

Tropical North Queensland
**Federal Budget
Submission**

2019 – 2020



**ADVANCE
CAIRNS**
OUR REGION ONE VOICE

Advance Cairns is the peak independent non-government advocacy and economic development organisation for Tropical North Queensland.

We work with a long-term vision to create a resilient and prosperous TNQ, provide a-political leadership and create a unified voice for the region.



The Hon. Warren Entsch MP and TNQ business leaders meet with Prime Minister Hon Scott Morrison MP at Parliament House.

Cairns TNQ Convoy to Canberra, 16-17 October 2018

Parliament House photographer David Foote - AUSPIC/DPS

FROM THE CHAIR

Trent Twomey



Tropical North Queensland is a vibrant, multi-dimensional region with a growing economy and a motivated and skilled workforce. We have a world class tourism industry, diverse agricultural sector, emergent manufacturing and construction sectors and a rapidly growing research and education portfolio.

Our experience and expertise in sustainable design and construction, bio-security, and tropical health and medicine, combined with being home to two universities at the cutting edge of research and innovation, an international airport, shipping port and close proximity to our Asian neighbours, sees us perfectly positioned to attract new industry and investment.

Working with other key regional agencies, including the Cairns Chamber of Commerce, Regional Development Australia and Tourism Tropical North Queensland, we have identified a list of infrastructure and policy projects critical to the continued economic development of the Tropical North.

These projects are outlined on the following pages and form our recommended Federal Government investments for Tropical North Queensland in 2019-2020.

We look forward to discussing them in detail.

FROM THE CEO

Nick Trompf



Tropical North Queensland is poised at a pivotal moment for renaissance after a decade of difficult economic conditions.

Tourism growth over the past four years as well as recent associated infrastructure spending has created much-needed jobs – but has not yet led to a broader based economic rebound.

Diversification of the TNQ economy can be accelerated through strategic Federal Government investment. In selecting priority projects for the region, Advance Cairns' 2019-2020 Budget submission recommends the following:

- \$425 million split 50:50 with the State Government to progress Nullinga Dam to construction phase;
- Commit to developing the Cairns Marine Precinct through OPV sustainment and maintenance;
- Revision to the Coastal Trading Act 2012 to enable superyachts to charter in Australia;
- \$287.2 million split 80:20 with the State Government to commence Cairns Ring Road;
- \$186 million split 80:20 with the State Government to seal remaining sections of Gulf Savannah Way in Queensland;
- \$10 million to update Kuranda Range road scoping studies;
- \$13.3 million towards the Cairns Gallery Precinct;
- \$50 million split 50:50 with the State Government to secure four airline attraction support packages;
- \$9.9 million to establish the Asia-Pacific aviation and education research hub at Cairns International Airport; and
- Delivery on the announced commitment to invest \$60 million towards Cairns University Hospital.

ABOUT THE REGION

Tropical North Queensland

Tropical North Queensland (TNQ) covers a vast and economically diverse area. The region stretches from Cardwell in the south to the Torres Strait in the north, and west to the Northern Territory Border. It is Queensland's largest region, covering over 20% of the state and 26 local government areas. The estimated resident population as at June 2017 was 275,673. Key industries include health, tourism, agriculture, mining and construction. In 2018 the TNQ GRP was \$15.5 billion, up 2.7% on 2017 figures.

Cairns, the administrative and health services centre for TNQ, is ideally positioned at the gateway to the Asia Pacific and the Great Barrier Reef.

Cairns Airport, the busiest of Australia's regional airports, handles in excess of five million passengers a year. It has connectivity to 11 international destinations and an extensive domestic network serviced by an array of carriers. Regional tourism has seen a return to strong growth numbers over the last three years with an estimated contribution of \$3.1 billion to the regional economy.

The Cairns Marine Precinct is home to a large marine services sector that includes a variety of leisure, fishing, tourism and cargo vessels, local and international cruise ships and luxury yachts. It is also home to HMAS Cairns, one of only five operational naval bases in Australia.

The region's growing agricultural sector contributes over \$2.7 billion a year to the TNQ economy with livestock, horticulture and cropping, fishing and forestry being its main industries, while the mining sector continues to make a major economic contribution (\$1.05 billion in 2017-2018) as does construction, education and health care.



RECOMMENDED INVESTMENT SUMMARY

Unlock the potential

Tropical North Queensland has significant opportunities for growth and diversification with the key to success being location and connectivity. To achieve our vision of a prosperous, productive and sustainable city and region, Advance Cairns is seeking Federal commitment to the following priorities.



Nullinga Dam

\$425 million over 6 years



Cairns Marine Precinct

\$100 million



Superyacht Chartering

Revision to legislation



Cairns Ring Road

\$287.2 million over 3 years



Gulf Savannah Way

\$186 million over 10 years



Kuranda Range Road

\$10 million



Cairns Gallery Precinct

\$13.3 million



Cairns Aviation Route Expansion

\$50 million over 4 years



Asia-Pacific Aviation and Research Hub

\$9.9 million



Cairns University Hospital

\$60 million over 2 years

Infrastructure Priorities



ENABLING INFRASTRUCTURE

Nullinga Dam

THE CHALLENGE

North Queensland has enjoyed consistent population growth over the past 25 years¹. This growth has been underpinned by the expansion of several industries including agriculture, fisheries, education, health and tourism. Consequently, investment in key water infrastructure is critical to service our sustained economic growth. Consistent with the Cairns Water Security Strategy (CWSS)², the opportunity to assess and construct Nullinga Dam and associated infrastructure would provide long term water security for the wider region and enable growth in Northern Australia.

The Queensland Government, through Building Queensland, is working with the Commonwealth Government to ensure the detailed business case is completed and released by the end of the 2018-2019 financial year, ensuring a clear link between the proposal and the future urban water and agricultural needs in the region.

The Nullinga Dam project will require shared State and Federal investment of approximately \$850 million to facilitate construction. The project will also require bilateral Government support to facilitate and coordinate the development approval processes for the dam, with the Environmental Impact Study estimated to require a \$10 million allocation of the funds.

BACKGROUND

On the back of record drought periods in Australia, water security and food security have become national policy issues. In strengthening the role of northern Australia as a food bowl, the purpose of Nullinga Dam is to facilitate future agricultural demand in the Mareeba-Dimbulah Water Supply Scheme (MDWSS)³ while also catering for future urban demand in Cairns and Mareeba. The current indicated storage capacity of the proposed dam is 365,000 megalitres, however Nullinga Dam could provide an additional 126,000 megalitres with enhanced design options that are focused on the size of the dam wall. While the Nullinga Dam project would provide both agricultural and urban water supply options, it has the potential to stimulate a number of other catalytic projects around its construction, including hydro, lake-surface solar and water treatment plants.

