



Inland Queensland Roads Action Plan

*Driving Productivity
in Australia's Transport Network*

5 February 2016

The Hon Alex Hawke MP
Assistant Minister to the Treasurer
c/- Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600
prebudgetsubs@treasury.gov.au

Dear Assistant Minister

Re: 2016-17 pre-Budget submission by the Inland Queensland Roads Action Plan (IQ-RAP) Working Group

It is my pleasure to provide this pre-Budget submission as Chair of the Inland Queensland Roads Action Plan (IQ-RAP) Working Group which represents 47 funding partners including 33 local governments, 8 Regional Roads and Transport Groups, 4 RDA Committees, the Northern Queensland RDA Alliance and RACQ.

We recommend this submission to your Government as it will address your priorities to:

- nurture and support economic growth;
- create and sustain jobs;
- develop stronger supply chains for trade and to support increases in exports;
- boost innovation;
- invest in infrastructure to create a more effective and efficient heavy freight network for greater productivity and community benefit;
- boost regional economic development; and
- build resilience in regional Australia.

This submission also aligns with and strongly supports the implementation of the *White Paper on Developing Northern Australia* and the *Agricultural Competitiveness White Paper*. Both refer to the importance of road infrastructure to support economic outcomes.

Our recommendation is based on:

- a strategic, long term approach for roads planning and funding over the next 18 years;
- extensive collaboration by 47 funding partners and the support of many other non-funding partners including the Department of Transport and Main Roads and industry representatives;
- a united commitment to ensure the best outcomes for inland Queensland, its contribution to the national economy and the sustainability of communities and local governments;
- objective, well researched analysis following national and state road planning best practice; and
- a pragmatic approach to infrastructure upgrades that are fit-for-purpose.

We will be delighted to respond to any further questions you may have. It will be best to contact me through Ms Glenys Schuntner, IQ-RAP Secretariat on 07 4410 3655; 0417 198 284 or ceo@rdanwq.org.au Glenys is also the CEO of the Regional Development Australia Townsville and North West Queensland Committee.

We look forward to working with the Australian Government to deliver on infrastructure and regional economic development objectives.

Yours sincerely

Cr Peter Maguire
Chair
IQ-RAP Working Group

**Inland Queensland Roads Action Plan (IQ-RAP) Working Group
2016-17 pre-Budget submission**

What are the policy problems we are addressing?

1. While significant funding is provided to individual road projects across Australia, there has not been a consistent, strategic nation-wide and network approach to ensuring the broadest economic advantage of investments made. We are highly supportive of the development of a national freight and supply chain strategy and plan to address this issue.
2. To develop a national freight and supply chain strategy and plan to achieve desirable outcomes will require considerable planning to prioritise road projects that deliver national benefits. Multiple interests across all levels of government can make this a complex process.
3. Coastal highways are heavily congested, travel through or around major population centres, frequently flood and do not carry the most freight efficient vehicles.
4. The most direct routes between producers and consumers is not necessarily along the coast. E.g Melbourne to Cairns is approx. 600 km shorter along inland routes rather than the coastal route. Funding of alternate inland routes can relieve congestion, reduce the mix of heavy and light vehicles on the coastal highways and contribute to greater productivity and safety outcomes.
5. The Australian Government is supportive of businesses to capitalise on new opportunities emerging from free trade agreements. Efficient supply chain infrastructure is critical for exporters to be globally competitive and take advantage of these opportunities. Much of the export product in Australia is grown or produced inland. In Queensland, export focussed industries rely on the road network connecting the west and multiple ports along the east coast and in the Gulf. Use of the rail network is not always possible or viable.
6. Regional Queensland outside South East Queensland (SEQ) is suffering high unemployment (QGSO: 4 Qtr smoothed, 7.7% in Sep 15 Qtr; i.e. 40,000 people) with further increases expected with on-going redundancies and business closures.

What is the Inland Queensland Roads Action Plan (IQ-RAP)?

