

7 July 2008

Hon Andrew Fraser, MP
Treasurer
Level 9, Executive Building
100 George Street
Brisbane QLD 4000

Dear Treasurer

**Infrastructure Spending
in Far North Queensland and on the Gold Coast**

At the last meeting of the Commerce Queensland Board held 23 June 2008 it was agreed that the Chamber should write to you to recommend the immediate roll out of all infrastructure projects committed to by the State Government in both Far North Queensland and the Gold Coast.

These regions are highly dependent upon tourism as a driver of economic activity and have been significantly and negatively impacted by rising fuel prices, the appreciation of the Australian dollar and more recently by airline decisions to reduce services.

This concerning trend comes at the same time as Commerce Queensland's Pulse Survey for the March Quarter 2008 has revealed a much broader significant deterioration in business confidence as measured by the 12 month outlook for both the Queensland and National Economies (please refer to Attachment 1a).

Declining confidence combined with consecutive actual declines in general business conditions, total sales revenue and business profitability, have resulted in business expectations for the June quarter 2008 showing further deterioration for these indicators.

This trend has unfortunately been considerably worse for Far North Queensland and for the Gold Coast (Attachment 1b) with these regions forecasting the lowest levels of business confidence for the next twelve months. Historically these regions have been the most optimistic.

Far North Queensland and the Gold Coast remain both nationally and internationally destinations of choice yet the last 18 months have been difficult for tourism industry operators as they struggled to cope with fewer numbers of tourists choosing to come to Queensland from overseas due to the high cost of the Australian dollar.

International tourism numbers to Queensland are down by 1.4% over the past year with Japanese (-15%), UK (-13%) Korean (-11%) and USA (-3%) markets in particular in decline. For some regions this decline has been considerably more severe. The Gold Coast and Far North Queensland Japanese markets have fallen by 26% and 8% respectively.

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The damage at this time is recoverable from however ongoing business viability is already under serious threat for many Queensland business operators. Little time remains for these businesses in which they will have the ability to recover. Commerce Queensland's Board of Directors have identified infrastructure spending as a means of supplementing economic activity in these affected regions for the present time.

Commerce Queensland strongly recommends that the State Government consider the immediate roll out of the capital infrastructure program proposed in the two regions as detailed in Attachment 3 of this correspondence.

We are heartened by the \$17 billion dollar infrastructure spend announced as part of the State Budget. However this money needs to be spent wisely to ensure its economic stimulus is maximised and meets community priorities. Further to this many of the projects outlined in Attachment 3 detail only the initial funding allocations required for each project.

For example both the Cairns Hospital and the Gold Coast's Rapid Transit System have only a fraction of the overall project costs committed to in the 2008-09 financial year. These projects need to be urgently implemented. Commerce Queensland believes that the subsequent funding and stages should be immediately pulled forward. At the same time the State Government should liaise with the communities to better prioritise projects listed in Attachment 3. Commerce Queensland has questioned the need for some of the listed projects and believes that a more urgent implementation of several listed projects would offer a much greater economic stimulus to Queensland.

Finally Commerce Queensland believes that the Queensland private sector must be involved in delivering this infrastructure for the full benefit to be realised. In other jurisdictions of Australia, the private sector has successfully delivered essential infrastructure and services for Government including schools, hospitals, health services, electricity supply and roads. As part of State Budget Submission Commerce Queensland recommended:

- State Government to establish a target list of projects able to be delivered by the private sector through the public/private partnership (PPP).
- Greater private sector involvement in the planning, development, construction, operation of Queensland infrastructure.
- Fast tracking and better planning for Queensland's future infrastructure including consultation with business associations.

These three recommendations all have increasing relevance given the deteriorating business viability cited within Far North Queensland and the Gold Coast. The utilisation of private sector participation in the provision of essential infrastructure will inevitably lead to an improvement in Far North Queensland's and the Gold Coast's building industry, investment growth and employment opportunities and inevitably tourism operators.