1 <https://economy.id.com.au/cairns/population>

2 <https://www.cairns.qld.gov.au/water-waste-roads/water/security>

3 <http://www.sunwater.com.au/schemes/mareeba-dimbulah>

Briefing Note Summary

Tropical North Queensland has enjoyed consistent population and industry growth over the past 25 years and **investment in key water infrastructure is now considered critical.**

Under the **White Paper for Northern Australia**, the Federal Government has committed \$5 million to assessing the viability of the Nullinga Dam proposal, but **further resources are required to secure approvals and investment.**

The project requires **bilateral commitment and shared investment of approximately \$850 million** (split 50:50) to progress to construction stage, with \$10 million to be allocated to the Environmental Impact Study.

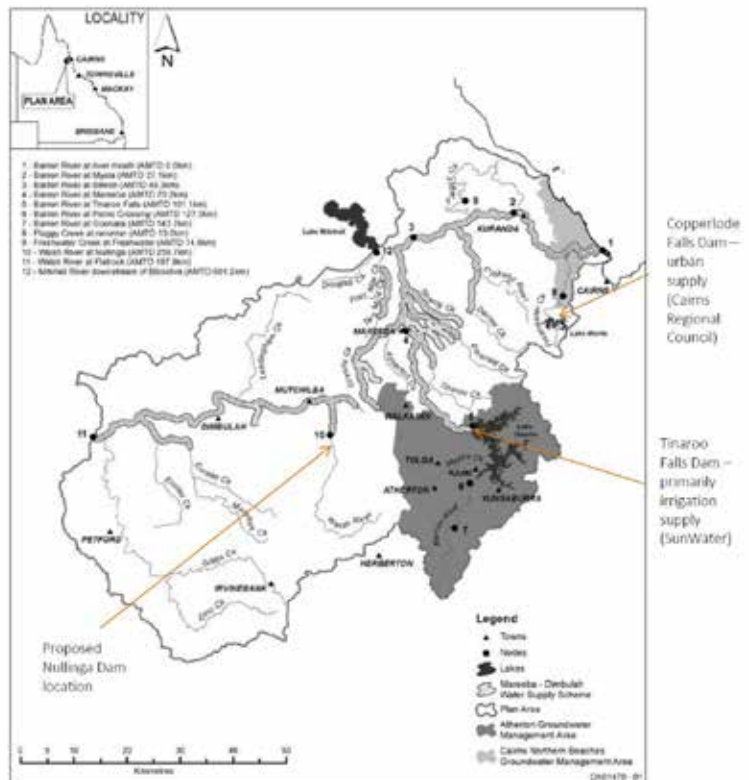
Infrastructure Priorities

WHERE WE ARE NOW

Under the Northern Australian White Paper the Federal Government has committed \$5 million toward assessing the viability of the Nullinga Dam proposal, but further resources are required to secure approvals and investment.

While funded by the Commonwealth, the detailed business case is being overseen by Building Queensland, with the report due to be released mid-2019. The proposed location is on the Walsh River, approximately 55 kilometres south-west of Cairns and 24 kilometres south-south west of Mareeba. The dam site is within the existing Mareeba-Dimbulah Water Supply Scheme, which is currently supplied by Tinaroo Falls Dam.

10,000 hectares of currently unirrigated cropping land suitable for irrigated agriculture has been identified adjacent to the Walsh River⁴. The Queensland Government is yet to acquire the land required for the dam.



Source: DNRM

4 Nullinga Dam and Other Options Preliminary Business Case (2017)

OUR RECOMMENDATION

That the Commonwealth Government works with the Queensland Government through Building Queensland to ensure the detailed business case is completed and released by the end of the 2018-2019 financial year, ensuring a clear link to future urban water and agricultural needs in the region.

That in 2019-2020, the Commonwealth Government supports the Queensland Government in the acquisition of the land required for Nullinga Dam, and commits \$425 million as a 50:50 contribution with the Queensland Government for dam construction, with \$10 million reserved for environmental approvals.

<i>Estimated project cost \$850m (stage 1)</i>	2019-2020	2020-2021	2021-2022	2022-2023
Indicative Timeline*	Environmental approvals (EIS)	Environmental approvals (EIS)	Environmental approvals (EIS)	Detailed design and procurement
Recommended Federal Investment	\$10m	-	-	\$25m
Recommended State Investment	-	-	-	\$25m

NB: Construction funds to flow from 2023-2024

*Source: Building Queensland Fact Sheet - Nullinga Dam and Mareeba Dimbulah Water Supply Scheme Improvements Project (2018)

Infrastructure Priorities



INDUSTRY DEVELOPMENT

Cairns Marine Precinct (including HMAS Cairns)

THE CHALLENGE

The Cairns Port is a critical enabler of the northern Australian economy. In addition to industry, it supports Australia's strategic Defence and foreign policy initiatives in the South West Pacific and northern Papua New Guinea. The changing nature and competition for international influence in the South Pacific, particularly by China, emphasises the importance of Cairns' strategic location to Australia.

Cairns requires a sustainable marine capacity to service both Defence and industry needs and to provide growth, jobs and a secure future for Northern Australian families.

Under an existing \$24 million Federal Government commitment, the first stage of a Cairns Marine Maintenance Precinct upgrade is delivering wharves, hardstands, slipway extension and service upgrades. However, a further commitment of \$100 million by the end of 2019 is sought for subsequent stages, which will look at significant increases in precinct capacity to expand industry opportunities to attract and service new businesses to the region.

This infrastructure priority is complementary to, and supports the Cairns Shipping Development Project (CSDP). The CSDPs increased channel capacity will facilitate safe access for larger Navy ships and the relocation of the Cairns Channel swing basin will enable future expansion of HMAS Cairns' Navy base.

Cairns is one of the few ports in Australia that can offer the Defence Department significant expansion opportunities in berth and land facilities. However, additional investment in port infrastructure at HMAS Cairns is required to provide long-term sustained growth for the Royal Australian Navy (RAN).

The Federal Government has pledged \$120 million in this decade and \$300 million in the subsequent decade to develop additional wharf space and support infrastructure within HMAS Cairns.

Briefing Note Summary

Cairns Port is the strategic defence and marine maintenance and sustainment centre of excellence for north-east Australia. It is the strategic gateway to the South West Pacific and Papua New Guinea (Manus Joint Australian/US Naval Base), with a unique, world-class, internationally competitive growing commercial centre for marine and aviation.

To ensure sustainable marine capacity, a **commitment is required for continuous maintenance and sustainment** of present Navy, Australian Border Force and Pacific Nations vessels plus OPVs in Cairns.

In addition, a **commitment of \$100 million is required** by the end 2019 for additional wharves, hard stand capacity and slipway capacity to significantly increase precinct capability.

Deliver four, and preferably six, OPVs to be home ported in Cairns, noting the changing strategic environment in the South Pacific and likely bilateral Australia/US naval base at Manus Island.

There is also a need to **bring forward the \$300 million pledge** to develop HMAS Cairns to allow for \$420 million spend in decade to 2026.