1. It is a strategic plan and planning tool to prioritise investment into the inland Queensland road network over the next 18 years.
2. The IQ-RAP Working Group representing 47 funding partners, including 33 local governments, has raised \$200,000 to develop this plan to prioritise road projects to support a network across the inland Queensland area covering 19% of Australia. (ie 82% of Queensland or 20 times the size of Tasmania) The scope of the IQ-RAP is the 33 local government areas, west of the Bruce Highway and outside SEQ.
3. No industry, Australian or Queensland government funding has been used in this first stage ensuring no bias. The Department of Transport and Main Roads has however provided data and information.
4. The plan has been developed by consultants the Harrison Infrastructure Group.
5. The IQ-RAP network covers 16,000 km which have been reviewed in regard to the vision standard and the gaps with the current state using widely accepted road planning data and methods. This is not about gold-plating – it is about meeting fit-for-purpose standards.
6. Multi-criteria analysis was undertaken to identify and prioritise 3,000 km and 300 bridges for works over the next 18 years at an estimated cost of \$5 billion. That is, an average of \$277 million p.a. expenditure.
7. To develop the full business case for the IQ-RAP, it has been recommended to us by Infrastructure Australia that \$5 million will be required.

Who is expressing interest and support for the IQ-RAP?

1. The Working Group has presented the IQ-RAP to the following parliamentarians who have been welcoming of the strategic, partnership approach and have encouraged us to further develop the plan. (More meetings are planned in February and March.)
 - a) Hon Warren Truss MP, Deputy Prime Minister and Minister for Infrastructure and Regional Development
 - b) Hon Josh Frydenberg MP, Minister for Northern Australia, Minister for Resources and Energy
 - c) Hon Michael McCormack MP, Assistant Minister to the Deputy Prime Minister
 - d) Hon Paul Fletcher MP, Minister for Territories, Local Government and Major Projects
 - e) Senator the Hon Ian Macdonald, Queensland Senator
 - f) Senator the Hon Jan McLucas, Queensland Senator
 - g) George Christensen MP, Member for Dawson
 - h) Ewen Jones MP, Member for Herbert
 - i) Hon Anthony Albanese MP, Shadow Minister for Infrastructure and Transport, Shadow Minister for Tourism, Shadow Minister for Cities
 - j) Hon Julie Collins MP, Shadow Minister for Regional Development and Local Government, Shadow Minister for Employment Services
 - k) Hon Bob Katter MP, Member for Kennedy
2. Infrastructure Australia CEO Phil Davies has been encouraging and supportive of the development of the IQ-RAP and is providing a peer review on the plan and has recommended that \$5 million would be a reasonable amount to develop the full business case. He has noted it aligns with their objective to develop a national freight and supply chain strategy and plan.
3. Department of Infrastructure and Regional Development North West Roads Infrastructure Investment Division General Manager Roland Pittar has also been briefed with his team and was responsive to our strategic and collaborative partnership approach and we are following up with the provision of a more in depth technical briefing.
4. The Australian Automobile Association and RACQ are highly supportive of the further development and implementation of the plan and are also making a pre-budget submission to this effect.
5. Cr John Wharton, Interim Chair of the Northern Australia Co-operative Research Centre is highly supportive and encouraging of this work that supports the development of northern Australia.

6. The Office of Northern Australia Head Mark Coffey has been briefed and is highly encouraging of the work being done.
7. 33 local governments that are directly funding the IQ-RAP are fully supportive. Many other local governments are highly supportive.
8. 5 Queensland Regional Development Australia Committees that make up more than 20% of Australia are highly supportive.
9. Regional economic development organisations MITEZ, Townsville Enterprise, RAPAD and Gulf Savannah Development are highly supportive.
10. The IQ-RAP project work in progress has been presented to the Queensland Premier and many of her Ministers. In the week commencing 15 February we will be presenting the final draft plan to Ministers and Members of Parliament and Departmental executives.

What are we recommending?