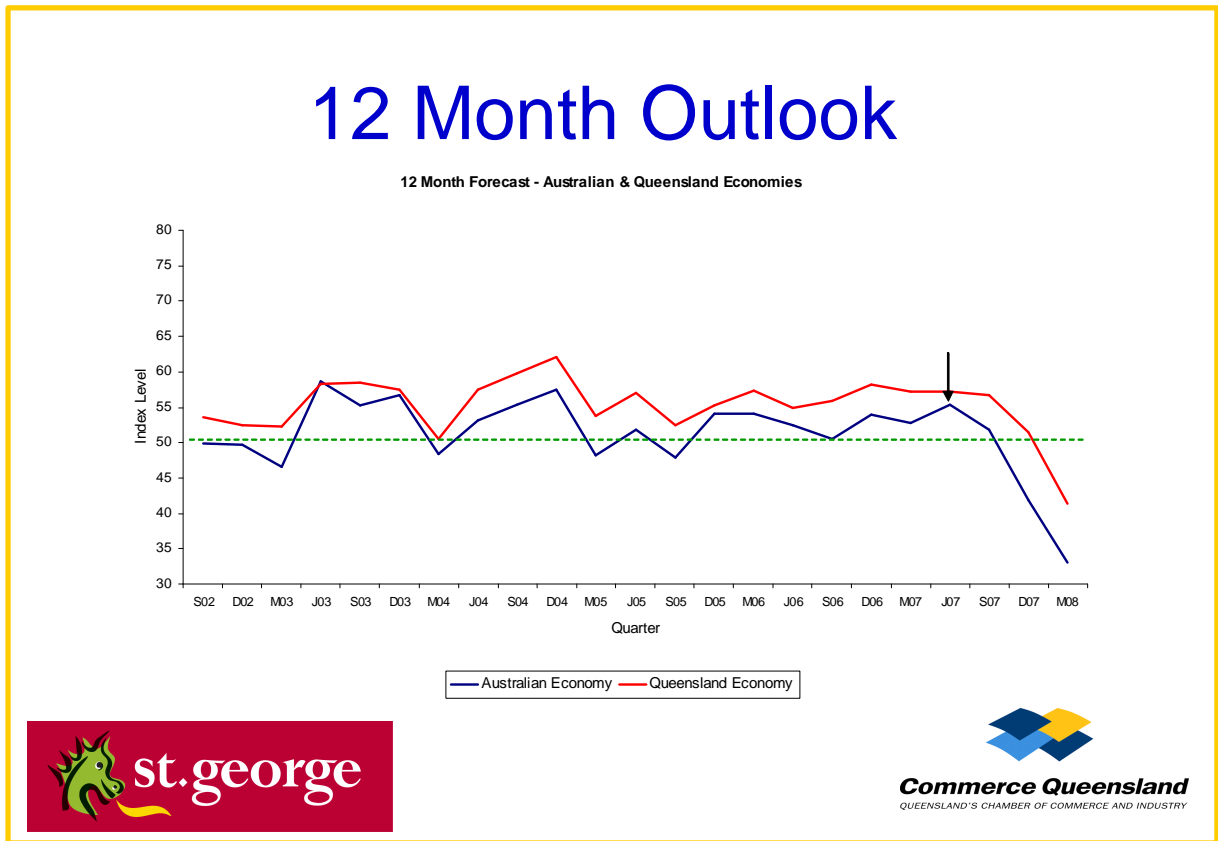
These regions of Queensland have long been drivers of prosperity in this State and it is time for all of those in a position to assist to rally behind those who are currently doing it tough.

