

## Introduction

The Mackay region has a recent history of strategic planning for the freight network in the region as demonstrated in this submission. Many of the priorities identified in these regional studies are reflected in the current government priorities for the freight network as presented in “Moving Freight”. The region is now looking to its future as a regional distribution hub for North Queensland produce. The region would appreciate the partnership with the Queensland Government to commence the planning to develop this concept further with the associated infrastructure of a regional intermodal freight facility and improved access to the Port of Mackay. This will result in the vision for Mackay as a regional transport and logistics centre, ideally placed halfway between Cairns and Brisbane.

The Mackay, Isaac and Whitsunday Regional Plan released in February 2012 supports this vision. The identified growth area of Rosella is particularly mentioned for potential development of a regional intermodal freight facility and associated industrial uses. Whilst the area is currently in the Rural Zone it is subject to saltwater intrusion and has diminished productive capacity. Agricultural groups would support further investigation of its suitability for an regional intermodal freight facility in conjunction with development of Mackay as a regional distribution centre.

The regional plan also mentions opportunities for the establishment of multimodal freight facilities at the Port of Mackay to service regional growth in imports and exports. Growth in domestic freight may further provide opportunity for the establishment of such a facility in Mackay in the long-term to service central and north Queensland’s domestic freight requirements.

These matters warrant further investigation. The Port of Mackay is ideally placed to serve as a pilot program for increased coastal shipping to service regional growth.

### Related regional studies

The following freight related studies and reports have been completed in the past five years. Many of these have been undertaken by regional groups such as the Regional Economic Development Corporation (REDC) and Regional Development Australia (MIW).

1. Mackay-Whitsunday-Isaac Freight Transport – Strategic Directions, Regional Economic Development Corporation (REDC) 2009.
2. Economics of Freight Transport Technical Report: Where we are and where we want to be, regional Economic Development Corporation (REDC), September 2009
3. Mackay Regional Council: Priorities for Freight Transport, Regional Economic Development Corporation (REDC) 2010
4. Submission on the National Land Freight Strategy, Regional Development Australia, combined submission from four north Queensland RDA committees, April 2011  
[http://www.infrastructureaustralia.gov.au/public\\_submissions/nlfs/files/RDA\\_tville\\_NW\\_Qld\\_Submission.pdf](http://www.infrastructureaustralia.gov.au/public_submissions/nlfs/files/RDA_tville_NW_Qld_Submission.pdf)
5. Rural Futures Statement, Regional Development Australia (RDA) Mackay-Isaac-Whitsunday, October 2012  
[http://www.rdamackaywhitsunday.org.au/images/stories/RDAMIW\\_Rural\\_Futures\\_Statement.pdf](http://www.rdamackaywhitsunday.org.au/images/stories/RDAMIW_Rural_Futures_Statement.pdf)
6. Background paper for the Rural Futures Statement, Regional Development Australia (RDA) Mackay-Isaac-Whitsunday October 2012  
[http://www.rdamackaywhitsunday.org.au/images/stories/Rural\\_Futures\\_Background\\_Document.pdf](http://www.rdamackaywhitsunday.org.au/images/stories/Rural_Futures_Background_Document.pdf)

7. Mackay, Isaac and Whitsunday Regional Plan 2012, Growth Management Queensland.  
<http://www.dsdiip.qld.gov.au/resources/plan/miw/miw-regional-plan.pdf>
8. Regional Development Australia Mackay-Isaac-Whitsunday, Regional Roadmap 2012/13  
<http://www.rdamackaywhitsunday.org.au/projects/regional-roadmap.html>

