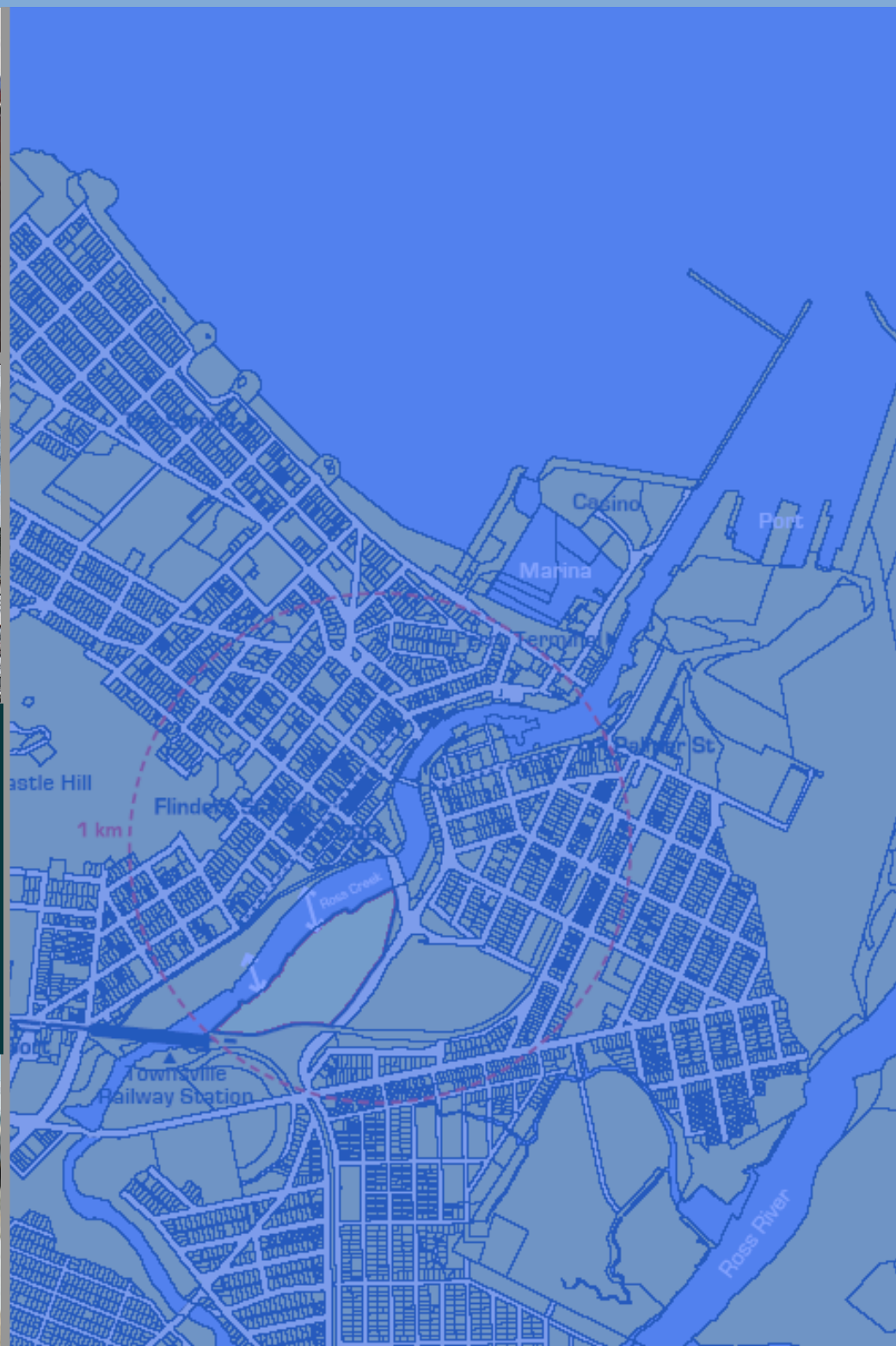




# North Australia Committee Submission

## DS Enterprises Consultants



Colin Dwyer B Ec (Hons)

Colin Dwyer is the Chief Economist for DSEconomics. Mr Dwyer has an honors degree in Economics from James Cook University. His career has included academic researching and teaching at James Cook University, Director of Research and Consulting Colliers International Townsville, Darwin and Sunshine Coast, Chief Economist for consulting firm North Australia Economics, and managing a North Queensland based research centre for the Federal Government.