Infrastructure Priorities



BACKGROUND

Cairns Port is unique in northern Australia with world-class expertise in the marine sector and ready access to Cairns' aviation sector. Both are non-resource reliant industries.

Cairns' marine precinct offers a competitive environment which drives innovation, quality and value for money for its diverse user base (which includes the Commonwealth). The sector employs over 4,600 personnel across 270 organisations, and includes the three major slipways which combined, have the capacity to service vessels up to 105m in length and weighing 3,000 tonnes.

With the changing strategic environment of rivalry for influence in the South Pacific, mainly because of China's overtures to Pacific nations, more RAN fleet units are more likely to be deployed to the South West Pacific area. The prospect of bilateral arrangements between Australia and the United States regarding the establishment of a joint naval base on Manus Island to the north is also likely to draw a commitment of more fleet units to that area.

This increasing level of activity further offshore from northern Australia is likely to result in a greater workload for HMAS Cairns.

WHERE WE ARE NOW

Government commitment to the long term, continuous maintenance and sustainment, docking and refit programs in Cairns for Offshore Patrol Vessels (OPVs), Pacific Patrol Boats, Armidale Class Patrol Boats and Custom's Cape Class Patrol Boats, in addition to current Hydrographic Survey Vessels and Survey Motor Launches is required to:

- Leverage the precinct's current capability to ensure value for money for the Commonwealth
- Support northern Australia's further growth and job creation
- Offer a continuous Naval patrol boat sustainment solution
- Provide industry continuity and sustain marine capability in Cairns to service the Defence and broader marine industries
- Support ongoing innovation and development of marine industry expertise in the region

OUR RECOMMENDATION

That the Department of Defence brings forward the second stage of its \$300 million pledge in HMAS Cairns to allow for a \$420 million spend by 2026 and delivers on its commitment to allocate at least four, and preferably six, Offshore Patrol Vessels (OPVs) to be home based in Cairns, including associated sustainment and maintenance work.

That in 2019-2020, the Federal and State Governments commit \$100 million in funds to Ports North for planning and infrastructure purposes to ensure the Cairns Marine Precinct develops with future capacity to service Naval and industry needs.

<i>Estimated project cost \$100m</i>	2019-2020
Recommended Federal Investment	\$100m

Policy Priorities



INDUSTRY DEVELOPMENT

Superyacht Chartering

THE CHALLENGE

The inability for foreign flagged superyachts to charter in Australia is the single biggest inhibitor to growth in the Australian superyacht industry. Changes in legislation to allow foreign flagged superyacht charters in neighbouring countries such as Fiji has shown a 40% increase in vessel visitation and an increase of average stay from 21 days to 136 days. New Zealand enjoyed an increase of 54% in superyacht visitation in 2014-2015 with new legislation permitting a vessel to stay up to 2 years and conduct charters.

BACKGROUND

The Federal Government submitted changes to the Coastal Trading (Revitalising Australian Shipping) Act 2012 into Parliament that removed the current requirement for five voyages, requiring each voyage to be between two separate ports and allowed exemption from the Customs Act whilst alongside or in a maintenance yard.

A new discussion paper with regard to revising the Coastal Trading Act was released by the Federal Government on 21 March 2017.

WHERE WE ARE NOW

Super Yacht Group Great Barrier Reef (SYGGBR) strongly urges a solution be provided by Government to permit foreign flagged superyachts to charter in Australia. There is no requirement for Government investment in order to secure large economic benefits.

The urgency of a solution is demonstrated by interest from international companies such as Burgess (world's largest superyacht charter company) who have expressed an interest in opening an office in Sydney, and by the growing number of international events that will attract superyachts to the Pacific region.

Current events that will attract superyacht vessels to the Pacific include:

- Feb 2019 - SailGP in Sydney Harbour
- Sep 2019 – Rugby World Cup in Japan
- Feb 2020 – SailGP in Sydney Harbour (forecast)
- Sep 2020 – Summer Olympics in Tokyo
- Dec 2020 – Mar 2021 – 36th America's Cup in Auckland

Briefing Note Summary

The inability for foreign flagged superyachts to charter in Australia is the **single biggest inhibitor** to growth in the Australian superyacht industry.

Neighbouring countries have seen **significant increases in superyacht visitation** following changes in legislation to allow for foreign flagged superyacht chartering.

There is **no requirement for Government investment** in order to secure these large economic benefits for Australia.

Allowing foreign flagged superyachts to charter in Australia requires revision of the Coastal Trading (Revitalising Australian Shipping) Act 2012 and/or new Charter legislation.

Policy Priorities



Of particular interest is the launch of SailGP¹². The event's long-term success will be determined by the ability for ultra-high net-worth individuals to follow the series and view the races from their superyachts. The global SailGP racing series launched in Sydney in February will feature 5 events across the year in the host cities of Sydney, San Francisco, New York, Cowes (U.K.) and Marseilles. Competing nations will include Australia, China, France, Great Britain, Japan and the United States, with all crews racing with identical wingsailed F50 catamarans.

With 50% of the world's superyacht charter vessels catered for by this series alone, to maximise the benefits from the event it is crucial that from 2019, foreign flagged superyachts be permitted to charter in Australia.

To capitalise on the opportunities, new Charter Legislation or changes to the Coastal Trading Act should allow the following:

- 12 month permits for superyachts to operate commercially in Australia without the need to enter for consumption;
- a charter permit system to last 12 continuous months. This allows multiple entries into and out of Australia during the 12 months;
- all crew must have the authority to work in Australia, through citizenship or an appropriate visa;
- all maintenance and refit work remain GST exempt whilst under the charter permit;
- all fuel and provisions consumed in Australia to attract GST;
- all charter fees to incur GST payable to the Government; and
- additional permits can be applied for allowing up to 3 years in a 4-year period (to align with the Customs Control permit).

1 <https://sailgp.com/>

2 SailGP global racing league unveiled at spectacular London launch: <https://sailgp.com/news/SailGP-unveiled>

OUR RECOMMENDATION

That in 2019 the Department of Infrastructure and Regional Development revise the Coastal Trading (Revitalising Australian Shipping) Act 2012 and/or develop new Charter legislation to allow foreign flagged superyachts to charter in Australia.

Infrastructure Priorities



ENABLING INFRASTRUCTURE Cairns Ring Road

THE CHALLENGE

Access to the Cairns Port from the north and west of Cairns, and access between the seaport and Cairns Airport, is constrained by the need to travel directly through the Cairns CBD.

There is significant traffic congestion on the Captain Cook Highway and along the Western Arterial Road, both of which lead from the northern beaches into the city, and this makes the transport of freight items to, from and between the key port locations difficult.

The National Highway A1 does not connect the Cairns Airport with the city's southern access route (Cairns' principal regional export hub) nor does it connect the airport, seaport and Bruce Highway (Cairns' principal northern freight route) with the region's agriculture producing areas (Atherton Tablelands, Cape York Peninsula and Mossman).

