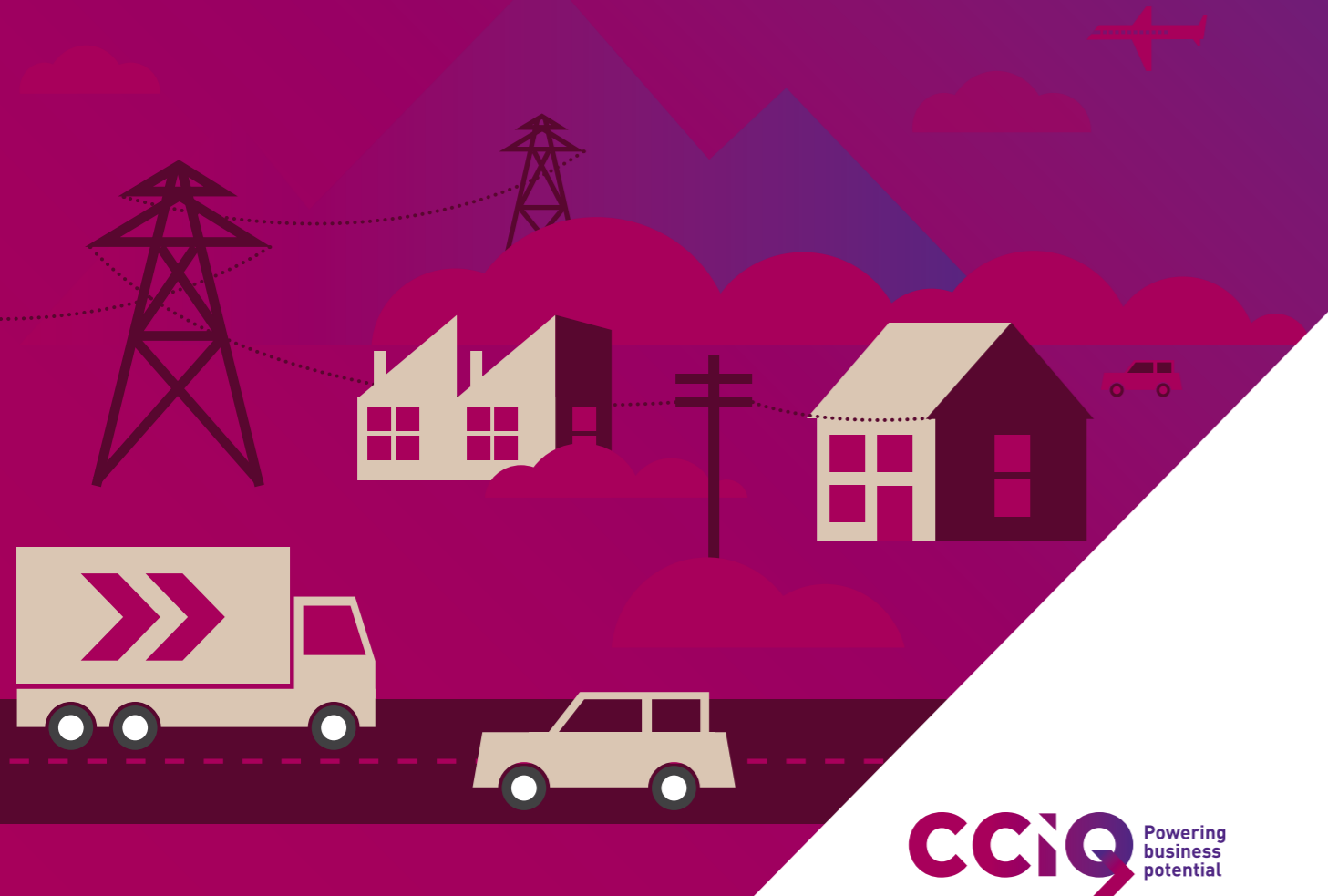


BUILDING WORLD CLASS INFRASTRUCTURE AND REDUCING BOTTLENECKS



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We have regional representatives in offices throughout Queensland, and are affiliated with more than 100 chambers of commerce throughout the state.

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Infrastructure plays a crucial role in driving business investment, growth and productivity. For businesses to thrive and remain competitive in a global marketplace, it is essential that infrastructure development and addressing current and future bottlenecks is of top priority to decision makers. An investment in infrastructure represents an investment in the future prosperity of our country and its businesses.