### Regional studies in the context of “Moving Freight”

| Regional Study  | Statement   | Relevance   |
|---|---|---|
| <b>Priority one: expand the use of rail freight</b>       |   |   |
| 1   | Expand the use of rail freight.   | Facilitating effective modal share was one of five key priorities in the study. The study provided evidence of modal shift primarily from rail to road for agricultural commodities.    |
| 2,4   | Modal shift from rail to road for agricultural commodities.   | Grain transported by road to Port of Mackay due to lack of access to rail in resource areas. Sugar transported by road to Port of Mackay as rail not cost competitive.                  |
| 2   | Effective modal share.  | As the majority of the outputs from the region are low value bulk commodities, reduction in transportation costs is critical to their competitiveness in global markets.                |
| 4   | The majority of agricultural products are transported via road due to: <ul style="list-style-type: none"> <li>) capacity constraints on rail network;</li> <li>) pricing structure between road and rail;</li> <li>) seasonal peaks and need for timely delivery of product.</li> </ul> |   |
| <b>Priority two. increase road freight network access</b> |   |   |
| 1   | Intermodal corridor access to Port of Mackay to remove freight vehicles from urban areas.   | One of five key priorities of the study.  |
| 1   | Upgrade Peak Downs Highway to road train quality.   | One of five key priorities of the study.  |
| 2   | Future need for a multi modal corridor from the Bruce Highway to the Port of Mackay was identified in the State Infrastructure Plan in 2002.  |   |
| 2   | Growing community concern about heavy freight traffic to and from the port sharing a corridor that is handling increasing passenger traffic.  | Identification of the need for the Mackay Ring Road.  |
| 2   | Large mining equipment is assembled/ fabricated/ maintained in the specialised heavy engineering workshops in the Paget industrial area and transport to the mines in the hinterland via the Peak Downs Highway. Much of this equipment is OSOM.  | Need for identified OSOM network between Paget and the Bowen Basin including Walkerston Bypass and Eton Range crossing upgrade.   |
| 2   | Economic impacts of road train termination at the top of the Eton Range on the Peak Downs Highway requiring additional trips to retrieve third trailer.   | Need for the Eton Range Crossing upgrade to higher productivity vehicles direct access into Mackay industrial areas.  |
| 3,4   | Efficient freight network between the Port of Mackay, industrial areas and the Bowen and Galilee Basin resource areas.  | Peak Downs Highway, Walkerston by-pass, Eton Range crossing and Alpha-Clermont road.  |
| 4   | Increased coastal shipping provides an opportunity to reduce the carbon footprint of the transport sector.  | Think strategically to maximise usage of existing assets such as ports and rail and provide connecting networks and intermodal facilities to make these cost effective transport modes. |
| 4,8   | Develop the region’s port infrastructure and connect ports strategy to road and rail infrastructure capacity.   | Included in top 10 priorities for the region.   |

| Regional Study   | Statement  | Relevance   |
|--|--|---|
| <b>Priority three: greater freight infrastructure investment</b> |  |   |
| 2,3  | Need for upgrades to the Peak Downs Highway including Walkerston Bypass and Eton Range crossing.   | Improved freight access to hinterland resource areas particularly for dangerous goods including petroleum and explosives.   |
| 2,3  | Need for increased flood immunity on the Bruce Highway and improved safety Sarina to Proserpine.   |   |
| 2,3  | Lack of intermodal facilities in the region.   | Identified the need for a study of modal share now and into the future and the required facilities to facilitate intermodal transfers of bulk and non bulk freight. |
| 4  | Whilst supporting industry investment in the freight network, must ensure this does not lead to asset duplication where competing investors are operating. |   |
| 8  | Bruce Highway upgrade and flood proofing.  | Included in top 10 priorities for the region.   |
| 8  | Peak Downs Hwy B double route to Bowen Basin.  | Included in top 10 priorities for the region.   |
| 8  | Alpha Clermont Road linking Bowen and Galilee Basins.  | Included in top 10 priorities for the region.   |
| <b>Priority four: support future freight growth</b>              |  |   |
| 2  | Lost opportunity cost due to capacity constraints.   | Constraints in the input distribution network to the resource sector is an additional cost factor that could impact future growth.                                  |
| 2,3  | Future vision of Mackay as a transport and logistics hub including a regional intermodal freight facility.   |   |
| 2  | Freight efficient networks supporting industry growth.   | Support the link between efficient freight networks and increased regional productivity and profitability.  |
| 2  | Interconnectivity to support future growth.  | Clermont to Alpha road to support growth in the Galilee Basin from the Paget industrial area.   |
| 3  | Feasibility study for western by-pass of Mackay including alignment to link to the Walkerston by-pass and the port access corridor.                        |   |
| 5  | Develop a regional distribution hub including increased import/export capacity.  | Potential for Mackay to become a regional distribution centre for agricultural commodities in particular from Cairns to Bundaberg.                                  |
| 5  | Resilience in the Food supply chain.   | Need for additional produce distribution hubs closer to production areas.   |
| 8  | Mackay Ring Road.  | Included in top 10 priorities for the region.   |
| <b>Priority five: better freight policy and information</b>      |  |   |
| 1  | Development of planning instruments supporting the freight network including Statutory Regional Plan, RITP and Strategic Freight Strategy.                 | One of five key priorities of the study   |
| 2  | Master Planning the freight transport network.   | Need for a more strategic, proactive, master planning approach to augmentation of the freight transport network in the region to maximise the return on investment. |
| 2  | Support for accelerated roll out of the Intelligent Access Program in the region.  |   |
| 3  | Improved co-ordination between all three levels of government to develop an integrated transport plan for the Mackay region.                               |   |