There is significant potential to expand export activities for the Tropical North Queensland (TNQ) region, particularly to Asian markets, with connectivity between ports a critical enabling factor in the future development of Cairns Airport as an export and service hub.

BACKGROUND

The Bruce Highway is part of the National Highway A1. It provides the vital linkage between Cairns, other Queensland coastal cities and Brisbane. The National Highway A1 currently terminates in the Cairns CBD at the corners of Comport and Draper Streets. The state-funded highway then runs some distance from the Port of Cairns to the Cairns Airport, and finally converges at the intersection of Captain Cook and Kennedy Highways and Mount Milman Drive, Smithfield, north of Cairns - the point from which Port Douglas, Mossman, the northern Atherton Tablelands, Cape York Peninsula and Gulf of Carpentaria are accessed. The current termination point of the highway impacts road transport access to Cairns Airport, which caters for more than 5.2 million passenger movements each year and acts a key freight hub for the region.

Briefing Note Summary

The National Highway A1 does not connect the Cairns Airport with the city's southern access route, nor does it connect the airport, seaport and Bruce Highway with the region's agriculture producing areas.

Economic growth is currently constrained by substandard road transport routes to, from and between the seaport and Cairns Airport.

An investment of an estimated \$359 million (split 80:20 between the Federal and State Governments) is required for the first phase of the project, to extend the National Highway A1 from its current terminus in the Cairns CBD to Smithfield.

Infrastructure Priorities

WHERE WE ARE NOW

The need to improve connectivity between ports was acknowledged by the Queensland Minister for Transport and Main Roads, Mark Bailey, who wrote to the Deputy Prime Minister, Michael McCormack on 19 September 2018 to request an extension of the national highway in Cairns during the 2018-2019 NLTN Determination Review.

Investment in key roads infrastructure is critical to ensuring sustained economic growth for the region, which will lead to greater diversity in incomes and job security. The required infrastructure upgrades can be achieved through:

1. Extending the National Highway A1 in Cairns from its current terminus in the Cairns CBD (corner of Comport and Draper Streets) to the intersection of Captain Cook and Kennedy Highways and Mount Milman Drive, Smithfield, north of Cairns; and
2. Creating a ring road traversing the Western Arterial Road to the west of the city to connect back with the northern end of the Bruce Highway to fully link the northern most part of the National Highway to the Cairns Port and Airport.



It is estimated a bilateral investment of \$359 million is required to cover the cost of the first phase of the project.

OUR RECOMMENDATION

That during the 2018-2019 financial year, the Commonwealth Government, through DILGP, DTMR and DIRD, works with the Queensland Government to amend the National Land Transport Act 2014 to extend national highway designation from the current terminus of the Bruce Highway in the Cairns CBD, north to the intersection of Captain Cook and Kennedy Highways and Mount Milman Drive, Smithfield, north of Cairns.

That the Department of Infrastructure, Regional Development and Cities engages with the Queensland Government to commence construction of Cairns Ring Road in 2019-2020, and that the Federal Government commits to funding \$287.2 million (80% of the estimated \$359 million investment) for the first phase of the project, to be invested across three years to 2021-2022.

<i>Estimated project cost \$359m (stage 1)</i>	2019-2020	2020-2021	2021-2022
Recommended Federal Investment	\$100m	\$100m	\$87.2m
Recommended State Investment	\$25m	\$25m	\$21.8m

Infrastructure Priorities



ENABLING INFRASTRUCTURE Gulf Savannah Way

THE CHALLENGE

The Gulf Savannah Way traverses Northern Australia, linking Cairns in Tropical North Queensland to Broome in Western Australia's Kimberley. The route is approximately 3,700 km long, crossing 15 National Parks, five World Heritage areas and a variety of natural routes across the Top End.

The North West Queensland section of the Gulf Savannah Way takes in 313km with almost 60% of the road already sealed, however there are critical missing links that require pavement upgrades, bitumen seal, minor realignment of substandard curves, concrete causeways and four major river crossings.

As large sections of the Savannah Way remain unsealed and flood prone, communities become isolated during the annual wet season which limits the economic value of this northern road link. Upgrading the Queensland segment of the Gulf Savannah Way will require replacing existing substandard infrastructure with a 7.5m wide bitumen sealed pavement, with concrete causeways through creek crossings and raised floodways (using 1.2m high culverts) through major river crossings.

BACKGROUND

Normanton to Burketown is approximately 221km with about 50% unsealed. This section requires pavement augmentation and bitumen sealing to 7.5m wide, some minor realignment, concrete causeways and a major culvert crossing at the Leichhardt River.

Burketown to Doomadgee is approximately 88km long and fully sealed but has two major river crossings at the Gregory River and Nicholson River which require some minor pavement, alignment and causeway improvements. Doomadgee to NT Border is approximately 104km long with only 30% sealed. This section requires pavement augmentation and bitumen sealing to 7.5m wide, minor realignment and concrete causeways plus a major river crossing at Branch Creek.

WHERE WE ARE NOW

Sealing the Gulf Savannah Way is estimated to require an investment of \$186 million. Completing the project over a 10-year period with funds made available to Local Councils each year will allow the retention of a local workforce.

Briefing Note Summary

The Gulf Savannah Way stretches for 3,700 km and links Cairns in Tropical North Queensland to Broome in Western Australia's Kimberley.

Large segments of the Queensland section of the Savannah Way are unsealed and flood prone, isolating communities during the wet season and **limiting the economic value** of this northern road link.

Sealing the Queensland section of the Gulf Savannah Way is estimated to require an **investment of \$186 million**, split 80:20 between the Federal and State Governments.

On completion, the entire length of the Savannah Way will be sealed in Queensland with improved flood resilience that supports local communities, improves tourism opportunities and **increases commerce and agricultural prosperity**.

Infrastructure Priorities



The estimated investment breakdown is as follows:

- Normanton to Burketown - \$100 million to be constructed progressively over 10 consecutive years.
- Burketown to Doomadgee - \$30 million funded over 4 consecutive financial years (equally in years 1-4).
- Doomadgee to NT Border - \$56 million to be provided in equal installments over the 10 year project period.

The project will extend across North West Queensland, travelling along the Gulf of Carpentaria from Normanton to the Northern Territory boarder, passing through Burketown, Doomadgee and Hell’s Gate in Queensland and connecting to Wologorang in the Northern Territory.



OUR RECOMMENDATION

That the Commonwealth and State Governments support the sealing and improved flood resilience of the western Queensland section of the National Highway by providing project funding at 80% Commonwealth and 20% State Government in accordance with the Commonwealth State Roads funding model.

That allocation of funds in the 2019-2020 Federal Budget be distributed to the controlling Local Government Authorities in equal portions over a 10 year period from 2019-2020.