Mr Dwyer has assisted many North Queensland organisations to achieve their goals including the North Queensland Australian Technical College consortium with preferred tenderer status, budget estimates; financial viability estimates and cost benefit analysis.

Mr Dwyer has over 20 years experience in collecting, analysing and reporting on regional industry data, budgets and other information and producing quality, easy to read reports. Mr Dwyer has written a regular columns for the Townsville Bulletin and regularly appears in various State and National newspapers, on Radio and TV.

If you would like to discuss a project with Mr Dwyer please contact him on

You can view DS Economics web page at

<http://www.dseconomics.com.au/>

### Recent Projects

- James Cook University Economic Impact
- Townsville Scorecard -<http://townsvillescorecard.com.au/>
- Townsville Office Market Report
- Townsville's New Dwelling Requirements to 2013
- Townsville Economic Residential and Commercial reports
- Townsville grocery price watch - <http://townsvillegrocerypricewatch.com.au/>
- Darwin Residential & Commercial Reports
- Townsville & Darwin Economic indicators reports

## Submission to North Australia Committee

### Priorities for North Australia

1. Audit of infrastructure and services
2. Constitutional Reform
3. New seat for North Queensland
4. Affordable Baseload Power station
5. Consumer price index for North Queensland
6. Regional Member of RBA board
7. Iconic Arts Building in North Queensland
8. Support for commercial push into Pacific and Asian countries
9. Better numeracy & literacy levels for North Australia
10. Better health service for a population that dies younger than other Australians
11. Better University and Technical Education support to drive economic growth and productivity

Below provides some information on many of these items

## **Introduction**

According to the Worldbank Australia (\$1.5t) is the 12<sup>th</sup> largest economy on the planet. We punch above our weight given our population. Economically, we are grouped with Spain (\$1.48t), Canada (\$1.8t), Russia (\$1.85t) and India (\$1.89t) but our population is 60% of Canada's, half that of Spain's, 15% of Russia's and 1% of India's. Australian's contribute more than its fair share to world economic activity. Examining the contribution the North of Queensland (NQ) we see a successful hard working region that contributes at a higher rate than the rest of Australia.

## **GRP Contribution**

Combining the Far North, Northern and North West divisions with Mackay and Fitzroy divisions and calling it North Queensland (NQ) the world economic ranking of this region is a very respectable 62nd on the planet

According to recent figures from Office of Economic and Statistical Research (OESR), NQ is a very prosperous region. While the average Australian contributes \$63,000 to GDP, each individual in NQ contributes \$82,000. In comparison each Northern Territorian contributes about \$78,000 and each Tasmanian contributes \$45,000. On average, NQ residents contribute around 30% more than the rest of Australia.

Amazingly NQ contributes \$74.5b with only 908,000 people. Its population is almost twice Tasmania's, more than four times the Northern Territories and 56% of South Australia's. Importantly, its population is growing faster than all these jurisdictions. Remarkably North Queensland's comparative economic contribution is almost six times the Northern Territories, three times more than

Tasmania's and will soon be eclipsing the economic contribution of South Australia.

## **Constitutional Reform & New State**

The Australian Constitution is an archaic inflexible piece of governance that needs to be challenged and reformed. The constitution supports a political gerrymander that influences public sector investment and favours states far more than regions. As an example the disparity in political representation between North Queensland and Tasmania is profound, inequitable and unAustralian.

Tasmania with 352,203 voters (and zero population growth) has five MP's and 12 senators or 17 representatives in Canberra.

North of the Fitzroy there's five MP's but 30% more voters than Tasmania and much faster population growth. There are two senators, one in Ayr and the other in Cairns.

North of the Fitzroy there's one senator for every 250,000 voters compared to Tasmania's 1 is to 29,000. That's fewer voters electing a federal senator in Tasmania than voters electing a state member in Queensland! Tasmania effectively has 9 times better representation in the senate than North Queensland and can effectively have more influence on public investment decisions. Tasmania has 17 representatives in Canberra and North Queensland seven.

North Queensland federal electorate seats of Capricornia, Dawson, Herbert, Leichhardt and Kennedy have 30% more voters than Tasmania's five federal seats. North Queensland needs at least one more seat in Federal parliament.

