



1.1.1.CANEGROW

**Submission to House of Reps  
Inquiry into Infrastructure and the  
Development of  
Australia's Regional Services**



April 1999

## **INTRODUCTION**

Thank you for the opportunity to make a submission to the House of Representatives Standing Committee on Primary Industries and Regional Services regarding infrastructure and the development of Australia's regional areas.

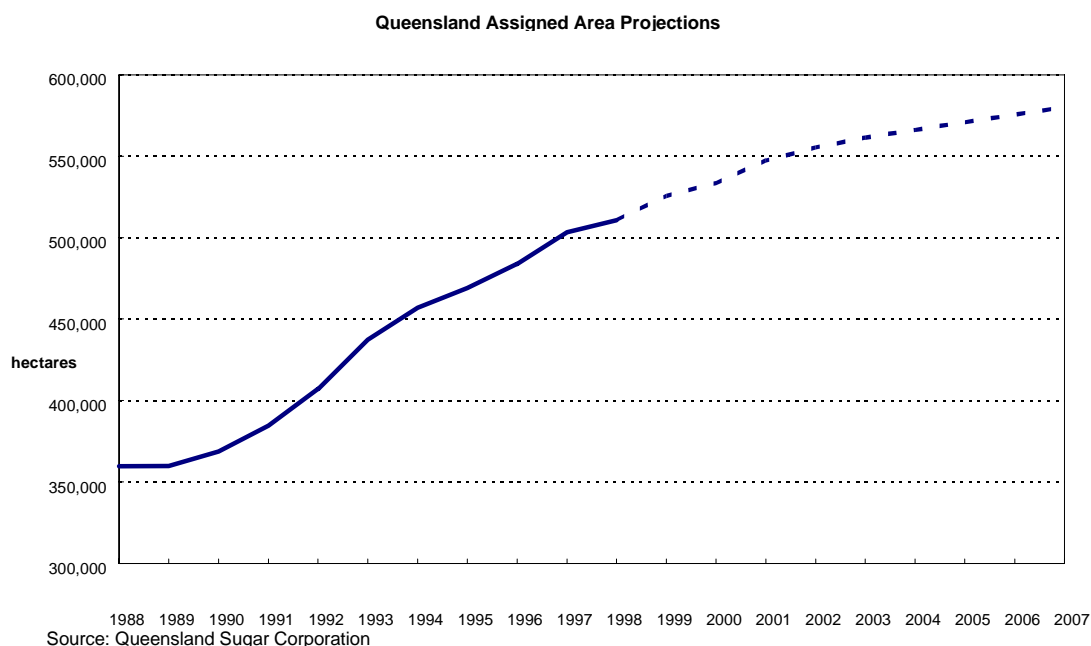
CANEGROWERS is the statutory organisation representing the six and half thousand cane growers throughout Queensland. The sugar industry directly and indirectly contributes some \$4.7 billion to the Queensland economy and is Queensland's most valuable agricultural industry. The industry plays a major role in the commercial and social structure of many of Queensland's regional communities including the major centres of Cairns, Townsville, Mackay, Bundaberg and Maryborough. Many of the small coastal communities such as Innisfail, Ingham and Ayr are almost wholly dependent on the sugar industry.

Attached as an Annexure is a summary of infrastructure needs in cane growing districts. While this summary is not inclusive it does indicate the extent of infrastructure improvement and development required to assist the sugar cane industry facilitate economic security and population growth in many of Queensland's regional centres.

## 1. Potential for development in regional areas

- Potential is large in regional Queensland - Qld has not experienced the development seen in NSW and Victoria (especially with respect to transport and irrigation infrastructure)
- The sugar industry has developed rapidly in recent years and can develop further, as can be seen on Figure 1. The industry has expanded by 42 % since 1988. Studies undertaken by the sugar industry show that given suitable infrastructure and favourable economic environment, the sugar cane area could be 580,000 hectares by the year 2007. The maximum potential area under cane is currently estimated to be 680,000 hectares, an increase of 33% from 1998 figures.

