

1 February 2019

The Hon Josh Frydenberg MP
Treasurer
PO Box 6022
Parliament House
CANBERRA ACT 2600

Dear Treasurer

I am writing on behalf of the Chairman Cr Jack Bawden and the Board of the North West Queensland Regional Organisation of Councils (NWQROC), to provide you with our 2019-20 Pre-Budget Submission.

NWQROC was established by the eight councils of the North West Queensland region in 2013 to advocate and deliver on agreed priorities for the region. These councils are the Carpentaria Shire Council, Burke Shire Council, Cloncurry Shire Council, Doomadgee Aboriginal Shire Council, Flinders Shire Council, McKinlay Shire Council, Mount Isa City Council and Richmond Shire Council.

NWQROC plays a vital role in working with councils, industry, representative bodies and all levels of government to advocate for our region – shaping strategic plans, promoting its assets, attracting investment and ensuring sustainable development across our diverse communities.

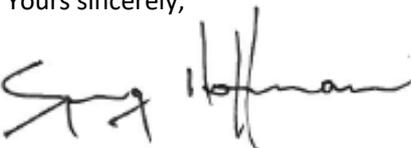
Our work is shaped by our mission: to make North West Queensland a region attractive for people and businesses to live, work and invest. This is reflected in the fact that each hardworking local in our region contributes \$176,000 per capita to the national economy - compared to only \$66,000, or nearly three times elsewhere in Queensland.

But, our local communities are only small and can't keep delivering this massive contribution that our whole nation benefits from, without proper investment from Canberra and Brisbane in infrastructure, communications and community. While the Government has "city deals" for selected urban areas, we are simply asking for a better "Regional Deal" for our local region.

Our 2019 election platform was developed based on the economic and community needs of our region and is already in discussion with Government, Opposition and other representatives. Not surprisingly, the content between NWQROC's strategic plan, election platform and this submission are consistent.

NWQROC would appreciate your favourable consideration on the practical measures detailed in our submission.

Yours sincerely,



Greg Hoffman PSM
Executive Director



NWQROC 2019-20 PRE-BUDGET SUBMISSION



AT A GLANCE

This Federal election and beyond, the Mayors, Councils and communities are asking political leaders to support the Northwest Queensland Regional Organisation of Councils' vision:

“Making North West Queensland a region attractive for people and businesses to live, work and invest”

Did you know that each hardworking local contributes \$176,000 per capita to the national economy compared to \$66,000 elsewhere in Queensland?

But, our local communities are only small and can't keep delivering this massive contribution without proper investment from Canberra and Brisbane in infrastructure, communications and community. While the Government has “City Deals” for selected urban areas, we are simply asking for a better “Regional Deal” for our local region.



Our Six Point Plan for a fairer “Regional Deal” for North West Queensland Communities.

1 Fair funding for our beef, freight and tourism roads and railways – that connect our communities to our markets and the rest of Australia.

2 Power policy for the real world including remote Australia – harnessing a balanced mix of technologies so local families and businesses get reliable, affordable, local power solutions. That includes cleaner gas from our northern gas basins, solar farms for our plentiful sun, distributed solutions where unreliable SWER networks don't work and better networks where they do work.

3 Investing in water infrastructure and dams so that our productive farmers and agribusinesses can harvest our plentiful water and continue to be profitable through floods and drought.

4 Build and sustain our productive regions with sustainable populations through immigration incentives and correct tax arrangements.

5 First world telecommunications and connectivity – increased access to affordable high-speed internet for councils, businesses and community.

6 Funding and delivering community services in a way that works for remote areas. Giving local government the tools, funding and support to do what state and federal governments can't.

And we believe voters in the city and regional cities can actually help us.

Our group of remote country Mayors will let you know if our leaders are delivering, in an election report card.

We know that many people in urban and regional city communities want remote communities to get a fair go and fair share in return for the hard work and contribution we make. Because without it, our economy would be poorer, our community would be devalued and that not only hurts us locally, it hurts people and jobs right across Australia.

