

06 July 2017

Freight and Supply Chain Inquiry
Department of Infrastructure and Regional Development
GPO Box 594
CANBERRA CITY ACT 2601

Email: freightstrategy@infrastructure.gov.au

Dear Sir,

Re: Inquiry into National Freight and Supply Chain Priorities

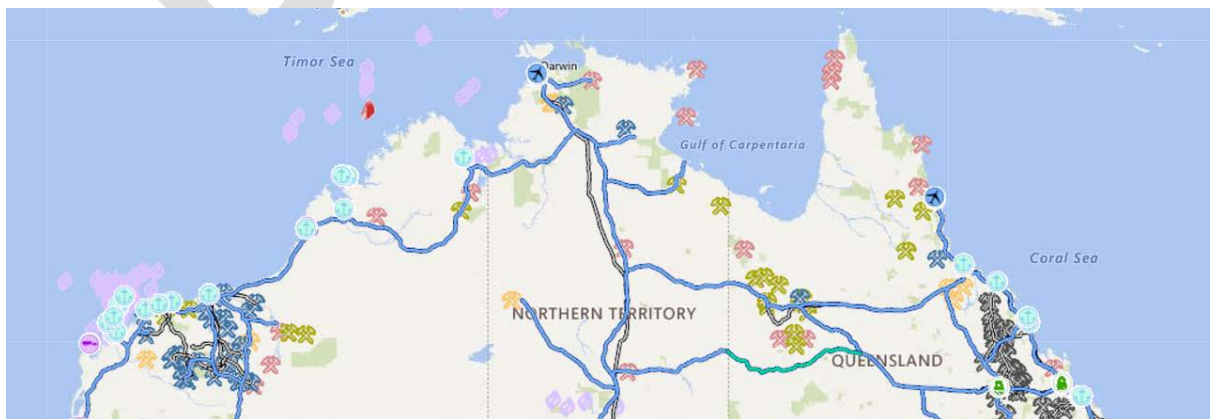
The Northern RDA Alliance (NRDAA) comprises eight RDAs whose regions make up Northern Australia. This network representing the Gascoyne in Western Australia to Gladstone in Central Queensland, has been collaborating and providing input to the Australia Government on the development and delivery of the White Paper on Developing Northern Australia. Our aim is to inform and support policy development and its implementation, and to prioritise investment opportunities to ensure the sustainable development of Northern Australia.

Key points about the RDAs in the Alliance:

- Independent, apolitical, not for profit organisations.
- Funded by the Australian Government to deliver regional economic development activities and outcomes.
- Facilitate activities across government boundaries and portfolios.
- Committee members and staff have been appointed on the basis of their extensive networks across government, industry and communities.
- Regularly contribute to regional planning in partnership with key stakeholders and advocate for outcomes in Northern Australia.

Key points about Northern Australia as detailed in the Office of the Chief Economist's economic overview of Northern Australia:

- Northern Australia encompasses 52.7 per cent of Australia's land mass and contributes 11.7 per cent of Australia's GDP, despite only accounting for 5.5 per cent of the Australian population.
- Northern Australia is located in the heart of the Asia-Pacific, with Southern China and South East Asia only a 3 to 5 hour flight from Darwin.
- Northern Australia accounts for 54.4 per cent of Australia's sea exports worth approximately \$119.5 billion.
- The region accounts for most of Australia's iron ore and gas production, around half of Australia's coal production and a large share of Australia's zinc, copper and bauxite production.



<http://maps.infrastructure.gov.au/KeyFreightRoute/index.html>

The NRDAA continues to assist the Australian Government's policy delivery on Northern Australia. Our focus is to drive the key reforms and investments needed to secure our future through the implementation of initiatives in the White Paper on Developing Northern Australia, catalysing new innovative ideas and solutions.

In this capacity, the NRDAA is pleased to make this submission to the Department of Infrastructure and Regional Development's Inquiry into National Freight and Supply Chain Priorities.

As highlighted in the Inquiry's Discussion Paper, "The Strategy is being undertaken in the context of a growing Australia This growth is being driven by Australia's growing populations and from increasing demand for Australian resources and produce, especially in Asian markets." With the North's proximity to Asia, strong export resources reserves and potential agricultural growth, a National Freight and Supply Chain Strategy will clearly need to address freight and supply chain issues across the North.

With the need to focus on the North, we are making our contribution and comments in regard to a number of the Consolidated Questions:

2.1 What is moving where, why and how?

Northern Australia has a number of key resource regions and significant agricultural production which provide a large portion of the freight task across the North.

Key Supply Chains

Bowen & Galilee basins – coalfields in Central Queensland. Coal exports are generally transported from the mining operations via rail where they are then exported via the ports of Hay, Point, Abbot Point and Gladstone. Mining inputs arrive via the ports of Gladstone, Mackay and Townsville (and further afield) where they are generally transported via road to mine site. Key east-west road transport routes include the Peak Downs Highway, Flinders Highway and Capricorn Highway.

Pilbara Iron Ore Operations –

North West Minerals Province (NWMP) – The North West Minerals Province is one of the world's most significant base and precious metals producers with 11 operating mines, two under development and a further 14 projects under development. The region also has significant energy resource potential including renewable (geothermal) and non-traditional (tight shale) resources. Mount Isa is the hub of the mining activity and resources are transported, predominantly by rail but also by road, to the Port of Townsville for exports to international markets. Prior to the closure of Century Zinc, Karumba was also an important port for exports of zinc. Mine inputs also rely on the Port of Townsville and the national, state and regional roads such as the Flinders and Barkly Highways and several Developmental Roads. In 2015-16, mines within the NWMP contributed \$1.7 billion to Gross Regional Product.