<i>Estimated project cost \$186m</i>	Budget		Forwards	
	2019-2020	2020-2021	2021-2022	2022-2023
Federal Investment	\$14.88m	\$14.88m	\$14.88m	\$14.88m
State Investment	\$3.7m	\$3.7m	\$3.7m	\$3.7m

Infrastructure Priorities



ENABLING INFRASTRUCTURE Kuranda Range Road

THE CHALLENGE

The Kuranda Range road (Kennedy Highway) is a critical link for commuter, commercial and visitor traffic in Tropical North Queensland (TNQ). It is a vital strategic corridor linking the Atherton Tableland, North Tropical Coast and Cape York to the Cairns Airport, as the road is the critical link that supports the region's primary industries, producers and exporters.

The Kuranda Range, located to the north of Cairns, reached capacity several years ago and often suffers from unplanned full or partial road closures due to vehicle incidents. In the 10 years to August 2018, the Kennedy Highway (Cairns to Mareeba section) experienced 493 unplanned closures, with total closure time of 1,111 hours and an average close time per incident of 2 hours and 15 minutes¹. The road is a known congestion pinch point for the region and with its current design, reaches maximum daily traffic loads at 9,500 vehicle movements per day. The Kuranda Range currently caters for an estimated 9,000 to 10,000 daily traffic movements.

As the road is the strategic link from the hinterland to Cairns International Airport, there is significant potential to expand export activities for the TNQ region, particularly to Asian markets. Connectivity between primary industry and the airport is a critical enabling factor in the future development of the region.

BACKGROUND

The Kuranda Range has been the subject of multiple impact assessment and design studies conducted over several decades². The key recommendation uncovered has been to upgrade the existing road from 2 to 4 lanes to accommodate the increased traffic demand. However, the project has not been progressed by the Department of Main Roads (DMR) due to a lack of funding.

¹ Department of Main Roads: RTI 135-05880 North Queensland Region

² Examples include: McIntyre M (2000). *Integrated Transport Study for Kuranda Range: impact assessment study*. Prepared for Department of Main Roads; Environment North (2004). *Integrated Transport Study for Kuranda Range – Impact Assessment Study IAS Addendum*. Prepared for Department of Main Roads; Environment North (2006). *Integrated Transport Study for Kuranda Range Further Information Report*. Prepared for Department of Main Roads.

Briefing Note Summary

The Kuranda Range road is a **critical link** for commuter, commercial and visitor traffic in Tropical North Queensland.

With its current design, the **Kuranda Range reaches maximum daily traffic loads at 9,500 vehicle movements per day**. The road **currently caters** for an estimated **9,000 to 10,000 daily traffic movements**.

The **National Land Transport Act 2014** needs to be amended to include the Kuranda Range.

An **estimated investment of \$10 million** is required to update the previous Kuranda Range scoping studies.

Infrastructure Priorities



The need to progress the Kuranda Range upgrade has been reinforced by the State Government’s 2009-2031 Far North Queensland Infrastructure Plan³, which stated that:

“After extensive investigation, planning and community consultation DMR identified a four-lane surface route with extensive bridging as the best solution, determined the footprint, obtained necessary environmental approvals and revised cost estimates based on these factors. However, in 2007, the upgrade was assessed as being unaffordable in the short to medium term”.

More than 12 years on, the Kuranda Range upgrade remains a critical infrastructure project for the region.

WHERE WE ARE NOW

The Australian Government is investing \$15.5 billion in the Queensland land transport network from 2013-2014 to 2021-2022. The 2018 Federal budget also included \$1.5 billion for the 10-year Roads of Strategic Importance initiative – Northern Australia Package. As this funding was not available at the time of the previous Kuranda Range scoping studies, there is an opportunity to update the studies and prepare a detailed business case as the road is of strategic importance.

Recognising the need for investment in key roads infrastructure for TNQ, the Queensland Minister for Transport and Main Roads, Mark Bailey, wrote to the Deputy Prime Minister, Michael McCormack on 19 September 2018 to request an extension of the national highway in Cairns to Smithfield during the 2018 National Land Transport Network (NLTN) Determination Review. However, the submission did not include the Kuranda Range (Kennedy Highway).

³ <https://cabinet.qld.gov.au/documents/2009/Feb/Far%20North%20Queensland%20Infrastructure%20Plan/Attachments/Final%20FNQ%20Infrastructure%20Plan.pdf>

OUR RECOMMENDATION

That in 2019-2020 the Commonwealth Government commits \$10 million to update the previous Kuranda Range scoping studies for the design of a Kuranda Range road upgrade that will duplicate the existing road, taking the road from 2 to 4 lanes.

<i>Estimated project cost \$10m (scoping study update)</i>	2019-2020
Recommended Federal Investment	\$10m

Infrastructure Priorities



DESTINATION DEVELOPMENT

Cairns Gallery Precinct

THE CHALLENGE

Building on natural assets and a strong cultural heritage, Cairns aims to be recognised as the Arts and Cultural Capital of Northern Australia. This objective is embedded within the Cairns Regional Council's Corporate Plan 2017-2022 and forms an integral part of the Council's Strategy for Culture and the Arts 2022.

The Cairns Gallery Precinct project is an initiative of Cairns Regional Council and is strongly aligned with the Cairns 2050 Shared Vision, which was launched in partnership with industry stakeholders in 2018.

The project aims to connect three regionally significant heritage listed buildings in the Cairns City Centre (the existing Cairns Art Gallery, the Old Cairns Courthouse and the former Mulgrave Shire Council offices) and add a new exhibition gallery to create a dynamic, transformative and world class gallery precinct.

The Cairns Gallery Precinct project will have strong connections with other key arts and cultural infrastructure in the region including the Munro Martin Parklands, Cairns Performing Arts Centre, Centre of Contemporary Arts Cairns and the Cairns School of Arts Building (incorporating the Cairns Museum).

BACKGROUND

The Cairns Gallery Precinct will provide a vibrant and expansive arts precinct showcasing domestic and international touring exhibitions as well as contemporary local and indigenous art. The precinct will also provide community arts and cultural facilities including collaborative working and learning spaces, production spaces, civic function and events spaces and food, beverage and retail facilities.

The Cairns Gallery Precinct will provide a significant positive economic impact to the region during construction, adding \$25.1 million in gross regional product and supporting 167 full-time jobs. Once operational, the precinct will add a further \$19.4 million annually to gross regional product and support 179 ongoing full-time jobs.

Briefing Note Summary

The Cairns Gallery Precinct is an initiative that will ensure that Cairns is recognised as the **Arts and Cultural Capital of Northern Australia**.

The project will connect three existing heritage listed buildings in the Cairns City Centre and add a new exhibition gallery to create a **world class gallery precinct**.

The project will generate **\$25.1 million in GRP and 167 jobs** during the construction phase, and contribute \$19.4 million per annum in GRP and **support 179 full time jobs** once operational.

Cairns Regional Council is seeking a tripartite funding arrangement for the project's estimated \$39.8 million capital cost with Federal, State and Local (Council) Governments to **each contribute \$13.3 million** to the project.

