Centre located within the Precinct is also being progressed by Townsville Aboriginal and Islander Health Services and Townsville Hospital and Health Services, further supporting the Precinct's viability.

The project is supported by prior feasibility studies and economic modelling and is being championed by the Palm Island Aboriginal Shire Council.

Townsville Enterprise acknowledges the support of the Queensland Government to date, and is calling on them to continue working with the Palm Island Aboriginal Shire Council to deliver this project.



The logo for Townsville Enterprise, featuring a stylized graphic of three slanted lines above the text "townsville enterprise".

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enterprise

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