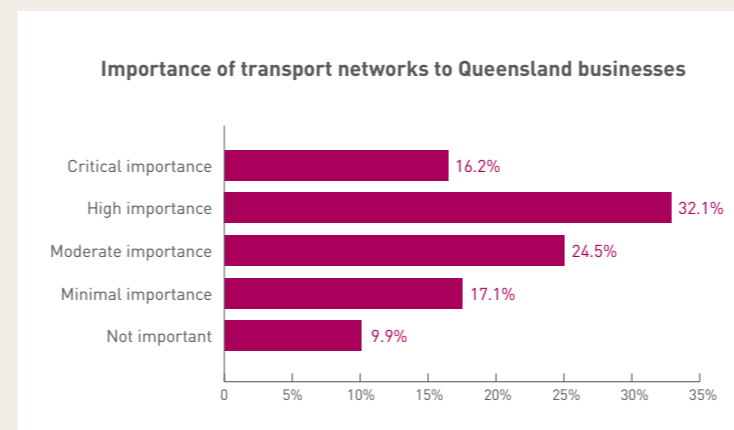
The Chamber of Commerce and Industry Queensland (CCIQ) often receives feedback from Queensland businesses that existing infrastructure networks are **deficient and are not meeting the needs of a growing population and economy**. In particular, Queensland's transport infrastructure requires significant attention and investment in order to achieve the desired outcomes of improved capacity, reliability, efficiency and safety. Other infrastructure networks identified by businesses that require attention include energy and communications.

DELIVER IMPROVED TRANSPORT INFRASTRUCTURE

Nearly half of all Queensland businesses (48.3%) believe that an **efficient and reliable transport network is of high or crucial importance** to their business. Businesses in regional Queensland have a significantly higher reliance on the state's transport network due to lower population densities, vast distances travelled for business purposes and access to distribution channels/markets.

Businesses have reported many impacts as a result of inefficient transport networks including:

- **Increased cost of doing business**, subsequently impacting on the overall competitiveness of businesses, particularly in regional areas;
- Delayed deliveries and freight times leading to **decreased efficiency and productivity**;
- **Reduced access** to existing markets and expansion into new and emerging markets as certain opportunities cannot be fully exploited due to the lack or reliability of appropriate transport;
- **Vulnerability to seasonal weather events** impacting on visitation numbers and deterring investment;
- **Delayed business expansion activities** until local infrastructure can adequately meet the business's needs;
- Negative **impact on staff retention** due to inadequacies in public transport and congestion;
- Reduction in the **liveability** of a region.



Source: CCIQ Transport Blueprint: Improving Queensland's Transport Networks to Enhance Productivity and Drive Economic Growth

There are two key transport infrastructure priorities that have been identified by businesses, that if delivered in the short to medium term, would result in significantly improved transport outcomes for Queensland. These are the Toowoomba Second Range Crossing and upgrades to the Bruce Highway. These projects are crucially important for our national economy.

TOOWOOMBA SECOND RANGE CROSSING

The Toowoomba Second Range Crossing (TSRC) project is the construction of a 42km road corridor that would take **highway traffic around Toowoomba rather than through it**. As the largest inland regional city in Queensland, the current highway network that passes through Toowoomba and over the Toowoomba range is proving increasingly deficient for meeting increasing traffic volumes.

Toowoomba is a growing hub for the Darling Downs and acts as a gateway for the Surat Basin (which is currently **experiencing growth unlike any other region** in Queensland as a result of the resources sector expansion and anticipated growth of the energy sector). It is also a **focal point for both interstate and intrastate freight movement**, as the Warrego, New England and Gore Highways converge in Toowoomba en route to and from the east. This is resulting in Toowoomba streets carrying a heavy concentration of commercial and heavy vehicles, leading to traffic congestion and substantial delays, and equally concerning, safety and liveability concerns for the residents and visitors of Toowoomba.

The existing range crossing consists of a steep grade (most of the existing range crossing has a 10% grade) and tight horizontal curves, resulting in high levels of congestion and a very poor safety record. Coupled with the section through urban Toowoomba City, the **existing route falls well short of specified national highway levels of service**. More specifically the crossing is characterised by:

- Tight alignments;
- 16 traffic lights (reducing time reliability);
- 2.5 breakdowns per week;
- 1 crash per week with incidents having doubled since 2010;
- Disproportionately long travel times across the existing 38km section;
- Heavy vehicles accounting for 13% of all traffic over the range; and
- Currently no B triples are allowed on the Great Dividing Range, significantly limiting operations, efficiency and productivity.