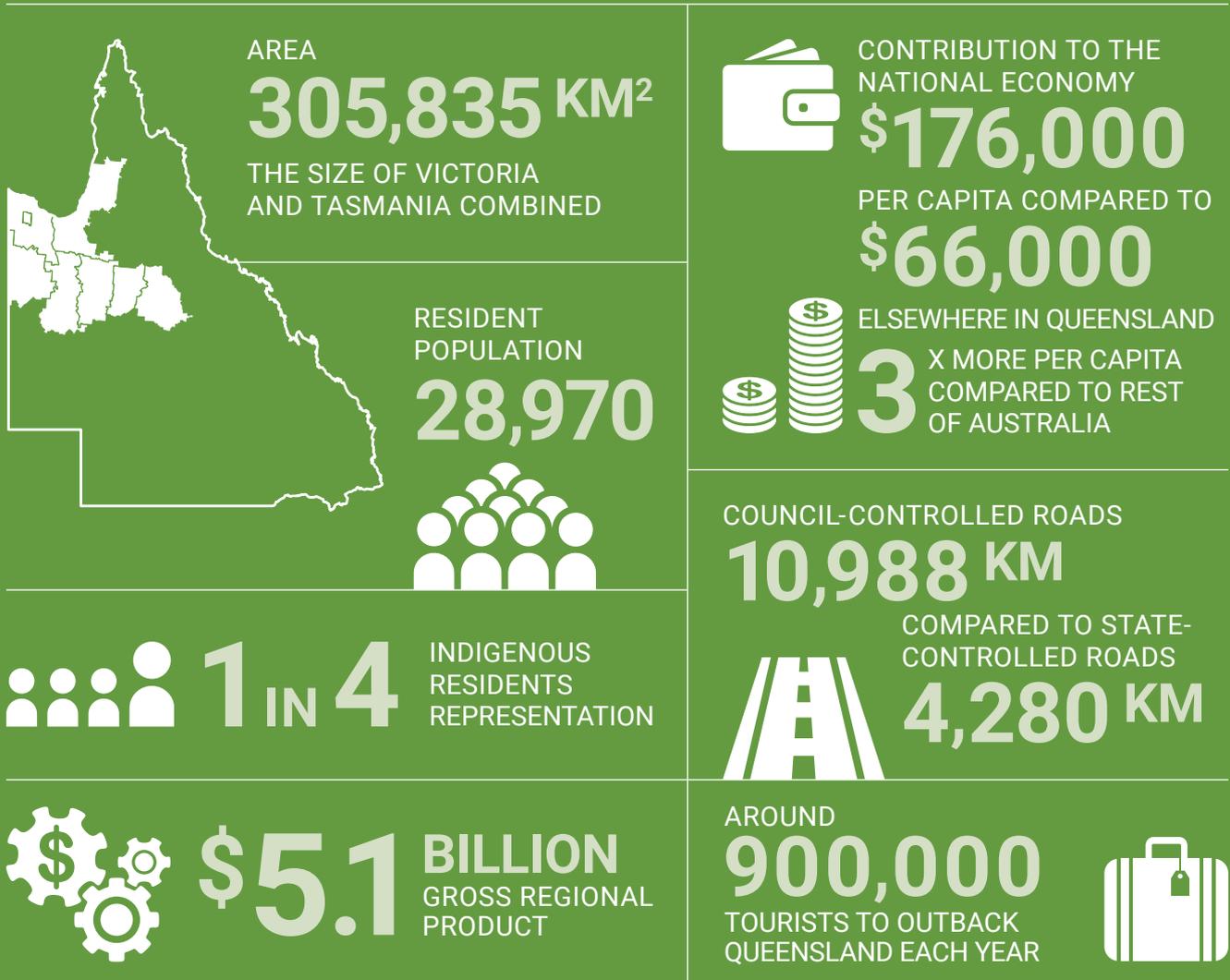
We know voters will decide who to vote for on their local interest. That's understandable.

But if they really can't decide in this difficult election, just maybe what we are asking – and reporting – might help them decide.

ABOUT US

The North West Queensland Regional Organisation of Councils (NWQROC) is the advocacy body for eight Mayors and their councils and communities of North West Queensland – representing Burke Shire, Carpentaria Shire, Cloncurry Shire, Doomadgee Aboriginal Shire, Flinders Shire, McKinlay Shire, Mount Isa City and Richmond Shire.