Yours sincerely

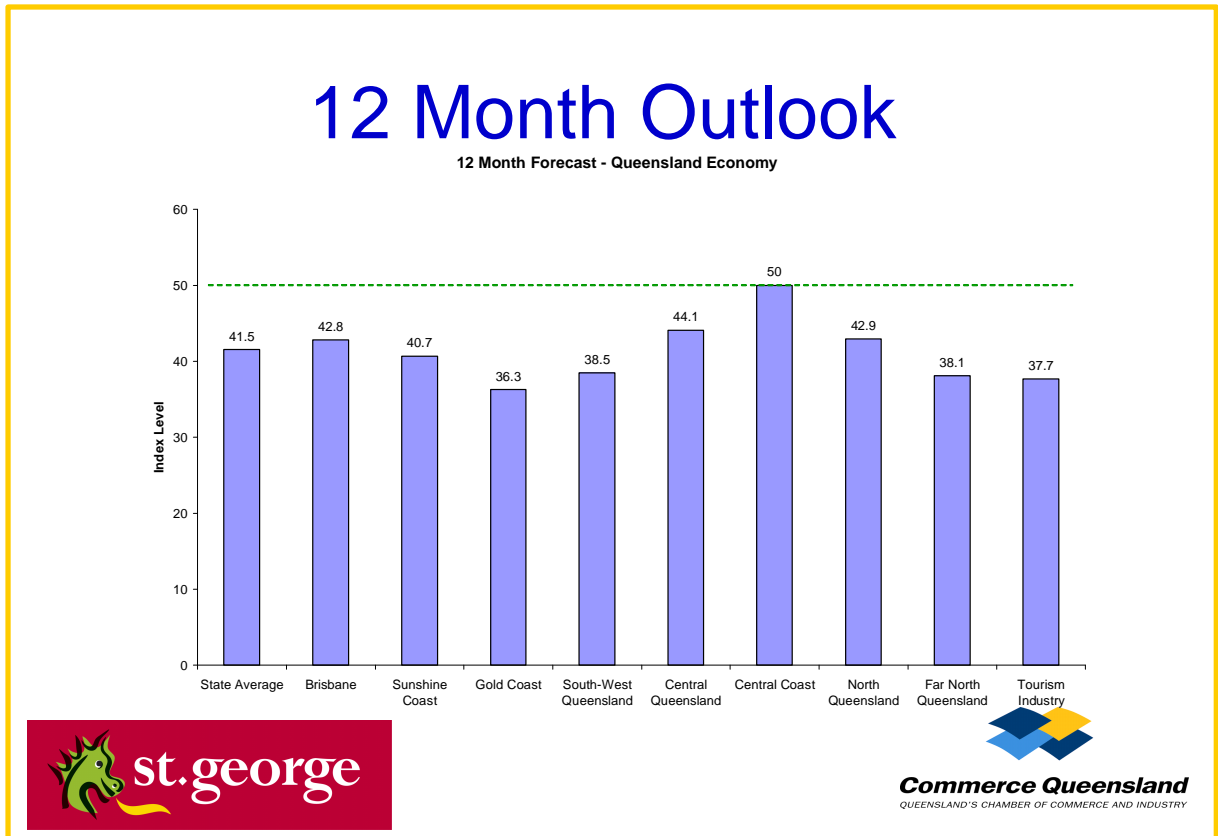
Beatrice Booth
President

cc *Desley Boyle; Minister for Tourism, Regional Development and Industry*
Paul Lucas; Minister for Infrastructure and Planning

