

Standing Committee on Primary Industries and
Regional Services

Submission to the inquiry into
infrastructure and the development of
Australia's regional areas

Mount Isa City Council
PO Box 815
Mount Isa 4825

Telephone: 07 4744 4200 Fax: 07 4744 4227
Email: micc@tpgi.com.au

Contact: Mr Andrew O'Brien
Chief Executive Officer

Mount Isa City Council:

Mount Isa is the commercial, industrial and mining capital of Northwest Queensland. Geographically, the city covers an area of 41,224 square kilometres, from the Northern Territory border in the west to approximately 200 kilometres to the east and extends north-south by about the same distance.

Mount Isa is a young city – established just 75 years ago to permit mining of the massive Mount Isa copper, Lead, Silver and Zinc deposits. In the immediate region today, further world class mines are or soon will be, generating enormous wealth for Queensland and Australia – including the WMC phosphate fertiliser project, Pasminco's Century project, Western Metals Mount Gordon project. The whole Northwest Inlier is still in many respects, a greenfield prospecting site – only recently WMC won the right to explore the Elizabeth creek deposit – first delineated as the result of a joint Federal/State geological mapping program.

The importance of the Northwest (SD) mineral field to the Queensland and Australian economy is demonstrated by the following (1996/97) mineral production/value figures:

Mineral	Value \$'000
Copper concentrate	627,023.4
Copper-other forms	42,119.5
Lead concentrate	148,769.8
Zinc concentrate	71,966.9
Zinc-Lead concentrate	1,209.1
Gold	9,408.1
Total	\$900,496,800

Source: Queensland Dept. of Mines and Energy

Mount Isa today has a population of 22,189 – and the only city in Queensland in population decline! From 1986 to 1996 there has been an annual average decline of 0.8% and in the year 96/97 a decline of 0.7%. This is at a time when some \$4.5 billion is being invested in and around Mount Isa and Queensland's population is growing at an average 2.4% per annum! The investment is principally in the mining and infrastructure support industries (supply of natural gas, conversion to gas of the Mica Creek Power Station, QR Railway upgrade, new power line to Mount Gordon and Century mine)

Reasons for the population decline include:

- Taxation arrangements (flyin/flyout, a zone rebate that no longer provides incentive or compensation for living in remote areas),
- Changing work practices in the mining industry including 12 hour shifts,
- Capital replacing labour in the mining industry,
- And the subject of this submission; impediments caused by inadequate or simply no appropriate infrastructure.

Mount Isa City Council is addressing the issue of population decline by trying to develop the necessary infrastructure to permit diversification of its economy and improve the quality of life for its citizens. These actions will not only assist to arrest the population decline but perhaps even more importantly, ensure the City has a future beyond the life of Mount Isa Mines Ltd.

This is not to say the City is turning its back on the mining industry; quite the contrary. It sees the development of new mining operations such as the Valhalla uranium deposit and value adding to mineral production as key elements in the 'new economy' plan. But it also recognises that mines, for the reasons mentioned previously, although increasing production and wealth for the nation are employing fewer people and are making an ever-reducing contribution to the local and regional economy.

The City is looking to the development of Tourism, Health, Education, Information Technology and Retirement industries to diversify its economy. At the same time it seeks, through the establishment of greater regional cooperation and organisation, to support retention and expansion of existing business, support business networking, industry clusters and to become regionally competitive in the global marketplace.

Impediments to development:

Infrastructure:

- Barkly Highway - Mount Isa to Camooweal (National Highway No.1)
- Railway
- Technology

Barkly Highway. This 'Highway' was constructed during the Second World War as a defence road. In the 50years since, only about one half of its length (approximately 100 kilometres) from Mount Isa to Camooweal near the Northern Territory border has been upgraded to an acceptable standard. The balance comprises narrow seal with narrow bridges, soft edges, sharp crests and a contour that follows the natural terrain. This means that in the wet season it is frequently impassable and that the road surface is very rough. A shortage of road base materials and the necessity for speedy construction resulted in some parts of the road base being inadequate to meet the demands of 50years of ever increasing traffic and ever increasing vehicle/load weight.

This highway today is the major transport link in Northern Australia between the Northern Territory and the East Coast – carrying large volumes of tourist and freight traffic. Perhaps it is because it is so distant from Canberra or perhaps it is the result of 50 years of squabbling between State and Federal Governments that the Highway has received such poor recognition and funding.

Upgrade the Mount Isa - Camooweal section of this highway and there will be a big increase in tourists accessing both Queensland and the Northern Territory – there is an abundance of local anecdotal evidence that adverse visitor reaction redirects a lot of visitor traffic from this highway.

An increase in tourist traffic will have a positive impact on the economy (and jobs) of people living in Mount Isa, Camooweal and Tennant Creek.