Figure 1.



- Sugar cane expansion in Queensland has implications for regional road linkages. These implications are not only of a physical nature, but may impact on the type of vehicles used especially with any move to larger haulage trucks and trailers.
- Linkages between regional roads and district roads are essential for the development of the regional economy. The regional road networks can

assist in growth and expansion in the sugar cane industry by providing links between mill areas.

- Flood immunity improvements need to be undertaken with respect Isis, Burnett, Elliot, Burdekin, Herbert, Tully, North Johnstone and Mulgrave Rivers or floodplains. Stronger pavements need to be built in many of the wet areas so that heavy vehicles can travel soon after flooding. Federal Funding to local governments to upgrade the local roads' capacity and flood protection will also assist in expanding the areas of land suitable for cane growing.
- If local governments were provided with greater funding for upgrading their road systems to take heavier masses, the increased tonnage hauled on local roads could be undertaken using larger vehicles rather than increasing the number of vehicles.

## **2. Impediments to regional development**

- It is recognised there needs to be a balance between the sometimes conflicting economic, social and environmental objectives in assessment of strategy alternatives. However in many cases social and environmental objectives seem to carry more weight than economic objectives with respect to new public investment in infrastructure and from existing infrastructure projects.
  - \* This places less developed regions at a comparative disadvantage with regions which have already had their infrastructure development paid for from the public purse.
  - \* This is self-perpetuating: new industries tend to locate in those lower cost developed areas where they don't have to pay for infrastructure, where existing industries provide an economic base.
  - \* Without a circuit breaker, lesser developed regions lose the opportunity to win new industries and gradually lose existing industries, services and communities.
- Lack of critical population mass
  - \* The population density of regional Queensland, whether developed or undeveloped, is much less than urban Queensland and geographically widespread.
  - \* This means the cost of transport, communications, other infrastructure, goods and services are generally considerably greater than for metropolitan centres.
  - \* It also means lack of political influence
  - \* Regional Queensland needs to have public policy targeted at reducing its economic disadvantage. Otherwise the population drift to the cities will inevitably accelerate.

- There is a significant lack of Federal Government Funding to roads in Queensland, with only a small proportion of Fuel Tax being returned to road improvement. CANEGROWERS contends that it is inequitable for governments to raise revenue from road users by fuel taxes, registrations and other charges and then spend only a fraction of the funds on roads. Presently for every \$7 the Federal government extracts from Queensland motorists only \$1 is returned to the Queensland Road network. (Source: Better Roads Action Alliance - Submission to Federal Government)
- The COAG's policy to retrieve infrastructure costs for sunk investment is a major impediment. If governments required even a one-percent return on capital investment from the Burdekin scheme for example, it would push up water charges nearly 50%. Given that 100% of the Burdekin's sugar is exported and growers are price takers on world markets, they have no capacity to pass increases in costs on to consumers. Higher water charges will reduce water usage and hence crop yields, impacting negatively on the regional economy.
- The need to prepare Water Area Management Plans (WAMPS) before development of water resources can occur causes considerable uncertainty for the cane growing industry. Anticipated delays are up to 4 years. Policies which may be appropriate for southern states where water resource development is heavily influenced by overcommitted resources and environmental difficulties such as salinity are not necessarily the most efficient for this state when industries are seeking to undertake sustainable water resource development projects.

### **3. Case studies of infrastructure that has promoted development**

- Public irrigation schemes -Vast areas of regional Australia have been made productive by the addition of the missing ingredients - water and transport infrastructure.
- The commitment by Governments to infrastructure on the Atherton Tableland region for road, rail and water opened up the opportunity for the sugar industry to fully develop on that region. Through an economic study of the development of the sugar mill it was shown that 500 new jobs would be created and a multiplier effect of \$68 million per annum to the local economy would be achieved.
- The extension of the Burdekin Dam and irrigation area has provided additional water to allow the development of 25,000 hectares of grazing land for crop production. The sugar industry has consequently grown from 4 million tonnes of cane in 1988 to 8.3 million tonnes in 1998 with further expansion to 10 million tonnes of cane possible.