| Regional Study   | Statement   | Relevance   |
|--|---|---|
| 4  | Broadening the Vision for the National Land Freight Strategy.   | Need to consider what can be achieved given appropriate freight infrastructure, not just what is the current situation. Investment decisions should consider the potential return on investment through increased productivity and exports. |
| 8  | Long Term Infrastructure Plan.  |   |
| <b>Priority six: engage industry for better freight outcomes</b> |   |   |
| 2  | Supported establishment of a regional transport advisory committee with strong industry representation to steer the master planning of the freight network in the region. |   |

### Supporting Statistics

Appendix 1 provides some key supporting statistics. In Summary:

- ) Gross regional product was \$20.6 billion in 2011/12, 7.3% of Queensland’s GSP.
- ) Labour force growing annually in excess of Queensland growth rate.
- ) Low unemployment at 3.7% compared with 5.8%.
- ) Transport and warehousing workforce increased by 24.1% between 2006 and 2011, demonstrating significant growth in transport in the region.
- ) Major projects of \$1,890m at December 2012.
- ) Port of Mackay plays a key role in the import of inputs into the region’s industries, with import tonnage now exceeding export tonnage in 2011.
- ) Major import commodity in the Port of Mackay is petroleum products to support the resource sector primarily, requiring freight access to the western parts of the region through the Peak Downs Highway.
- ) Coal exports from the region planned to more than double by 2025 depending on growth in the resources sector.
- ) Agricultural production 2009/10 in the order of \$1b with key components of sugar, grain, beef and horticulture.
- ) Sugar products and grain are exported from the Port of Mackay, whereas beef and horticulture products are transport by road to Brisbane for further distribution.

**Appendix 1 Key statistics****GRP**

Gross Regional Product in Mackay-Isaac-Whitsunday was \$20.6 billion in 2011/12, an increase of 0.5% in real terms since 2010/11, accounting for 7.3% of Queensland's Gross State product for only 3.8% of its population<sup>1</sup>.

Major contributors to GRP are:

- ) Mining 50.3%
- ) Construction 4.4%
- ) Manufacturing 4.1%
- ) Transport, postal and warehousing 3.6%
- ) Wholesale trade 3.4%
- ) Agriculture, forestry and fishing 2%

**Major Developments**

Even with the current downturn in the resources sector, there are a number of major developments at various stages across a range of industry sectors. Whilst the timeframes for some developments has increased in recent years, the developments are still in the pipeline.

| Value of Major Developments in Mackay-Isaac-Whitsunday By Industry<br>December 2012 (\$M) |                   |                   |               |                    |
|---|-------------------|-------------------|---------------|--------------------|
| Category  | Not Started       | In Progress       | Completed     | Total              |
| Agribusiness  | \$440.0           | \$136.0           | -             | \$576.0            |
| Community Infrastructure  | \$25.9            | \$492.1           | \$19.0        | \$537.0            |
| Construction  | \$1,417.5         | \$4,153.2         | -             | \$5,570.7          |
| Energy  | \$3,475.0         | \$160.0           | -             | \$3,635.0          |
| Manufacturing   | \$5,040.0         | \$1,182.0         | -             | \$6,232.0          |
| Marine  | \$750.0           | \$500.0           | -             | \$1,250.0          |
| Mining  | \$36,184.0        | \$10,116.0        | -             | \$46,300.0         |
| Ports - Sea   | \$19,008.0        | \$3,840.0         | -             | \$22,848.0         |
| Professional Services   | \$77.2            | \$48.8            | -             | \$126.0            |
| Rail  | \$16,055.0        | \$1,120.0         | -             | \$17,175.0         |
| Retail  | \$78.0            | \$348.0           | \$5.0         | \$431.0            |
| Roads   | \$52.1            | \$168.6           | -             | \$220.7            |
| Tourism   | \$35.0            | \$117.0           | -             | \$152.0            |
| Water   | \$1,567.1         | \$285.1           | \$37.5        | \$1,889.7          |
| <b>Total</b>  | <b>\$84,214.8</b> | <b>\$22,666.8</b> | <b>\$61.5</b> | <b>\$106,943.1</b> |