Attachment 1a



Attachment 1b



Attachment Two

Infrastructure Spending 000's

	Brisbane	Moreton	SEQ	W/Bay	D/Downs	S/West	Fitzroy	C/West	Mackay	Northern	F/North	N/West	Region QLD	Totals
2000-01	\$1,958,922	\$946,885	\$2,905,807	\$429,967	\$243,778	\$55,091	\$567,333	\$54,912	\$217,423	\$385,171	\$437,087	\$108,537	\$2,499,299	\$5,405,106
2001-02	\$2,199,728	\$543,920	\$2,743,648	\$588,102	\$158,854	\$79,083	\$477,820	\$49,194	\$213,803	\$309,448	\$471,846	\$113,241	\$2,461,391	\$5,205,039
2002-03	\$2,200,818	\$551,307	\$2,752,125	\$410,219	\$192,840	\$49,216	\$518,927	\$31,269	\$240,147	\$244,266	\$416,674	\$121,243	\$2,224,801	\$4,976,926
2003-04	\$2,051,808	\$672,895	\$2,724,703	\$365,175	\$222,939	\$49,975	\$807,644	\$28,907	\$338,444	\$353,510	\$453,709	\$127,919	\$2,748,222	\$5,472,925
2004-05	\$2,473,140	\$914,050	\$3,387,190	\$480,023	\$414,829	\$72,434	\$646,268	\$55,229	\$216,257	\$359,083	\$495,024	\$122,581	\$2,861,728	\$6,248,918
2005-06	\$3,411,737	\$1,111,033	\$4,522,770	\$425,064	\$702,100	\$124,320	\$788,393	\$83,734	\$372,626	\$443,460	\$673,708	\$244,756	\$3,858,161	\$8,380,931
2006-07	\$4,376,474	\$1,534,707	\$5,911,181	\$841,759	\$677,262	\$120,700	\$851,362	\$97,113	\$676,076	\$734,684	\$771,066	\$254,624	\$5,024,646	\$10,935,827
2007-08	\$7,235,857	\$2,530,133	\$9,765,990	\$1,038,781	\$511,789	\$143,939	\$769,816	\$136,454	\$760,827	\$746,008	\$876,852	\$228,169	\$5,212,635	\$14,978,625
2008-09	\$7,937,357	\$3,362,132	\$11,299,489	\$1,338,125	\$422,307	\$146,882	\$908,330	\$114,322	\$1,632,292	\$767,604	\$1,129,248	\$199,396	\$6,658,506	\$17,957,995
	\$33,845,841	\$12,167,062	\$46,012,903	\$5,917,215	\$3,546,698	\$841,640	\$6,335,893	\$651,134	\$4,667,895	\$4,343,234	\$5,725,214	\$1,520,466	\$33,549,389	\$79,562,292

Source: State Budget Papers

Population 000's

	Brisbane	Moreton	SEQ	W/Bay	D/Downs	S/West	Fitzroy	C/West	Mackay	Northern	F/North	N/West	Region QLD	Totals
2001	1629.1	745.5	2374.6	236.5	210.4	27	181.7	12.5	137.5	190.3	224.2	34.3	1254.4	6003.6
2006	1820.4	885.9	2706.3	269.3	227.1	26.4	200.6	11.6	159.9	209.6	247.6	33.2	1385.3	6797.9

Source: ABS Catalogue 3218.0

Population as a % of Total

	Brisbane	Moreton	SEQ	W/Bay	D/Downs	S/West	Fitzroy	C/West	Mackay	Northern	F/North	N/West	Region QLD	Totals
2001	44.9	20.5	65.4	6.5	5.8	0.7	5.0	0.3	3.8	5.2	6.2	0.9	34.6	165.4
2006	44.5	21.7	66.1	6.6	5.6	0.6	4.9	0.3	3.9	5.1	6.1	0.8	33.9	166.1