NWQROC plays a vital role in working with councils, industry, representative bodies and all levels of government to advocate for our region. This is being done by shaping strategic plans, promoting our assets, attracting investment and ensuring sustainable development across our diverse communities – to make North West Queensland a region attractive for people and businesses to live, work and invest.



MAJOR INDUSTRIES

1 
MINING

2 
AGRICULTURE

3 
CONSTRUCTION

4 
MANUFACTURING

With fewer than **a thousand** workers and only **11,000** rateable properties, our Councils have to manage **\$2.63 billion** in assets, **11,000 km** of roads, **35** water and sewerage treatment plants across **17** different communities as well as a number of childcare centres, regional airports and community services. All while having an annual operating expenditure of only **\$177 million**.

EXECUTIVE SUMMARY

North West Queensland is an economic powerhouse contributing to Australia's wellbeing out of the North West Minerals Province, massive and productive agricultural holdings and a burgeoning and stunning outback tourism industry hosting tens of thousands of caravanners and campers and other visitors.

Our region is a part of Australia's engine room but we barely get the smell of an oily rag in return.

Hard-working North-West Queenslanders contribute \$176,000 per capita to the national economy compared to \$ 66,000 elsewhere in Queensland. That's nearly three times more per capita compared to the rest of the country – but we don't get a fair share in return.

We understand why many people in Australia feel like they miss out and haven't got a voice. Like them, our locals want to take back control of our future and we won't be isolated.

Whether it's the life blood infrastructure for our economic produce, tourism and other economic infrastructure or dams and water and a real energy policy that works where we live – we need a better, sustainable ongoing commitment to our region.

Our region is critical to the proposed Northern Australia Strategy. We are already contributors but need the local reinvestment. Our communities are lifters, not leaners and we want politicians to recognise that – because when our region is firing it helps everybody.

And we make this massive contribution to Australia's community and economy while overcoming droughts and floods, a small population base and ageing community infrastructure requiring large renewal investment. Our communities keep delivering despite considerably higher costs of living for goods and services that urban communities wouldn't tolerate. And we can't keep doing it without a fair share of investment in return.

And despite a smaller funding base, our Councils often have to deliver the sorts of services that State and Federal Governments routinely provide larger communities. However, the volatility of operating grants significantly impacts the provision of infrastructure and services to our communities.

Normally country people are very polite people, but we are prepared to be a pain right where it hurts. If politicians won't come to us or think we won't be heard – while they respond to more political calls in the city areas – we are coming to where we will count.

Our message to fed up Australians – if you really don't know which party is or isn't worth supporting – then think about not just what is happening near you, but what's affecting your mates up our way. If you can't decide, maybe our issues might help you make up your mind.

We aren't Liberal or National or Labor or Katter or Hanson – we are not very political at all. We are Australians and local communities who are often being ignored. So, we want to put every political leader on notice – we are prepared to stand with the other have-nots around the nation and be heard.

Our campaign won't have deep pockets and it won't be slick. We don't have the professional campaigners and wealthy charitable donors like some of the city activist groups – but we do know what's right and we are prepared to get around and make some noise. That might be some praise for things done well, or fair criticism for things not being done at all.

Either way, we've decided being quietly polite doesn't work and we hope our fellow Australians agree.



Our Ask

While the Government has done well and coordinated integrated investment packages for a number of Urban Communities in its “City Deals”, this plan outlines some areas to address the funding disadvantages and the future investment platform for our local region in a North West Queensland Region Deal.

Some of the work is already underway and a number of related proposals are referenced as part of our 6-point plan.

It’s time for a real plan, real ongoing commitment – and more importantly – real investment. This election and beyond, we will be asking Governments to show tangible commitment across these six points for a fairer go for our region.

Against these six points we will assess all parties and independents and we will let the broader community know.

Our Campaign Plan

The Mayors and supporters of our region will of course take a message to Canberra and to Brisbane. But we know from experience that is not enough. So, this election and in future, we will also go to a number of influential communities and media markets. Some with strong synergy and partnership to our region and some just because they are politically influential.