1. Strategically important supply chains should be prioritised and invested in to support Australian Government objectives such as increasing jobs, supporting growth, increasing exports, developing more efficient supply chains, developing northern Australia, regional economic development and building resilient and sustainable communities.
2. Roads are a critical part of the national freight and supply chain and need to be included as a high priority as they do carry, and will continue to carry, a significant share of the overall national freight task as well as support the services industries including tourism.
3. We recommend adoption of the IQ-RAP by the Department of Infrastructure and Regional Development as a planning and decision making tool to support future funding of \$5 billion for roads in the inland area of Queensland over the next 18 years.
4. We recommend funding of \$5 million for further refinement of the IQ-RAP and the development of the business cases to support the proposed road funding priorities identified in the IQ-RAP.
5. We recommend using the IQ-RAP model as a transportable methodology for further roads prioritisation work in Australia.
6. We recommend fast tracking projects that are investment ready with their business case as an employment accelerator.

Who will benefit?

1. Industries and businesses that operate in, or transit through the inland Queensland area of 1.4 million km² will benefit through productivity gains. 52% of Queensland's Gross State Product, that is \$140 billion, is generated outside SEQ.
2. The mining and energy industry in Queensland made a total economic impact of \$64.8 billion in 2014-15 taking into account both direct and indirect benefits. This industry is a significant user of the road network for bringing in equipment to build and maintain mines as well as providing transport for employees. Several mines also use the road network to export their product.
3. The agricultural industry and businesses will benefit through increased productivity in their \$13.7 billion contribution to the state economy. Businesses in this sector employ 14% of Queensland's labour force, i.e. 323,800. Approx. 88% of these jobs are regionally-based.
4. The tourism industry and businesses will benefit through better quality roads to attract the drive tourism market which currently accounts for 1.3 million visitors to Queensland each year with an expenditure of \$1.9 billion. Approximately 40% of total tourism industry activity in Queensland is based outside SEQ.
5. The construction industry will also benefit due to better quality supply chains. 47% of the industry activity is based outside SEQ.
6. The Defence industry and in particular the Australian Defence Forces rely on the road network for operations and exercises. i.e. Townsville hosts the largest Army base in Australia, the Royal Australian Air Force 27th Squadron and regular Australian Navy visits.
7. The 33 local governments involved in the IQ-RAP will benefit through more long term planning and budgeting of road projects. They will be able to secure and sustain workforces and local populations. They are located within the Capricornia, Dawson, Flynn, Herbert, Kennedy, and Maranoa electorates.
8. 40,000 unemployed people in regional Queensland outside SEQ will have opportunities for employment in the above businesses and in road related construction projects within local governments or private sector contractors.
9. 1 million community members in the 54 local governments outside SEQ will benefit through the provision of a more resilient road network that supports connectivity for supplies, health, education and recreation. The population outside SEQ is forecast to grow by 50% to 1.5 million by 2036. While not directly funding the IQ-RAP, businesses and communities within Leichardt, Hinkler, Wide Bay and Groom can benefit from road investments in the neighbouring IQ-RAP region.

What process is involved?

1. The next steps required are:
 - a) fast tracking of investment ready projects that have a full business case completed to accelerate regional employment (we recommend engagement in February between the Department of Infrastructure and Regional Development, Department of Transport and Main Roads and the IQ-RAP Working Group to agree on these);
 - b) the review of the level of data held for each road project within the network and what is required to complete business cases;
 - c) the development of business cases to support future investment decisions; and
 - d) engagement with stakeholders to transport this methodology to other jurisdictions commencing with northern Australia.
2. It is recommended that the Australian Government support the above steps and invest \$5 million to complete the business cases.
3. The IQ-RAP Working Group would be able to continue as a steering group for this work along with engaging a project manager and consultants to undertake the work and would welcome close engagement with the Australian and Queensland Governments through an agreed framework to meet milestones and targeted outcomes. Alternatively if the Australian Government would like to recommend another preferred approach we would be welcoming of those recommendations.