<sup>1</sup> Regional Economic Profile, Mackay-Isaac-Whitsunday, Queensland, March 2013, Regional Economic Development Corporation.

**Labour Force**

The Mackay-Isaac-Whitsunday labour force has grown 1.5% between 2011 and 2012 compared to 0.2% growth by Queensland for the same period. Unemployment remains very low at 3.7% compared with Queensland at 5.8% unemployment<sup>1</sup>.

**Workforce by Industry<sup>2</sup>**

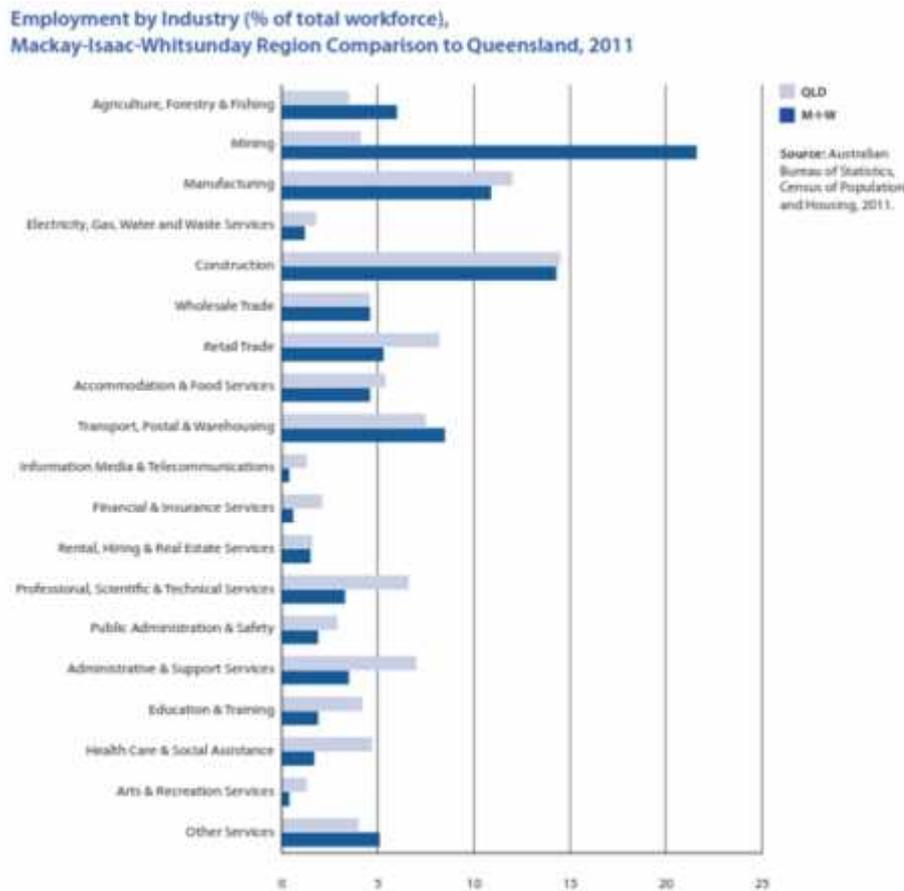
Between 2006 and 2011, employment in Mackay-Isaac-Whitsunday region has seen significant growth in the following areas:

- ) Mining (37.8%)
- ) Transport, postal and warehousing (24.1%)
- ) Construction (16.4%)
- ) Manufacturing (12.3%)

Agriculture, forestry and fishing declined (-13.2%) in the period, however it increased its contribution to GRP by 22.7% indicating a significant increase in productivity.