- The development of the Walla Weir has improved water security in the Bundaberg area

#### **4. Failures of regional development because of infrastructure deficiencies.**

- The current imbalance between supply and demand has resulted from failing to complete the Bundaberg Irrigation Area (BIA) Scheme as designed in 1970. Unless additional water is provided Bundaberg City will run out of water by the year 2001.
  - \* In 1970 the Queensland Government adopted a proposal for a two stage development of the BIA. This Scheme was based on supplying water from storages on the Kolan River (Fred Haigh Dam, Bucca Weir, and Kolan Tidal Barrage) and the Burnett River (Gayndah Weir and Burnett Tidal Barrage) being constructed as components of Stage I, and as distribution systems were developed, for the construction of another large dam (Kalliwa) as the principal component of Stage II. To date there has been no commitment to proceed with Stage II in order to complete the Scheme.
- It could be argued that the Ord River Irrigation Area would provide a good case study where transport infrastructure has been a major factor limiting development despite large amounts of other public spending.

#### **5. Benefit to the national economy of developing regional infrastructure**

- Raw sugar production is a major contributor to the Queensland and Australian economy with about 90% of Queensland's raw sugar exported. An increase in sugar production and reduced production directly impacts favourably on the national economy.
- Enhanced economic development. Poor road and irrigation infrastructure in regional Queensland has impeded economically sustainable development. Lack of infrastructure has deterred or delayed expansion in some areas where there have been opportunities to expand cane growing areas. Land use and transport are inextricably linked and need to be effectively coordinated to achieve equity, access and economic development.
- Improved safety

- Increased reliability and movement of freight. The upgrading of bridges and roads would lead to more efficient movement of cane from the field to the mill.
- Increased accessibility to regional areas
- Job creation both in the development of the infrastructure and as a consequence of economic development which would follow.

## 6. CONCLUSION

There is little recognition that the developed farm areas rely on the community road networks to haul cane from the farm gate to the dumping point. This places a heavy burden on Local Governments' budgets to carry out normal maintenance of the existing networks and creates difficulties in their supporting applications for industry development in new areas.

- There needs to be an allocation of resources to repair roads after natural disasters and/or continued heavy rain. Recent flooding in regional north Queensland has resulted in further damage to already dilapidated roads which seriously impedes the safety of road users and the transport of goods.
- Sugar cane expansion in Queensland has implications for regional road linkages. These implications are not only of a physical nature, but may impact on the type of vehicles used especially with any move to larger haulage trucks and trailers.
- Linkages between regional roads and district roads are essential for the development of the regional economy. The regional road networks can assist in growth and expansion in the sugar cane industry by providing links between mill areas.
- If local governments were provided with greater funding for upgrading their road systems to take heavier masses, the increased tonnage hauled on local roads could be undertaken using larger vehicles rather than increasing the number of vehicles.
- Flood immunity improvements need to be undertaken with respect Isis, Burnett, Elliot, Burdekin, Herbert, Tully and North Johnstone Mulgrave Rivers, or floodplains. Stronger pavements need to be built in many of the wet areas so that heavy vehicles can travel soon after flooding. Federal Funding to local governments to upgrade the local roads' capacity and flood protection will also assist in expanding the areas of land suitable for cane growing.

- Lack of investment in water resources is one of the limiting factors in regional development. Development will bring an increased population to regional Australia with the associated economic and social benefits.
- With the security of water supplies, and improved drainage and transport infrastructure, employment opportunities in cane growing regions will be improved. This will increase their economic contribution to the national economy but also improve the national defence and ease some of the social problems created by overcrowding in cities.