And we will ask local voters in those areas – as well as our own region – to consider not only who is offering the best deal for their area, but if they are struggling to decide who deserves their vote we are asking. If it helps, listen to what we have to say about who is genuinely trying to help their cousins in the bush as well. We don’t even hope to persuade big numbers of people – but in places where just a handful of undecided voters might make the difference – our voice might just tip the scales.

We will be non-partisan, but in the interests of our local communities, we now need to be a bit more political. And we’d like your support.

“Our communities are lifters, not leaners and we want politicians to recognise that – because when our region is firing it helps everybody.”



1

Fair funding for our beef, freight and tourism roads and railways that connect our communities to our markets and the rest of Australia.

Despite the massive export contribution and the burgeoning outback tourism trade in our region, the economic infrastructure is not up to scratch.

This isn't just important for locals, it's important for the safety of tourists, it keeps goods flowing to our markets here and overseas and it keeps income flowing to the broader economy.

Road deaths on this inland network is a staggering 200% higher than the rest of Australia and a criminal 470% higher than in urban communities.

The loss to the broader economy when these inland road networks are disrupted is massive.

That's why we will assess and report on the plans and actual and immediate commitments being made that contribute to safety, productivity, tourism and east-west port to port connectivity for North West Queensland.

This includes, but is not limited to:

- The priority road programs include:
 - Continue Northern Australia Roads Program – \$600m pa and Beef Roads Program – \$100m

- Continue Roads to Recovery, Black Spots and Bridges Renewal Program
- Proper funding for important road corridors and connectors like the Flinders Highway, Savannah Way, Gregory Connector Road, Gulf Development Road (west of Etheridge), Burketown to Normanton, Richmond to Croydon, Cloncurry to Dajarra – just to name a few.
- A real commitment and plan to Invest and upgrade the energy, road and rail infrastructure of Mount Isa to Townsville Corridor.
- Properly funding the priority economic roads and infrastructure outlined for NWQ in Inland Queensland Road Network Strategy (IQ-RAP):
 - The estimated additional investment required for the North West Queensland inland road network is nearly \$989 million in additional future investment, of which an additional \$100 million is urgently required over the coming term of Government.
 - Properly funding the inland network will keep the economic heart of Queensland pumping even when the coastal Bruce Highway is cut.



2

Power policy for the real world including remote Australia

Despite the massive economic contribution of the mining industry, agriculture, tourism and other enterprises, communities and businesses in North West Queensland face poor networks, unreliable power and expensive power.

While urban communities rely on Government owned corporations to keep them connected, the major investors in the North West Minerals Province have to provide the baseload power for them and local communities. Many farmers and remote communities even have to pay for their own backups.

Increased power costs not only impact directly on households and business power bills, but also makes water treatment, pumping and reticulation more expensive for end users.

In this day and age, the fact that a number of our energy rich remote communities are reliant on higher polluting diesel generators run on imported fuel, is a sure sign of a failure of energy policy for our region.

The divided, ideological debates over this technology or that sort of baseload power – or coal versus solar – doesn't work for our communities and businesses. The fact is, whatever technologies the activists and politicians think work for the coastal and urban communities, there is insufficient investment in networks to connect our communities to reliable power, wherever it comes from.

Indeed, our region already hosts a number of major solar projects and we would be happy for more. However, we can't support anymore at the moment because the network capacity simply can't take them.

Some very remote communities connected to unreliable single-wire earth return (SWER) networks would be better off with more investment in distributed power solutions.

And some people might be surprised to learn that our regions aren't against renewable power. We actually would like more renewable projects, innovative distributed solutions and harnessing the untapped resources of the north western gas basins and geothermal opportunities. But, if it takes coal and a better investment in networks to give our

communities reliable and affordable power, we'd take it. So, the test put from our communities to every party in this pitched debate is who is proposing a real, funded plan that harnesses a balanced mix of technologies so local families and businesses get reliable, affordable, local power solutions. An acceptable mix of options would include:

- Real investment in reliable generation and realistic technology for now – not the promise of what might be – that keeps us operating day and night.
- Increased investment in improved networks to provide security of supply.
- Solar farms to capture and profit from our plentiful sunshine, provided it comes with improved investment in the distribution network
- Incentives for distributed solutions for remote properties and communities where unreliable SWER networks don't work and replacing the older diesel generation with cleaner hybrid generators that combine lower emitting fuels and renewables for 24-hour cleaner power
- Harnessing the economic value and energy opportunities of cleaner gas from our northern gas basins – that are away from the Great Artesian Basin – and developing our geothermal resources.