Charters Towers – Gold was discovered in the region in the late 19th century and continues to be mined to this day. Access to the Flinders Highway and Port of Townsville are critical. In 2015-16, mines within the Charters Towers local government area contributed \$56 million to Gross Regional Product.

Diamantina Minerals Province - Geologists have unearthed evidence that suggests Queensland may be sitting on a treasure trove of rare minerals that underpin 21st century technologies and laying undiscovered in the remote North West of the state. The discovery, loosely being referred to as the Diamantina Minerals Province, covers an area from the copper, gold and platinum-rich Fifield in central New South Wales, through Queensland's north west country and up to the Merlin diamond mine in the Northern Territory, where one of Australia's largest diamonds was discovered. There is potential for this to become a major new production area for high value commodities, and downstream processing and exports. As most of the province is classified as very remote, with low investment into economic infrastructure to date, there will need to be investment into road access to open up mines and transport product.

NT Gasfields

WA Gasfields

Far North Qld Mineral Province – Weipa, Cape Flattery Mt Carbine etc.

Agriculture – Northern Australia is a key supplier of agricultural exports. Key exports include beef, grains, sugar, horticultural product and aquaculture product. CSIRO have developed a TraNSIT modelling tool to analyse both small and large scale investments in the agriculture supply chain, with current applications covering almost all Australian agricultural logistics. This tool was used in the Northern Australia Beef Roads Programme assessment process and is a great example of using supply chain data to maximise the productivity benefits of infrastructure investment decisions.

In Queensland five RDA committees including the four in northern Queensland and NRDA are partners in the Inland Queensland Roads Action Plan (IQ-RAP) project which has done a network wide review, analysis and plan which prioritises investment into the freight and tourism route network to improve productivity on supply chains as well as improve outcomes for safety, resilient connectivity for communities and broader economic and social benefits. The NRDA has endorsed and supported the IQ-RAP. The IQ-RAP Working Group will also be making a separate submission to this Inquiry. For more information, visit: <http://rdanwg.org.au/iq-rap>

3.1 Urban Growth Pressures

Given the lack of economic infrastructure and population in Northern Australia, the region is perfectly positioned for longer term planning for infrastructure corridors to prevent future congestion issues. Infrastructure Australia have found that this longer term planning for infrastructure corridors can help to avoid cost overruns, delays and community disruption when delivering new infrastructure.

This is also important as we as a nation, seek to maximise the benefits of regionalisation and minimise the cost of congestion in our major cities. As detailed by the Regional Australia Institute (RAI)ⁱ *“as we confront the challenge of a 40 million population, for every 100,000 Australians who choose to live in growing small cities rather than our big five cities, the RAI estimates that an additional \$50 billion will be released into the economy in reduced congestion costs and increased consumption”*.

3.2 Port Corridor Pressures – Protecting Land, Sea and Air Connections

As ship sizes increase in response to increased maritime cargo movements, the ports in Northern Australia will need to be able to accommodate these larger vessels. A number of ports in the North are constrained when it comes to larger Capesize vessels and focus must be placed on ensuring that solutions to overcome these constraints are examined.

3.4 The Air Freight Market

The air freight market is minimal across Northern Australia, however significant high value food product is produced in the North. This high value perishable product includes live coral trout, aquaculture product and horticulture from the regions of Gascoyne, Bowen/Gumlu, Burdekin, Tropical North Queensland and the Northern Territory. This high value perishable product is often transported via road to major markets, however as international air connections increase a real opportunity exists for complementary passenger/cargo flights and dedicated freight flights out of Northern Australia. There is also the potential for future exports of rare metals and alloys by air freight due to their very high value and low volumes.

3.5 Changing Technology

As technologies change, our road sector will face funding shortages due to the comparatively weak links between usage and charging. With the use of alternatively fuelled vehicles projected to increase, the fuel excise (which currently represents up to 46% of our average annual road bill per vehicleⁱⁱ) will fall, exacerbating our road funding shortage issue. As road infrastructure providers (government) seek to remedy this funding shortage moving forward, any reform in road user charging will need to take into account regional and remote industry and communities to ensure that they are not unfairly disadvantaged.

Once again this is important in the context of the benefits of regionalisation as the RAI identified decongestion benefits mentioned earlier in the submission will only be unlocked if the competitiveness of regional and remote industry and communities are maintained.

In relation to changing technology we also acknowledge that driverless vehicles are expected in the future, however they are not currently part of our regional supply chain.

In closing, we welcome the Inquiry into National Freight and Supply Chain Strategies and believe that understanding the current and potential freight task across broader Northern Australia will be critical to the formulation of the National Supply Freight and Supply Chain Strategy that maximises the economic potential of Australian industry. If you have any questions in relation to this submission, please do not hesitate to contact ** on **.

Yours faithfully

Mike Reed
Chair – Northern RDA Alliance

ⁱ Regional Australia Institute 2016, Deal or No Deal? Bringing Small Cities into the National Cities Agenda, viewed 31st July 2017, http://www.regionalaustralia.org.au/home/wp-content/uploads/2016/04/Deal-or-No-Deal-Bringing-Small-Cities-into-the-National-Cities-Agenda_April-2016_FINAL.pdf

ⁱⁱ Infrastructure Australia 2016, Australian Infrastructure Plan, viewed 31st July 2017, http://infrastructureaustralia.gov.au/policy-publications/publications/files/Australian_Infrastructure_Plan.pdf

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