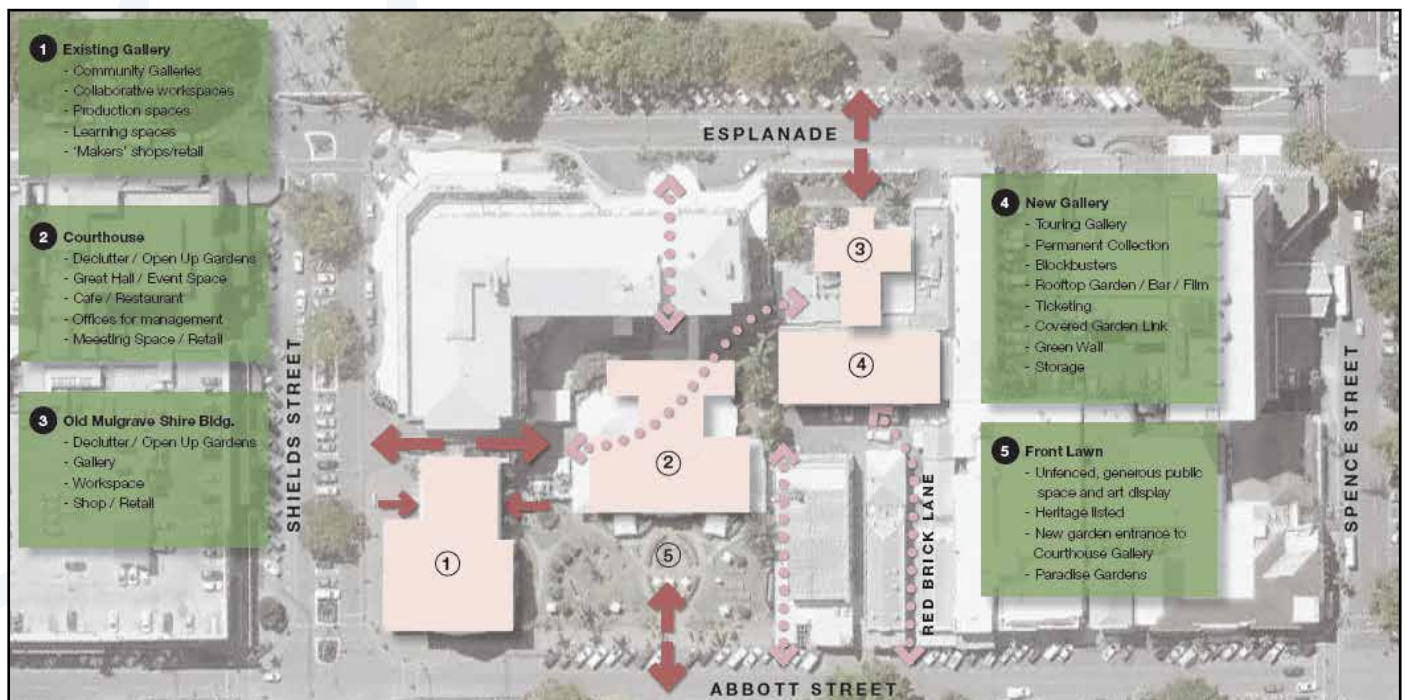
Infrastructure Priorities

These ongoing economic impacts reflect the fact that the Cairns Gallery Precinct will become a major attraction within the Cairns City Centre, supporting increased domestic and international tourism visitation, contributing positively to visitor length of stay and activating business and economic activity in the surrounding area. The project will also contribute a wide range of social and qualitative benefits to the communities of Cairns and Tropical North Queensland

WHERE WE ARE NOW

The estimated capital cost of the Cairns Gallery Precinct is \$39.8 million and Council is seeking a tri-partite funding model for this capital cost with the Federal, State and Local (Council) Governments each contributing \$13.3 million.

Council has lodged a Stage 1 Initial Application under the Federal Government’s Regional Growth Fund (‘RGF’) Program as an avenue to secure Federal Government funding. A direct request for \$13.3 million in funding has also been made to the Hon Leanne Enoch, Queensland Minister for the Arts and Council officers are working directly with representatives of the Minister’s Department to progress this funding request.



OUR RECOMMENDATION

That under a tri-partite funding arrangement, the Federal Government commit \$13.3 million in the 2019-2020 budget in funding towards the Cairns Gallery Precinct’s estimated capital cost of \$39.8 million.

Policy Priorities



DESTINATION DEVELOPMENT Cairns Aviation Route Expansion

THE CHALLENGE

Cairns is the equal fourth largest international visitor market in Australia, but lacks sufficient international airline capacity. Of the 900,000 international visitors to Cairns each year, approximately three-quarters arrive and/or depart on domestic flights, typically having to 'back track' via a southern capital.

The lack of direct international flights results in there being a large under-served demand of international travellers who have a desire to visit Cairns but choose not to due to inconvenient travel itineraries and the resulting cost of flying via intermediate ports.

Other Australian airports, notably Melbourne, have successfully moved to a new growth trajectory by actively securing new direct international services. Stimulating international services to the extent that under-served demand was met would see Cairns' market share of international passengers increase from its current low of 1.7% to 5%, in line with the market share it held for fifteen years from 1990-1991 to 2005-2006, and provide \$800 million per year additional economic benefit to the Tropical North Queensland (TNQ) economy.

Cairns Airport aims to address the current market distortion of international visitors accessing Cairns via domestic flights and to secure international services in line with demand. New aviation routes directly benefit tourism along with opportunities such as international education, growth in regional exports and the region's aviation industry infrastructure and services.

BACKGROUND

Cairns Airport is the nation's seventh busiest in terms of combined international and domestic passenger movements. It handles around 130,000 aircraft movements and over 5.2 million passenger movements per year.

The airport is widely recognised as one of the most significant economic drivers in the TNQ region and its facilities are critical pieces of economic infrastructure.

Tourism is a major contributor to the TNQ regional economy and provides \$3.2 billion of the Cairns local government area GRP of \$8.4 billion. 95% of visitors to Cairns and surrounds arrive by air, making air travel vital to the local economy. Air connectivity directly supports the agriculture, education and resources sectors. Cairns is also a hub to provide services to remote communities.

Air connectivity to Cairns is key to the economic development of the region. It opens up new visitor markets,

Briefing Note Summary

An international flight to Cairns is a **\$200 million per annum export business**.

There is unmet demand for **at least four** new daily flights; worth \$800 million per annum in economic benefit.

A new route has **start-up costs of around \$30 million (USD)**.

Cairns Airport is seeking to assemble **four \$25 million airline support packages** with the investment split 50:50 between the Federal and State Governments.

Policy Priorities



provides opportunities for the export of agricultural produce and promotes growth in the education sector. A daily international wide-body flight to Cairns is a \$200 million a year export business comprising \$100 million of international visitor spend in TNQ, \$50-150 million of agricultural produce sales, and more than 650 new jobs for the region. In addition, there are significant flow-on benefits as other trade is enabled by new air routes. These benefits are widely dispersed across businesses in the region.