Image courtesy of BayWa r.e.

3

Investing in water infrastructure and dams so that our productive farmers and agribusinesses can harvest our plentiful water and continue to be profitable through floods and drought.

It comes as no surprise to people that water is vital to our inland communities, farming and enterprise. Because water is so valuable to us, our communities and businesses are excellent stewards of water resources. But in recent years, political correctness and a lack of understanding about remote communities and opportunities means that our governments have failed to invest in remote water infrastructure.

With the proper investment, our communities can live with and sustain our operations – through flood and drought – and not only continue to be productive, but to grow and contribute even more back to the economy than we already do.

Importantly, if well managed, there is plenty of water to be better harvested and used while still protecting our natural environment. 21% of all water for Australia flows through our region into the Gulf of Carpentaria and storing and using just a portion of that, ensures our region remains sustainable across the seasons.

However, this aspect of our six-point plan goes beyond the Federal Government alone. Therefore, we will:

- Seek the development of collaborative arrangements amongst the State Government, member Councils, the LGAQ and Queensland Water for regional water security including river catchments and the Great Artesian Basin – and the management and operation of water and sewerage infrastructure; and
- Assess the real and deliverable commitments of all parties and independents on the dams and water infrastructure needed to deliver on the respective visions for Northern Australia.

In the shorter to intermediate term, we need to see more commitment and funding to projects like:

1) *Richmond Agricultural Project, Richmond Shire Council*

This will provide off-stream and on-farm storages on O'Connell Creek to support the development of 10,000 hectares of irrigated farm land between Richmond and Julia Creek.

2) *Cave Hill Dam, Cloncurry Shire Council*

This dam will provide and secure affordable water to develop a new irrigated agricultural precinct on the Upper Cloncurry River to support food, fibre and biofuel crops.

3) *15 Mile Project, Flinders Shire Council*

This project will provide a 120-hectare irrigated agricultural development on the Flinders River for table grapes, citrus crops and horticulture.

These projects require close collaboration between “the State and Federal governments and are examples of initiatives needed to create economic diversification and jobs within Queensland’s rural and remote North West.



4

Build and sustain our productive regions with sustainable populations through immigration incentives and correct tax arrangements.

While our region continues to be productive, there are many policy settings that deter workers and families settling in our region – even when they want to.

The NWQROC resident population declined by 4,050 persons between 2012 (33,023 persons) and 2017 (28,970 persons), equating to an average annual population decline of 2.6%.

Contributing factors include the use of Fly-In-Fly-Out workforces associated with multi-national mining sector activities, the absence of financial incentives for these workers to live and remain in the area and for younger professionals to start up businesses and set up home in rural/remote areas.

There are families who want to live and make a contribution, if the government made it a bit easier. For example, the Yu family in Cloncurry who came from Vietnam and set up their bakery business and have become a welcome part of the community. And there are many more others like them right across our region.

We welcome the announcement of the Government to create regional residency visas. This will encourage more people out of the congested enclaves in the city and to productive regions like ours where they can make a genuine difference – and have a healthy lifestyle as well.

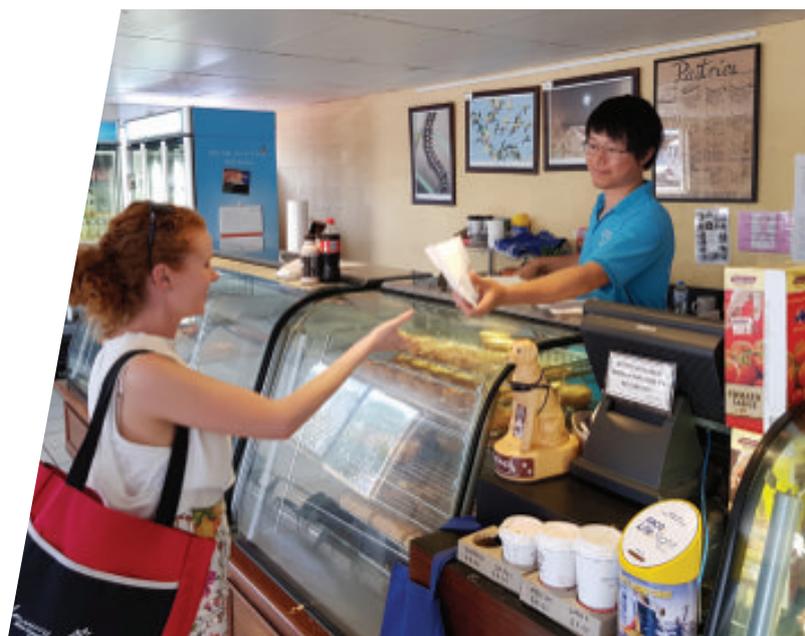
To help this, we urge the parties to support a rethink of the remote area taxation system and an enlarged regional migration strategy to attract new arrivals from overseas to rural areas.