The new seat should be located in the three seats of Kennedy, Herbert and Leichhardt.

The constitution currently supports Tasmania's over representation in both the federal lower house and upper house. North Australia has a faster growing population than many other Australian locations and needs constitutional reform that reflects contemporary Australian society.

The North has taken the current federal system of representation for granted but, comparative population, political and economic evidence suggests it's time to challenge the systems integrity. NQ has a population larger than Tasmania and Northern Territory and an economy that dwarfs both Tasmania and Northern Territory and is almost equal to South Australia. Yet North Queensland's federal representation is vastly diminished by an archaic piece of legislation. North Queensland and Australia needs constitutional reform.

Not only are NQ residents and firms paying for facilities and services in South Queensland but also Southern Australia.

## **North Queensland CPI**

Townsville, the largest city in North Australia, deserves an official quarterly CPI. Darwin has a quarterly CPI with 75,000 fewer people and Cairns and Mt Isa had a quarterly grocery price index, but amusingly it was produced by the Northern Territory Government.

Northern Queensland is experiencing unique cost pressures different to the findings in the latest CPI report. In 2013, Northern Households felt the burden

of significant price rises and/or differences for home insurance, petrol prices and energy costs. The major summary of current national inflation data didn't comment on any of these items as significantly increasing cost to all Australian consumers. Nationally insurance costs have only increased marginally, electricity prices are stable and fuel prices have had little impact on household budgets - completely different to our experience. One can only assume that these particular rising prices are North Queensland issues?

Our Electricity prices and home insurance costs have soared recently as a consequence of carbon tax, gold plated infrastructure and apparently unique weather events. Well we can't reverse the construction standards but we can abolish the carbon tax. But as for unique weather events that destroy homes and increase insurance costs; Brisbane has floods, Sydney has tornadoes and Canberra, Melbourne, Hobart, Adelaide and Perth bushfires. So why is North Queensland paying a higher price for home insurance? Why isn't the price variation between metropolitan and regional cities being officially monitored?

It's not just price increases we need official monitoring of we need comparative price monitoring of individual products. Townsville motorists have noticed a slight increase in the price of ULP in December from around 153c/litre to 156c/litre with a 2.7c lower average price than Brisbane. But last year there was a massive 20 cent per ULP litre higher price in Townsville than Brisbane. Such irregularities are worth investigating. Something's not right in the petrol market!

As the largest city in North Australia Townsville needs a consistent, official and comparable consumer price index that informs Canberra and Brisbane as much as local businesses, unions and families about our unique market conditions. This way policy makers can make informed decisions that consider North Queenslanders, compare product price variations and when market irregularities occur they can act to protect and help North Queenslanders prosper and continue to contribute our fair share.

## **Monetary policy recognition**

Not one of the nine members of the Reserve Bank board lives in Regional Australia. Not one of the past members of the monetary policy making body lived in regional Australia. How can a board make a decision on behalf of all Australians if not one of them has experienced long term the conditions in some of those locations?

Regional Australia comprises a third of Australia's population, contributes most of its exports and many of its tourism destinations. In the past decade regional Australia with its mining industry kept recession and depression from Australia's door. Regional Australia and North Australia needs a voice on the RBA board so monetary policy decisions that affect all Australians include non-metropolitan Australians



While North Queenslanders agree we should help our fellow Australians, NQ has many pressing needs and a vision for the future.

- An audit of Infrastructure is required urgently
- Given our households and businesses are higher average users of electricity we need more affordable base load power. This will also reduce marginal power costs and bolster industry & Job creation & retention.
- Constitutional reform that provides better federal representation
- Consumer Price Index for North Queensland so we can monitor and compare cost of living to other parts of Australia
- Numeracy & literacy levels of the next generation are below state and national benchmarks – more needs to be done.
- Regional NQ residents die younger than their southern metropolitan cousins and better access to medical services and facilities is required.
- Our transport connections between major economic resources and cities need upgrading (Seaports, Airports, Road and Rail).
- The facilities that support our lifestyle need additional funding. Like all Australians we love our sport and arts.
- Finally, the wider regions strategic commercial push into south west asia and the pacific needs to be better supported.

NQ is a prosperous, growing region that deserves better recognition for its economic and social contribution.

Disclaimer

No guarantee of accuracy of data and extrapolations is made.