Compared to the State, Employment in the Mackay-Isaac-Whitsunday region has a greater reliance on the industries of:

- ) Mining (21.6% compared to 4.1% for Queensland)
- ) Agriculture, forestry and fishing (6% compared to 3.5% for Queensland)
- ) Transport, postal and warehousing (8.5% compared to 7.5% for Queensland)

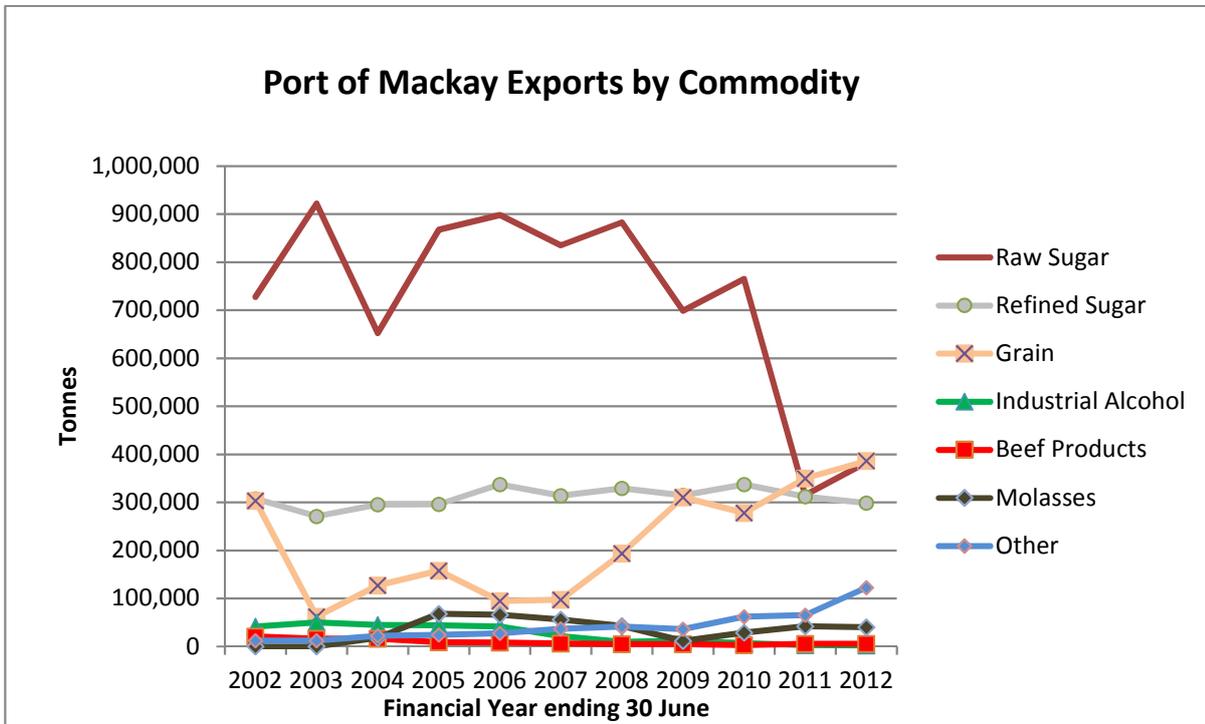


<sup>2</sup> Regional Economic Profile, Mackay-Isaac-Whitsunday, Queensland, March 2013, Regional Economic Development Corporation.