Some examples include:

- A reduced rate of personal income tax or increasing the zone rebate – calculated on remoteness and/or size of population – given to genuine locals who live and raise their families locally, which would encourage growth in these

areas. It provides the base on which to attract and retain workers to remote areas and importantly if it increases the regular take home pay of residential workers and families it is also likely to get spent locally – ensuring the benefit circulates around the local economy.

- Raise the Payroll Tax threshold for small and medium businesses in remote areas to encourage business investment and job creation. Increasing job opportunities in this way would also help reduce the welfare dependence and unemployment benefits paid to those currently unable to get a job locally. The actual savings to the Federal Government would help in offsetting the costs of the lower rate of tax.
- Addressing the gouging airfares. While urban families and business “commuters” can access fares of just a few hundred dollars between the major cities, return trips between our communities and the closest regional cities for family, business, school and health can often cost thousands of dollars. This is an unfair impost on our regional businesses, families and workers.



5

First world telecommunications and connectivity – increased access to affordable high-speed internet for councils, businesses and community.

Our communities are remote, but they trade with the world. We live in a first world country and carry our own weight, but at the moment we have to work through third world communications.

And that's not just important for commerce, it's critical for educating our children remotely, for safety and frankly, for social connection.

In a timely reminder of these issues, on the very day our Mayors were meeting to decide this strategy in Karumba on Queensland's Gulf of Carpentaria, we were visited by a Minister who was seeking our feedback. On his way between Normanton and Karumba he received a call from the former Prime Minister, but that call dropped out, which is a common occurrence.

The Mayors were pleased to report to the Minister that the Federal Government had only just notified the Carpentaria Shire that they had rejected a black spot funding application to support the Council's investment in trying to fix this problem and connect these two communities that are increasingly part of the grey nomad tourism industry and the Outback Tourism Strategy. The Minister experienced the failure of that funding application first hand.

The NBN is designed for the city not the country. But regardless of where we live we are sure urban voters also get the fact we need delivery in a way that suits local circumstances.

The North West Region has fibre optic cable running from Townsville to Mount Isa and some areas heading towards the Gulf of Carpentaria. However, there are gaps in the network that need to be filled. Also, the high cost of connecting infrastructure to the cables and operating costs are denying the economic development opportunities and access to improved e-health and on-line education services to the region's businesses and communities not only in the towns but also across the vast rural areas.

Unlike metropolitan and coastal communities where consumers have choice in a competitive market and don't have to directly invest in the necessary infrastructure, rural and remote businesses, communities and local governments have to outlay scant resources to gain a comparable level of service to their city cousins. This is not a fair go for the North West!

Richmond grazier and entrepreneur Will Harrington – in conjunction with the Richmond Shire Council – has established a "Wi-Sky" network through purchasing access to the cable and building the necessary infrastructure at considerable cost. They have demonstrated the value of high-speed internet connectivity for agri-business operations and government services. But they had to pay hundreds of thousands of dollars themselves for something that should be part of the national and state communications infrastructure.

If the Government and providers can't deliver affordable connectivity, then our regional deal should provide funding support for councils and local entrepreneurs to roll out more examples like Wi-Sky.