The present condition of this highway also restricts trade and choice for cattle producers in the Northwest. Over one hundred thousand cattle travel this highway each year for export from Darwin – but all too often have to be sent to Karumba or Townsville for shipment because of conditions on this section of the national highway.

If the Highway were improved it would enhance opportunities for Mount Isa businesses to provide services to industries in the N.T. At the present time, a lot of mining equipment is sent to Perth – four thousand kilometres away – for specialised repairs. Most of these repairs could be undertaken in Mount Isa – if the transport links were better. This would not only help secure work for people in the Isa, but also reduce N.T business costs.

Railway: The lack of a railway connection between Mount Isa and Tennant Creek (and in the near future Alice Springs and Darwin) is a major impediment to growth in Mount Isa. Construction of the fast rail project from Melbourne to Darwin would have enormous economic benefit for Mount Isa and the Tennant Creek region. Even if, as this region has already submitted to ATEC Directors, the first stage of the project is the section Mount Isa to Tennant Creek – to preferably coincide with the construction of the Alice to Darwin line. This would ensure a seamless transport system between Queensland and Darwin.

This line would almost immediately transport in excess of the hundred thousand head of cattle from this region to Darwin with the following benefits:

- reduced freight costs to pastoralists,
- Cattle would arrive at Darwin in far better condition and less stressed because of the higher rail speeds (minimum of 140 kilometres per hour compared to an average truck speed of less than 100)
- A large reduction in the number of road trains using the Barkly Highway from Mount Isa to the NT border
- Safer travelling conditions for tourists on the National No.1 Highway.

The early construction of this section of line would also open opportunities for local mining companies and industry to more easily, efficiently and at reduced freight costs, to access business, imports and exports in and through, the Territory and Darwin. The line would also enhance the movement of residents and visitors between Queensland and the Territory.

The ATEC rail project provides for a transport corridor and piping gas supplies along from the Timor Sea and the N.T. to a grid system in Queensland and southern states makes good economic sense. While it may not bring an early reduction in gas prices, supply linking between Mount Isa and the Territory, Mount Isa and Townsville and Mount Isa and Ballera would ensure capacity and reliability of supply.

Technology: Efforts to enhance the retention and expansion of Mount Isa businesses and indeed, businesses in this region, is being frustrated by Telstra's call charging policies. Technology is also a major issue with radio systems being poor carriers of data transmissions and unreliable, particularly in the wet season. Telstra suggests that satellite communications are the answer, but at what cost to companies and pastoralists (both initial capital and call costs) and when will it be generally available?

Mount Isa is the major service and supply centre in the Northwest; untimed local call charges for business and residents in the northwest to contact Mount Isa or their regional town (ie Burke, Boulia etc) will quite obviously enhance local business and local jobs. But it will require determination on the part of Government to make untimed local call charges a reality.

Benefits to the National Economy:

There are obvious benefits in developing the natural resources of inland Australia and the committee will have access to a plethora of information on various industries developed and developing in inland Australia.

The factor that is often overlooked is the efficiency of maintaining and growing regional communities as opposed to continuing to flog already overdeveloped metropolitan and near metropolitan centres. Using the case of Mount Isa there is adequate infrastructure in place to cater for a population twice its existing size and therefore next to no cost caused to Government by a population growth of 100%. This scenario can be applied to many smaller rural communities. In addition to this the provision of ongoing services can be achieved with marginal cost increases.

Conclusion

For regions to diversify, pragmatic government decisions are required.

Government must decide if it wants a sustainable/increasing population base in remote centres like Mount Isa. If the answer is in the affirmative, then pragmatic support is necessary, in cooperation with the community, to ensure the diversification of the city's economic base.

Action that could be taken by Government includes:

- Support for a university campus and associated research facilities. An example of how a government decision can positively impact on a community is that of the Queensland Government insisting that the University of Queensland establishes a campus at Ipswich.
- The implementation of untimed local call charges to Mount Isa for residents and businesses in the Northwest.
- Altering the taxation regime to provide a level playing field for remote areas – paying particular attention to Flyin/Flyout which advantages coastal environments and the zone rebate.
- Assisting the ATEC rail project and giving particular encouragement to the first sector being constructed between Mount Isa and Tennant Creek.

- Resolving Native Title issues, which are impeding land release for industrial, mining, recreational, and urban use. (This is a major issue having a very serious impact on confidence, industry expansion and mining and causing much dissension in both white and indigenous communities)

Quite obviously, this region has much potential for wealth generation for the benefit of all Australians across many industries, ranging from mining to tourism to information technology. But this wealth creation will not be fully realised if the population of Mount Isa continues to decline. Local Government is pulling out all stops to generate a new economy. The State Government has become more appreciative of the difficulties confronting Mount Isa and is offering real assistance (Community Capacity Building project, Community Grants scheme, Introduction to the Nortel ICN process, Land use study), can we now count on the Federal Government?