Source: Mackay-Isaac-Whitsunday Economic Profile, REDC December 2012

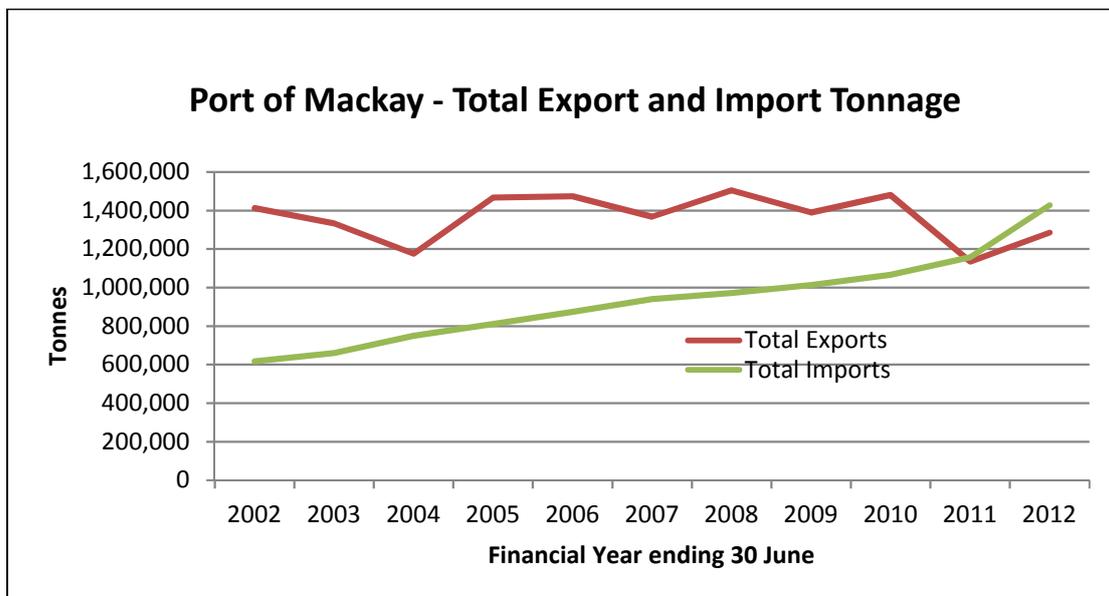
**Port of Mackay Statistics**

The Port of Mackay is the regional port servicing the agriculture industry. It hosts the largest bulk sugar terminal in the southern hemisphere, also handling refined sugar, grain, ethanol and recently forestry products.



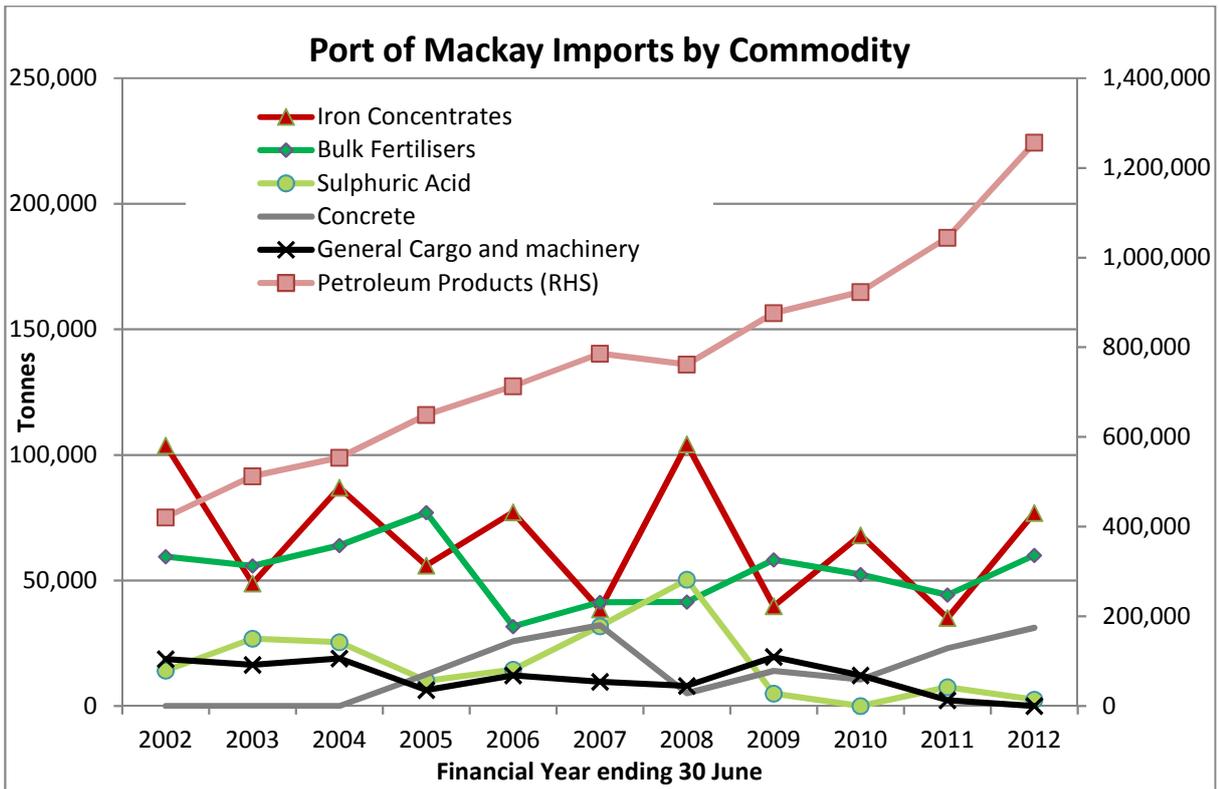
Source: North Queensland Bulk Ports Corporation Limited