Infrastructure Spending as a % of Total

	Brisbane	Moreton	SEQ	W/Bay	D/Downs	S/West	Fitzroy	C/West	Mackay	Northern	F/North	N/West	Region QLD	Totals
2000-01	36.2	17.5	53.8	8.0	4.5	1.0	10.5	1.0	4.0	7.1	8.1	2.0	46.2	100.0
2001-02	42.3	10.4	52.7	11.3	3.1	1.5	9.2	0.9	4.1	5.9	9.1	2.2	47.3	100.0
2002-03	44.2	11.1	55.3	8.2	3.9	1.0	10.4	0.6	4.8	4.9	8.4	2.4	44.7	100.0
2003-04	37.5	12.3	49.8	6.7	4.1	0.9	14.8	0.5	6.2	6.5	8.3	2.3	50.2	100.0
2004-05	39.6	14.6	54.2	7.7	6.6	1.2	10.3	0.9	3.5	5.7	7.9	2.0	45.8	100.0
2005-06	40.7	13.3	54.0	5.1	8.4	1.5	9.4	1.0	4.4	5.3	8.0	2.9	46.0	100.0
2006-07	40.0	14.0	54.1	7.7	6.2	1.1	7.8	0.9	6.2	6.7	7.1	2.3	45.9	100.0
2007-08	48.3	16.9	65.2	6.9	3.4	1.0	5.1	0.9	5.1	5.0	5.9	1.5	34.8	100.0
2008-09	44.2	18.7	62.9	7.5	2.4	0.8	5.1	0.6	9.1	4.3	6.3	1.1	37.1	100.0
	42.5	15.3	57.8	7.4	4.5	1.1	8.0	0.8	5.9	5.5	7.2	1.9	42.2	100.0

Legend: Denotes under spending based on population

Denotes over spending based on population

Attachment Three

Gold Coast

Health

- \$103.7 million to commence early on-site work for the \$1.55 billion Gold Coast University Hospital.
- \$55.4 million to commence construction of the \$240 million expansion of the Robina Hospital.
- \$11.5 million for the Robina Health Precinct.

Emergency Services

- \$7.3 million to construct the new Coomera Police District Office.
- \$3.6 million to construct a new 24 hour police station at Reedy Creek/Robina.
- \$3 million to upgrade Beenleigh and Mudgeeraba Police Stations.
- \$2.7 million to finalise the redevelopment of the Southport Fire and Rescue Station.
- \$2.4 million for the replacement of Surfers Paradise Police Station.
- \$2 million for a new fire and rescue station at Nerang at a total cost of \$3.8 million.
- \$1.8 million to replace the regional emergency services training facility at Pimpama.
- \$1 million to refurbish the Burleigh Heads Ambulance Station.
- \$1 million to replace the ambulance station at Runaway Bay.

Community & Housing

- \$2.3 million over four years to establish new residential care facilities.
- \$16.2 million to construct, purchase and upgrade public housing involving purchasing or completing 25 homes and commencing the construction of a further 27 homes.

Major Infrastructure

- \$127 million to extend the Gold Coast railway from Robina to Varsity Lakes.
- \$50.8 million towards finalising the planning for the Gold Coast Rapid Transit System.
- \$37.7 million for improvements to the Pacific Motorway between Nerang and Tugun.
- \$20.9 million for the Robina Transit Oriented Development project.
- \$20 million to continue widening the Gold Coast Highway to four lanes between Government Road and Robert Street.
- \$18 million to continue widening Hope Island Road to four lanes.
- \$10.7 million to complete bus priority works on the Gold Coast Highway south from Broadbeach.
- \$10 million to continue widening the Mount Lindsay Highway to four lanes.

Utilities

- \$31 million for new and upgraded transformers at Southport, Cades County, Merrimac and Beenleigh and a new power line between Loganholme and Beenleigh substations.
- \$217 million in the 96-kilometre Southern Regional Water Pipeline between Cameron's Hill and Molendinar, linking the Wivenhoe system with supply sources including the Hinze Dam and the desalination plant under construction at Tugun.
- \$100 million to increase the Hinze Dam's total storage capacity.
- \$3 million to the Queensland Smart Water facility at Griffith University's Gold Coast Campus.
- \$3 million to complete the state of the art Pimpama Recycled Water Treatment Plant.