Analysis by specialist aviation consultants Aviado Partners shows there is current unmet demand for an additional 750,000 international visitors per year to Cairns Airport that would be unlocked by additional capacity, without reducing passengers on existing domestic and international flights. This is equivalent to four daily flights: one each from the Middle East and Southeast Asia to serve Europe, one from Shanghai and one from North America. Together these would provide \$800 million per year additional economic benefit to the TNQ economy. These benefits are widely dispersed across tourism, agriculture, education and other businesses in the region.

WHERE WE ARE NOW

Southern Australian international gateways have grown rapidly from an increase in trade and travel over the past 10 years, driven primarily by the rise of the middle class in Asia. There is an opportunity for Cairns to capture its fair share of this growth, but conversely a risk that the potential economic benefits across many sectors will not be realised if new air connectivity is not forthcoming.

Establishing a new long-haul route is a significant investment for an airline, requiring around US\$30 million in start-up costs and the commitment of one or two aircraft worth \$100-200 million each to the route. Airlines increasingly look to communities, private enterprise and governments to offset the risk and share the economic benefit by contributing to the start-up costs. Cairns Airport is seeking to assemble four \$25 million airline support packages to support the start-up of these four key routes.

OUR RECOMMENDATION

Government funds are required to support the launch of new aviation routes and create brand awareness for long-term route sustainability.

Cairns Airport and Tourism Tropical North Queensland recommend that the Federal Government contribute materially (up to 50%) to the four \$25 million airline support packages to drive \$800m in economic growth for Far North Queensland. Cairns Airport and the Queensland Government are the most significant other potential contributors.

This request is in addition to ongoing destination marketing support in source markets via Tourism Australia, Tourism and Events Queensland, and Tourism Tropical North Queensland.

<i>Estimated project cost \$100m</i>	2019-2020	2020-2021	2021-2022	2022-2023
Recommended Federal Investment	\$12.5m	\$12.5m	\$12.5m	\$12.5m
Recommended State Investment	\$12.5m	\$12.5m	\$12.5m	\$12.5m

Infrastructure Priorities



ENABLING INFRASTRUCTURE

Asia-Pacific Aviation Education and Research Hub

THE CHALLENGE

Cairns has the potential to become a leader for world-class aviation education, training and research in the Asia-pacific region. The city is a strategic gateway to the Asia Pacific and already plays a key role in airborne freight and passenger traffic with direct links to China, South Korea, Japan, Hong Kong, Singapore, Indonesia, the Philippines and New Zealand.

CQUniversity has already established a bachelor's degree program and a graduate diploma program, in partnership with Hinterland Aviation, and is in the process of establishing an aviation Campus on Cairns International Airport.

In establishing the campus, CQUniversity has committed to invest \$4.8 million to establish Stage 1 of the Asia Pacific Aviation Hub in Cairns with the fit out of facilities commencing in 2018.

\$3.4 million will be invested in 2018-19 and CQUniversity has budgeted for approximately \$1.4 million per year in salaries and other expenses.

An opportunity exists for the Federal Government to leverage this initial investment and assist CQUniversity to establish the Asia Pacific Aviation Hub as a world-leading training and research facility.

A \$9.9 million Stage 2 investment will allow additional course offerings in Airport and Airline Operations and Air Worthiness, as well as world-class operational research in areas such as pilot situational awareness, fatigue, flight and Air Traffic Control (ATC) activity, governance and safety issues with Unmanned Aerial Vehicles (UAV), as well as the application of Artificial Intelligence (AI) in commercial aviation.

BACKGROUND

As global economies expand and airlines grow, there is expected to be an extraordinary demand for new pilots, skilled maintenance workers and cabin crews. Between now and 2036, it is estimated the aviation industry will need to supply more than 637,000 new commercial airline pilots, 648,000 new maintenance technicians, and 839,000 new cabin crew (Boeing Pilot & Technician Outlook 2017).

CQUniversity has long been a leader in Aviation studies through its facilities and course offerings at its Bundaberg campus. CQUniversity is committed to being the first university to offer tertiary aviation qualifications in Cairns and to provide a clear pathway for students to earn a commercial pilot's license.

Briefing Note Summary

Cairns has the potential to become a **leader for world-class aviation education, training and research** in the Asia-pacific region.

CQUniversity has already committed to invest \$4.8 million to establish Stage 1 of the Asia Pacific Aviation Hub in Cairns, with fit-out of the facilities commencing in 2018.

An opportunity exists for the Federal Government to **leverage CQUniversity's investment by investing \$9.9 million for Stage 2** of the Asia Pacific Aviation Hub.

Infrastructure Priorities



Initial course offerings at the Asia Pacific Aviation Hub will include the Bachelor of Aviation (Flight Operations), Bachelor of Aviation (Commercial Pilot) and the Graduate Diploma in Aviation (Flight Operations).

If CQUniversity is successful in capturing even a small proportion of the total global demand for training new pilots, this initiative has the potential to translate into a large number of undergraduate and post-graduate students being trained in Cairns every year. Academic and other professional and administrative support staff will also be located in Cairns.

WHERE WE ARE NOW

Realising the full potential of the Asia-Pacific Aviation Education, Training and Research Hub requires the capability inherent to stage 2 of the project, which would include the following additional capacity:

- A flight simulator facility and associated software (\$1.25 million)
- Associated sensors and tracking equipment (\$0.1 million)
- Hangers and training facilities at Cairns airport (\$3.5 million)
- A world-class Human Aerospace Laboratory for applied operational research (\$3.55 million)
- PhD research projects (\$1.5 million)

Student enrollments are estimated at between 40-50 students per year under Stage 1. This is expected to grow to over 150 per year with new courses and research opportunities under Stage 2.

OUR RECOMMENDATION

That the Commonwealth Government prioritises Aviation Education, Research and Operations (AERO) facilities as a strategic investment in the regional economy, enabling long-term sustained growth for international and domestic aviation education, training and aviation service industries.

That in 2019-2020, the Commonwealth Government commit to jobs growth in the regions by supporting CQUniversity with Stage 2 investment of \$9.9 million Asia-Pacific Aviation Education and Research Hub Project.

<i>Estimated project cost \$9.9m (stage 2)</i>	2019-2020
Recommended Federal Investment	\$9.9m

Infrastructure Priorities



ENABLING INFRASTRUCTURE

Cairns University Hospital - Research, Education and Innovation Centre

THE CHALLENGE

Clinical research and education services are critical to servicing the future health needs of the growing population in Tropical North Queensland (TNQ). Establishment of a Research, Education and Innovation (REI) Centre in Cairns is an essential enabler to ensuring skilled health workers are attracted to, and remain in, the region.