Delivery of the Toowoomba Second Range Crossing will increase productivity of the Toowoomba region by \$2.4 billion and Australia wide by \$3.1 billion over 30 years



GROWTH IN THE TOOWOOMBA AND SURAT BASIN REGION

Toowoomba is the largest inland regional city in Queensland, and acts as a gateway for the Surat Basin. This region is experiencing growth unlike any other Queensland region due to the rapid surge of resource industry development, primarily the expansion of the coal seam gas industry. Medium level growth scenarios predict that the Gross Regional Product in the coal seam gas industry will more than double by 2031, from an estimated \$1.1 billion in 2011, with the most rapid increase occurring between 2014 and 2018. As a result, not only is the Surat Basin's resident population growing, but so is the number of non-resident or FIFO/DIDO workers associated with this sector and the construction of associated infrastructure. Delivery of the Toowoomba Second Range Crossing is essential to support growth in this important region.

The current capacity of the existing highway network is being exceeded, resulting in recent road investment primarily focusing on improving safety of the range and traffic management through Toowoomba. There is limited scope for further cost effective improvements to the existing network, as current issues will persist regardless and would only deliver short term relief.

The best solution to existing issues, and the best use of resources, would be to deliver the TSRC. Completion of the project would see a four lane highway linking the Warrego Highway from Helidon in the east, to Charlton (west of Toowoomba), and on to the Gore Highway at Athol in the west. Projects Queensland estimated that the TSRC will **increase productivity of the Toowoomba region by \$2.4 billion (NPV) and Australia wide by \$3.1 billion (NPV)** over 30 years. The TSRC would create over 1,800 FTE positions in construction (3 years) and 701 FTE positions in operations (25 years).

Key benefits delivered by this project would include:

- **Improving efficiency and productivity** in freight movements by reducing travel times (2 traffic lights as opposed to 16) and allowing for B triples to use the network;
- Encouraging **economic development**;
- Significantly enhancing the **reliability** of travel times;
- **Improving safety** on the network by providing an improved standard of range crossing with improved design features, leading to a reduced number of crashes and fatalities;
- Improving transport capacity over the range to **meet future growth needs** in the region;
- **Improve community amenity, safety and liveability** by redirecting heavy vehicle traffic away from the current range crossing and town centre, reducing the current environmental and social costs.

This project is vital to support the growth of this important region. It will provide vital economic, social and environmental dividends to the nation on top of assisting regional industry, business and employment by increasing savings, reducing costs and encourage future business investment.

The Federal Government should commit to providing 80% of the cost of building the Toowoomba Second Range Crossing within the timeframe of 2014-17.

BRUCE HIGHWAY UPGRADE

Substantial investment is required to undertake numerous projects to upgrade and enhance the capacity of the Bruce Highway, a major north-south corridor, stretching 1,670 kilometres between Brisbane and Cairns.

Traffic volumes on the Bruce Highway are expected to increase by more than 3% every year to 2025



As a **critical transport corridor for the nation**, and a vital infrastructure link for local communities and the economy, the Bruce Highway carries 7 million tonnes of freight a year, and huge volumes of traffic (average of 2,500 vehicles movements per day in smaller rural centres to 30,000 around Rockhampton and more than 100,000 just north of Brisbane). It is estimated that the Highway **contributes \$11.5 billion each year to the Queensland economy and supports 60,000 jobs**.

The reliance on this network will only increase moving forward, with expected traffic volume growth of more than 3% per year to 2025, driven by population growth, a booming resource sector and strong agricultural and tourism sectors.

Capital investment in the Bruce Highway over many years has been significantly lacking, and when linked with increased population, freight and travel growth has resulted in a **flood-prone, aging network that has serious capacity, safety and reliability issues**. The main challenges going forward for managing the Bruce Highway are to cater for expected growth and improve the safety, efficiency, reliability and cost-effectiveness of freight/transport of the entire road corridor. The key challenges that require addressing in order to improve the existing network are:

- **Flooding, which regularly closes the highway causing delays to freight and passenger travel:** the Bruce Highway is subject to significant annual flooding, with on average, nine locations closing for greater than 48 hours and six locations closing for greater than five days. Furthermore, the aftermath creates poor and unsafe driving conditions on damaged surfaces, with reconstruction efforts also resulting in further traffic delays. Long term solutions are required, as regular closures of the highway are significantly impeding the economic growth of regional Queensland. Regular reconstruction activities following flooding events are also proving expensive and ineffective.
- **Capacity constraints leading from growth in travel and freight movement, driven by population growth and increased economic activity:** Traffic volumes along the whole length of the highway continue to increase rapidly as a result of the economic activity associated with the state's resources boom, growing regional centres and visitor traffic. Severe congestion is occurring from the Brisbane region north to Maryborough, on the highway within and approaching regional cities, as well in rural sections of the road from increased freight and tourism traffic. Furthermore, long delays are experienced by users due to the large number and frequency of road rehabilitation and upgrading projects, mainly resulting from flood and cyclone damage.
- **Safety and reliability concerns associated with increased traffic using two lane carriageways and mixing of heavy and local traffic:** The Bruce Highway has been identified as one of the most dangerous roads in Australia. High traffic volumes and mixing of local and highway traffic has contributed to serious and fatal accidents along the Bruce Highway, with on average, 50 deaths and 400 serious injuries every year. There is also a lack of overtaking opportunities available, with more than 80% of the highway featuring two lane carriageways. There are interchangeable speed limits where the Bruce Highway passes through regional cities and towns, which significantly reduce freight and transport efficiency. Increased traffic volumes is also resulting in increasing difficulties in managing traffic movements through and around major regional centres, impacting on the ability to deliver quick and efficient connections (such as bringing resources to coastal markets and ports) and increasing the environmental and social costs on regional communities.