Training and Education

- \$12 million to commence constructing a new campus at Gold Coast Institute of TAFE.
- \$17 million to provide affordable rental accommodation.
- \$1.7 million to purchase land for future public housing.
- \$26.6 million for a new high school at Ormeau.
- \$25.5 million for a new primary school at Western Oxenford.
- \$16.9 million for a new primary schools at Cupania.
- \$9.7 million to complete stage 1B of Coomera Springs State School.
- \$2.8 million for a two-storey, eight-space teaching block at Greenbank State School.
- \$2.1 million over two years to redevelop the former Beenleigh Preschool.
- \$266,000 towards the Nerang Early Years Centre.

Far North Queensland

Health

- \$24.2 million to commence the Cairns Hospital redevelopment estimated to cost \$450 million.
- \$18.6 million to complete the Weipa Hospital redevelopment.
- \$8 million to continue the \$15.8 million new primary health care centre at Yarrabah, due for completion in 2009.
- \$7.6 million to continue the Cairns Hospital's Emergency Department expansion.
- \$5.4 million to continue building the \$39 million Chronic Disease and Prevention Management Centre on Thursday Island.

Emergency Services

- \$7.5 million for a new 24-hour police station and watch house at Mareeba.
- \$4 million to replace the ambulance stations at Yarrabah, Tully and Weipa.
- \$3 million for improvements to helipads at Innisfail, Cooktown, Wujal Wujal and Thursday Island.
- \$2.6 million to operationalise the new Cairns-based helicopter.
- \$2.4 million for a replacement police station at Port Douglas.
- \$900,000 to extend the current Thursday Island Police Station.
- \$300,000 to replace the police station and residential accommodation at Ravenshoe.

Community

- \$3.6 million over four years to establish new residential care and therapeutic facilities to accommodate young people with complex and extreme behaviours.
- \$2 million to complete the Marlin Coast Neighbourhood Centre in Cairns.

Energy

- \$6.8 million to finish replacing the ageing Kareeya to Innisfail transmission line.
- \$4.9 million for powerlines and substations and upgrades to existing infrastructure in some of Queensland's remotest areas including placing powerlines underground in cyclone-prone areas.
- \$3.6 million to upgrade and maintain the hydroelectric power stations at Barron Gorge and Kareeya.

Other Major Infrastructure

- \$118 million to commence a 300-cell expansion and upgrade to the Lotus Glen Correctional Centre.
- \$40.5 million to construct government office buildings in Cairns.
- \$6.1 million to complete the new high-tech Mareeba courthouse.
- \$1.8 million of the \$13.5 million for the new government office building on Thursday Island.
- \$7.2 million to seal a 15.7 kilometre section of the Peninsula Development Road between Lily Creek and Carols Crossing.
- \$5.7 million to seal two sections of the Peninsula Developmental Road between Carols Crossing and Crocodile Gap.
- \$1.5 million to extend the Cairns boardwalk and foreshore promenade to the south of the Cityport.
- \$18.2 million for 25 accommodation units in Weipa.
- \$50 million to improve flood immunity on the Bruce Highway between Corduroy Creek and Tully High School, with Australian Government funding.
- \$24.4 million to continue construction of a bridge and approaches at Mulgrave River, south of Cairns, with Australian Government funding.
- \$13.5 million to improve the reliability and supply of water services including \$4.6 million to upgrade the Tinaroo Falls dam spillway.
- \$500,000 to complete the MaMu Canopy walkway at Wooroonooran National Park.
- \$341,000 to redevelop the new Laura Ranger Base at Lakefield National Park.

Aboriginal Projects

- \$4.4 million for Indigenous Art Centres.
- \$3.4 million for Building Skills and Opportunities projects.
- \$1.6 million to develop the Cairns Printmaking Centre.
- \$1 million for the Cairns Indigenous Art Marketplace.
- \$250,000 over two years for the development of an Arts Hub in Weipa.

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- \$63.5 million in grants to build, upgrade and maintain homes in Aboriginal and Torres Strait Islander communities. This will include completing 79 homes and commencing a further seven homes.
 - \$10.9 million to build, purchase and upgrade homes and purchase land for future homes for the Aboriginal and Torres Strait Islander Housing rental program.
 - \$10.4 million under the Indigenous Environmental Health Infrastructure Program for initiatives including the new Moa and Mabuia Sewerage Schemes.