Whilst traditionally an export port, recent growth in the mining industry has seen annual import tonnage exceeding export tonnage.



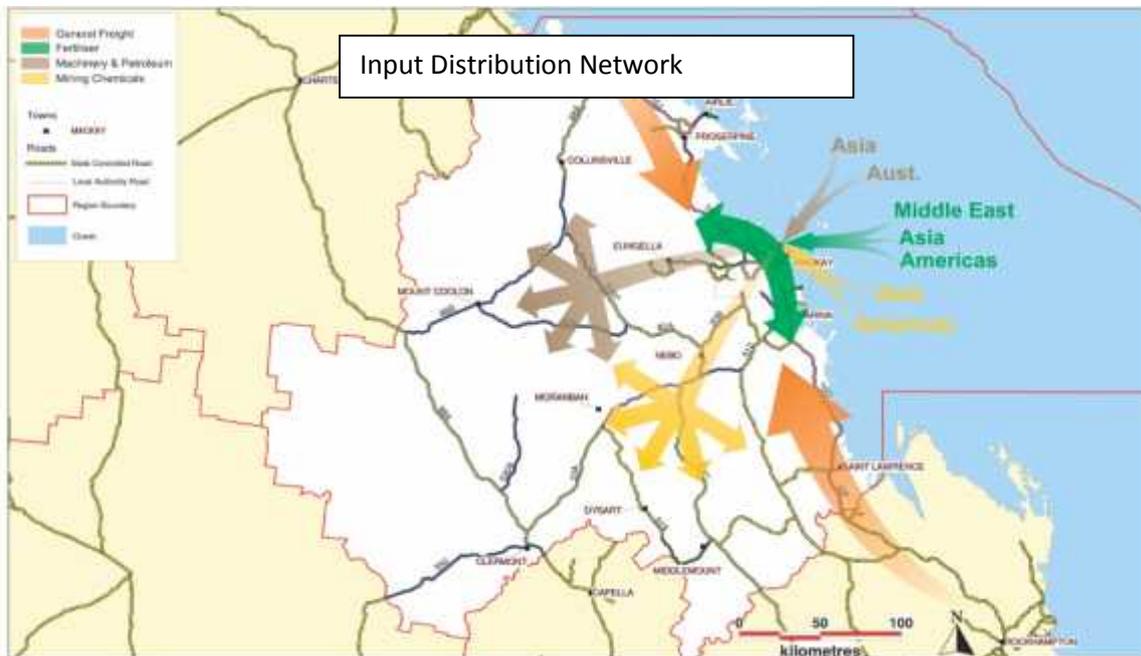
Source: North Queensland Bulk Ports Corporation Limited

This is largely due to the rapid increase in importation of petroleum products since 2008 to service growth in the mining industry.



Source: North Queensland Bulk Ports Corporation Limited

Commodities are imported directly from overseas, with primary sources of Asia and Americas. General freight is transported into the region by road and rail. There is the potential to increase coastal shipping with the Port of Mackay positioned well to import general cargo required to service the growing population.