In this coming election, NWQROC will assess and report on the respective party plans to:

- Provide first world, affordable, high speed internet connectivity to the communities, councils and businesses of our region.
- Federal government commitment to work with NWQROC councils, their businesses and communities in pulling the policy levers to streamline access processes and fund the costs of connecting to the available cables and enabling service connections in towns and across the region.
- Support to develop and roll out an application that will assist domestic tourists and others to stay connected with local communities, events and safety updates as they travel through our region.
- Real – not simply "promised" – investment in mobile blackspots along the tourism roads.



6

Funding and delivering community services in a way that works for remote areas. Giving local government the tools, funding and support to do what state and federal governments can't.

It comes as no surprise that funding of community services has to be delivered in a different way in remote communities, compared to urban communities.

Where there is large departmental and community services infrastructure and funding provided directly by governments in the city, in our communities it is often unfunded or left to stretched local council to fill the void.

That includes running or subsidising of child care, operating regional airports, community care nursing, pre-school education, providing teacher's aids, aged care and many other services that are provided by others in urban areas, including with government support.

Not only is one of our member Councils (Doomadgee) an Indigenous Community Council, all of our Councils represent a range of regional indigenous communities and their needs. We strongly urge the proper funding and support of those communities in a way that reflects their remoteness and unique needs – particularly in the areas of Indigenous health and housing. There is currently significant uncertainty over the future of federal funding support for indigenous housing.

And regrettably in making up this shortfall, what limited grant funding our communities do get, does not provide certainty and continuity of funding. Imagine if inner city child care centres faced closure every year or local airports just didn't operate. Or if schools didn't get teachers aides because Councils simply can't afford it? Our communities deserve certainty of funding for these basic services.

Noting that our regions are highly productive to the national economy, recent analysis undertaken by the AEC Group for the NWQROC highlights the pressure faced by the region's eight councils.

These include:

- Small populations not helped by a range of government settings;
- Adverse weather conditions with three in drought since 2013 and others barely escaping the declaration; and
- Considerably higher costs of living for goods and services.

These factors are increasing the pressure on the councils' budgets because of:

- Limited rating and revenue raising capacity spread across large geographical areas
- Ageing community infrastructure requiring large renewal investment
- New infrastructure challenges to support increased resource sector activity, and
- Volatility of operating grants significantly impacting the provision of infrastructure and services to their communities.

This volatility in external funding simply cannot be carried or replaced by the councils because of their own limited revenue raising capacity. External funding – particularly from the Federal Government – is essential to the wellbeing and sustainability of their communities and their ability to continue their above average contribution to the nation's economy.

The AEC report concludes that in addition to a growth in external funding, greater certainty and predictability is required. Strategic infrastructure investment and service provision can only be achieved if there is certainty in long term funding sources and levels.

The funding of rural and remote councils is in serious need of reform.

There needs to be a longer-term vision for the funding of these areas so fundamentally important to the nation's economy through the supply of raw materials, and food and fibre for the nation's growing population.

Federal funding can be more strategically invested with better long-term planning, priority assessment and a collaborative regional approach to project timing and co-funding arrangements.

For too long rural and remote regions and their communities have been unfairly treated with the level of return they receive from the Federal government – against the value they create for the national economy.

We are calling on the respective parties to commit to a fundamental rethink of how the Federal Government funds rural and remote communities through councils including:

- The development of a longer-term special purpose community funding regime for rural and remote councils based on an allocative model like that used for the Roads to Recovery Program to achieve predictability and certainty of funding levels and to minimize the costly and lengthy delays involved in multiple bid-based programs. In the meantime, provide NWQ communities with an interim solution to provide certainty for community grants as part of our regional deal.

- Along with other councils across the country, return the local government Financial Assistance Grants Scheme funding levels to one percent of total Commonwealth taxation revenue. Originally at one percent it has dropped in recent years to .55 percent. This puts pressure on all local government services and particularly so in our already stretched remote communities.
- Continue other programs accessed by the councils or beneficial to their communities such as: Roads to Recovery, Black Spots, Heavy Vehicle Safety and Productivity, Bridges Renewal, Northern Australia Beef Roads, Northern Australia Roads and National Highways Upgrade.
- Increased funding for Indigenous health and Federal government investment in housing in discrete Indigenous communities equivalent to the previous 2008-2018 National Partnership Agreement for Remote Indigenous Housing.





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