To deliver the strategic objective of a Cairns University Hospital, increased capability and capacity in translational and clinical trial research is required. The Cairns and Hinterland Hospital and Health Service (CHHHS) Research Excellence Plan 2018-2022 identifies the following areas for greater focus and expertise in research:

- Aboriginal and Torres Strait Islander (ATSI) health;
- Tropical health and medicine;
- Healthcare data linkages and health service models of care; and
- Equity of access to healthcare for patients with rheumatic heart disease, sexually transmitted infections, renal disease, diabetes and blood borne viruses.

To progress this strategic vision, the proposed clinical REI Centre would assist the CHHHS to address these research shortfalls, and provide opportunities for ongoing clinical advancement for its patients and its workforce.

In addition to clinical research, the REI Centre will enable the establishment of a virtual care facility to support the delivery of services to patients closer to home through telehealth and technology. This aligns with James Cook University's (JCU) vision of creating a Cairns Tropical Enterprise Centre (CTEC), which will be located within the proposed REI Centre to release space currently leased by JCU within Cairns Hospital.

The proposed \$50 million CTEC will house a multi-disciplinary centre for applied technology and enterprise, with fields of application to include health technology, tropical urbanism, tourism, arts, the environment and agriculture, underwritten by an emphasis on the application of Internet of Things (IoT) technologies.

BACKGROUND

In 2017-2018, the Cairns Hospital had 130,174 presentations to its emergency department and 103,731 hospital admissions. Due to estimated population growth of around 1.4 per cent per annum, and the large cohort of residents in TNQ currently aged 40-55 years, it is expected that demand for CHHHS services will continue to

Briefing Note Summary

Establishment of a **Research, Education and Innovation (REI) Centre in Cairns** is an essential enabler to ensuring skilled health workers are attracted to, and remain in, the region.

The proposal for a five-storey clinical research, education and innovation facility has **broad partner support** and seeks to build on successive government investments.

To deliver on the vision for Cairns University Hospital, an **investment of \$10 million** is required to acquire a strategic parcel of land adjacent to Cairns Hospital. In addition, an **investment of \$50 million** is required to establish the Cairns Tropical Enterprise Centre, which is the first step in establishing the REI Centre in Cairns.

Infrastructure Priorities



increase. This will require continued investment in specialised training for the local health workforce.

The proposal for a five-storey clinical research, education and innovation facility has broad partner support and seeks to build on successive government investments.

CHHS, supported by the Northern Queensland PHN, JCU and Advance Cairns, is collectively seeking to improve the ability of Cairns to build its own health workforce and support continuous quality improvement in health care.

The proposed CHHS facility will be complementary to, and supportive of, broader research developments in Townsville, and will complement the Tropical Australian Academic Health Centre, for which CHHS is a major partner.



WHERE WE ARE NOW

CHHS master planning has identified the need for a new clinical research facility adjacent to the existing Cairns Hospital. The new facility will allow for the relocation of research and education staff (currently housed within Cairns Hospital) to free up space to be re-purposed for clinical use. The new building will include research laboratories, education and teaching spaces, an auditorium and office spaces for research, education and executive staff.

To deliver on the vision for the REI Centre, a strategic land investment adjacent to the Cairns Hospital is required. A suitable site has been identified with approximately 18,627m² of commercially zoned land. Of this, 16,347m² is currently owned by one entity and consists of 4,823m² developed for commercial use and 11,524m² of vacant land. The remaining 2,280m² is a land reserve owned by Cairns Regional Council. The vacant land is the initial target for investment and the Cairns University Hospital project requires purchase or compulsory acquisition of this land.

On 21 January 2019, both the Prime Minister Scott Morrison and Opposition Leader Bill Shorten announced a \$60 million investment in stage 1 of the Cairns University Hospital. The funding allocation will progress the acquisition of land, and enable JCU to establish the CTEC facility in the Cairns University Hospital precinct.

OUR RECOMMENDATION

That the Federal Government has executed a contract with the proponents for \$60 million before the budget is handed down for 2019-2020.

THANK YOU TO OUR MEMBERS

Our Platinum, Executive and General members make a significant contribution to our work and we are sincerely grateful for their continued support in 2019.

Platinum Members



Executive Members



General Members

AAB Equipment	Dodge Auto Repairs	Pasma Electrical
AFL Cairns Limited	EMBECA	Peters Bosel Lawyers
Air Freight Handling Services	Elite Real Estate	Piccone's Family of Companies
Alive Pharmacy Warehouse	Energy Queensland	Planz Town Planning
Aurecon Australasia	FGF Developments	PMC (Plaster Metal Cladding)
Australia and New Zealand Banking Group	Flanagan Consulting Group	Quicksilver Group
Babinda Electrics	Flinders Shire Council	Ramsay Health
Big Cat Green Island Reef Cruises	Fowler's Group	Raymond Plumbing
Brazier Motti	Grant Thornton	RDA FNQ&TS
Brilliant Technologies	Halpin Partners Accountants	Reef Magic Cruises
BSE Cairns Slipways	Haz-Elec Industries Pty Ltd	SBJ Joint Ventures
Cairns and Hinterland Hospital & Health Service	Herron Todd White (Cairns)	Shangri-La Hotel
Cairns Chamber of Commerce	Hilton Hotel	Star 102.7 and 4CA
Cairns Penny Savings & Loans	Holding Redlich	Study Cairns
Cairns State High School	Jacobs Group (Australia) Pty Ltd	Super Yacht Group Great Barrier Reef
Cairns Wholesale Paint	Joe Vella Insurance Brokers	TAFE North Queensland
Calanna Pharmacy	Kleinhardt Business Consultants	Taylor Byrne Valuers
Catholic Education Cairns Diocese	KUR-World	Telstra Business Centre
CBRE Cairns	LDI Constructions Civil Pty Ltd	The CaPTA Group
CCIQ	LJ Hooker Cairns Edge Hill	The Morris Family
Chapman Group	Mac Farms	The Reef Hotel Casino
Cock and Bull Hotel	MacDonnells Law	Ten Years Younger
Colliers International (Cairns)	McDonalds Restaurant	TNQ Hydraulics
CPB Contractors	Miller Harris Lawyers	Trinity Anglican School
CQUniversity	My Pathway	Tropical Reef Shipyard
Crowe Horwath (Aust.)	National Australia Bank	Tropical Tourism North Queensland
Crystalbrook Collection	Nightowl Convenience	Westpac
Dawsons Engineering	Norship	WGC Lawyers Pty Ltd
Destination Cairns Marketing	Pacific Hotel Cairns	

“ The Cairns Marine Precinct is a ‘national asset’ from a defence perspective and the ‘logical gateway’ for defence to the Pacific region. ”

Shadow Minister for Defence, Richard Marles, Nov 15, 2018





TNQ business leaders on the steps of Parliament House.
Cairns TNQ Convoy to Canberra, 16-17 October 2018



**ADVANCE
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THE COMMITTEE FOR TROPICAL NORTH QUEENSLAND

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