**Existing and Proposed Coal Export Port Expansion (Mtpa)**

|              | Current Capacity <sup>3</sup> | Additional proposed capacity by 2020 | Total      |
|--------------|-------------------------------|--------------------------------------|------------|
| Abbot Point  | 50                            | 95                                   | 145        |
| Gladstone    | 78                            | 150 <sup>4</sup>                     | 228        |
| Brisbane     | 10                            | 10                                   | 20         |
| Hay Point    | 129 <sup>5</sup>              | 180 <sup>6</sup>                     | 309        |
| <b>Total</b> | <b>267</b>                    | <b>435</b>                           | <b>702</b> |

Source: Queensland Resource Sector State Growth Outlook Study, Queensland Resources Council, Nov 2011. Updated Abbot Point and Hay Point details from North Queensland Bulk Ports website.

**Agricultural Production 2009/10 for Mackay Statistical Division**

| Sector                       | Value 2009/10 \$m | % of regional production 2009/10 | Region as % Queensland |
|------------------------------|-------------------|----------------------------------|------------------------|
| Sugar                        | \$451.1           | 45%                              | 34%                    |
| Beef                         | \$287.6           | 29%                              | 9%                     |
| Horticulture (Fruit and Veg) | \$162.0           | 16%                              | 9%                     |
| Grain                        | \$61.8            | 6%                               | 12%                    |
| Total                        | \$962.5           | 96%                              | 11%                    |
| Total regional production    | \$1,006.6         |                                  |                        |

Source: ABS Value of agricultural Commodities Produced, Australia, 2009-10 (Cat. No. 7503)

<sup>3</sup> Current capacity takes rail constraints into account  
<sup>4</sup> Refers to a number of proposed expansions including Wiggins Island  
<sup>5</sup> Refers to Hay Point Coal Terminal and Dalrymple Bay Coal Terminal  
<sup>6</sup> Refers to expansion at Hay Point Coal Terminal and Dudgeon Point

## Cane

Sugar is one of Australia's most important rural industries, worth around \$1.75 billion to the Australian economy. It provides around 35 million tonnes of cane per year, which when processed, equates to around 4.75 million tonnes of sugar. Queensland produces 95 per cent of Australia's raw sugar, and around 85 per cent of Queensland's raw sugar is sold on the world market. The sugar industry is a cornerstone of many Queensland regional communities - injecting millions into regional communities each year and providing employment opportunities for many Queenslanders<sup>7</sup>.

The Central Queensland region covers Proserpine, Mackay and Plane Creek production areas. In 2010 89,669 hectares were harvested, down from 109,201 hectares in 2009. The region produces around 30% of the total Queensland production. There are five operating sugar mills in the region and one sugar refinery. Mackay Sugar has installed a \$120 million co-generation facility at its Racecourse Mill which produces around 30% of Mackay city's electricity.

| Production area   | Tonnes of Cane    |                   | Tonnes of Sugar  |                  |
|-------------------|-------------------|-------------------|------------------|------------------|
|                   | 2010              | 2011              | 2010             | 2011             |
| North Qld         | 10,695,749        | 6,539,528         | 854,220          | 815,714          |
| Burdekin          | 6,460,730         | 9,547,612         | 901,698          | 1,308,890        |
| Central Qld       | 6,535,801         | 6,696,911         | 874,855          | 894,014          |
| South Qld         | 3,520,629         | 3,555,393         | 478,791          | 487,240          |
| <b>Queensland</b> | <b>22,822,166</b> | <b>26,339,444</b> | <b>3,109,564</b> | <b>3,505,858</b> |

Source: Canegrowers Annual Report 2011/12

## Beef

Beef production occurs throughout the region and can be integrated with other production systems such as cane. The region produced 9.1% of Queensland cattle and calves production in 2009-10 at a value of \$288m. There is one abattoir in the region at Baker's Creek just south of Mackay. Beef products are transported by road to Brisbane for export and domestic consumption.

## Grain

Grain production occurs in the Central Highlands centred around the Clermont area. Major products are grain sorghum and wheat with some barley production. The region produced 11.8% of Queensland's grain production in 2009-10. There is probably little opportunity for any large scale increase in grain production in the region.

<sup>7</sup> [http://www.daff.qld.gov.au/26\\_6730.htm](http://www.daff.qld.gov.au/26_6730.htm)