Housing

- \$13.8 million to construct, purchase and upgrade public housing dwellings involving purchasing or completing 28 homes and commencing a further 13 homes.

Education

- \$36.7 million to upgrade the Innisfail TAFE to deliver a high-tech integrated education precinct.
- \$6.5 million to redevelop Tropical North Queensland Institute of TAFE Cairns campus.
- \$16.6 million to complete stage three of Redlynch State College.
- \$7.7 million to complete stage three of Isabella State School.
- \$5 million to start stage three of Western Cape College, Weipa.
- \$3.4 million over two years to complete the Cairns Early Years Centre.
- \$2.7 million to subsidise construction of the \$6 million multipurpose facility at Kowanyama State School.

Policy Development & Representation



Workplace Health & Safety



Workplace Relations & Employer Advice



Human Resource Management



International Business



Vocational Education & Training



Eco Efficiency Advice

COMMERCE QUEENSLAND PROFILE

Commerce Queensland is Queensland's largest business organisation and is the trading name of the Queensland Chamber of Commerce and Industry. It has a statewide membership drawn from all industry sectors and has been the state's peak employer/industry body since 1868.

Commerce Queensland is a non-Government organisation that seeks to work with Government and other groups to shape Queensland's economic and social environments in a way that promotes business growth and community prosperity.

Commerce Queensland is called upon by thousands of enterprises to deliver a broad range of business services including advocacy and representation, workplace and industrial relations, staff development and training, workplace health and safety, environmental management and international business facilitation. We are commercially-minded and expertly-qualified.

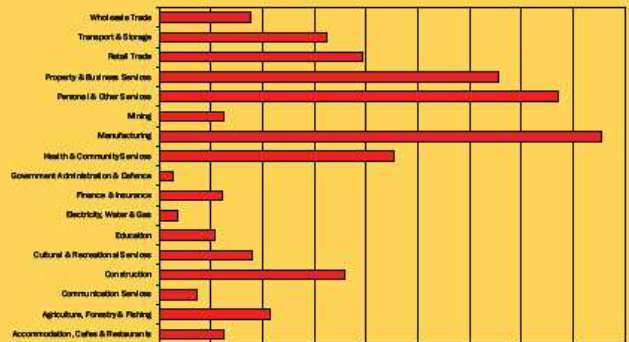
Commerce Queensland is a founding member and influential partner of the Australian Chamber of Commerce and Industry (ACCI) and part of the worldwide network of Chambers of Commerce and affiliated business service organisations.

Commerce Queensland has in excess of 3,700 direct members across 8 regional offices and acts for over 135 local chambers of commerce and 60 trade and professional associations. In total, Commerce Queensland represents in excess of 25,000 businesses and our vision is to remain the leading facilitator of business success in Queensland.

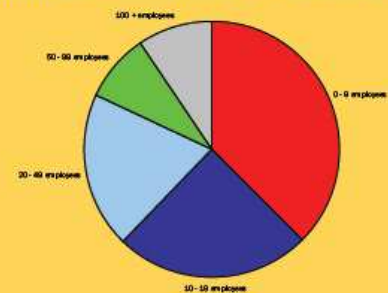


The diversification of Commerce Queensland's membership is illustrated in the following charts:

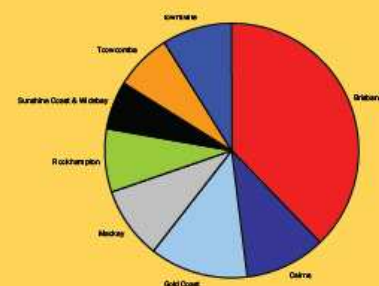
Commerce Queensland members by Industry



Commerce Queensland members by Employment Size



Commerce Queensland members by Region



Queensland's Peak Industry Body