Substantive investment is required for the Bruce Highway to increase flood resilience, reliability and safety, and deliver ring roads, bypasses, duplications and overtaking lanes.

It is clear that substantive investment is required to significantly improve the efficiency, safety and reliability of the Bruce Highway. The State Government has released the Bruce Highway Action Plan, which if delivered, would reduce the current road toll by about 35%, deliver estimated savings of \$3 billion over 30 years, and achieve time savings of up to \$30 billion to the economy. Upgrades must increase flood resilience, reliability and safety and deliver ring roads, bypasses, duplications and overtaking lanes. The Queensland Government is unable to fund these urgently needed upgrades, with significant funding required by the Australian Government.

The Federal Government should commit to a dramatic increase in funding to upgrade the Bruce Highway.

IMPORTANCE OF UPGRADING THE BRUCE HIGHWAY

The Bruce Highway is a critical transport corridor for the nation, carrying more than 7 million tonnes of freight a year, contributing more than \$11.5 billion to the economy and supporting 60,000 jobs. However, the Bruce Highway has been identified as one of the most dangerous roads in Australia, with an average road toll of 50 fatalities and 400 serious injuries every year. The Bruce Highway is flood-prone, with significant annual closures, potentially for greater than 5 days. It has been estimated that the cost of a single 24 hour blockage can result in \$5.4 million in lost output. Furthermore, more than 80% of the highway is just one lane each way, creating significant safety and reliability concerns. Delivery of the Bruce Highway Action Plan would reduce the road toll by 35%, deliver savings of \$3 billion over 30 years, and achieve time savings of up to \$30 billion to the economy.

OTHER TRANSPORT PRIORITIES IDENTIFIED BY QUEENSLAND BUSINESSES

Businesses located in all regions throughout Queensland have been consulted by CCIQ regarding transport infrastructure priorities. The following have also been identified as requiring attention/consideration:

- Road networks including upgrades to the M1 Pacific Motorway from Nerang to Tugun, flood proofing regional Queensland roads (such as Kennedy, Hahn, Isis and Burnett Highways), making the Kuranda Range Road suitable for B-doubles vehicles and upgrading the Peak Downs Highway;
- Implementing solutions to reduce the impact of traffic congestion on businesses, both within SEQ and busy regional centres such as Townsville;
- Passenger rail network, including the inner city rail solution, extending the SEQ network to Toowoomba in the west and north to Maroochyodre, and delivering high speed rail access
- Public transport networks in regional areas including the Sunshine Coast and north Queensland;
- Regional air transport network to improve freight movement, better meet the requirements of the fly-in fly-out (FIFO) workforce (particularly in mining regions), drive regional tourism and development, and enhance the connectivity with other states and internationally;
- Expanding ports to enhance their capacity and allow for more industries to export their products.

DEMAND ON QUEENSLAND'S TRANSPORT NETWORKS

Queensland's infrastructure networks are buckling under the pressure of strong population and economic growth in Queensland. Queensland continues to maintain one of the strongest population growth rates in the country, with a projected state population of 6 million by 2026, an increase of 1.5 million people or 33%, which is higher than national projections (23%). Queensland is also predicted to have the largest regional population of anywhere else in Australia by 2026.

Over the next 2 decades, increases in freight are projected each year in the order of 1,030 million tonnes in general freight, 520-620 million tonnes in mineral freight, and 100 million tonnes of Liquefied Natural Gas. Demand for Queensland's commodities continues to increase, with demand for coal alone expected to increase by between 64% and 120% over the next 10 years. Air freight is also expected to treble to 458,000 tonnes a year by 2023. Cars will continue to be the dominant transport mode for the growing population, with a current annual vehicle growth rate of 10%.

DELIVER WORLD CLASS COMMUNICATIONS INFRASTRUCTURE

The competitiveness of Australian businesses and their ability to access global markets is determined to a large extent by their ability to access **internationally competitive communications infrastructure**. It is commonly recognised that **Australia is lagging behind other developed countries** in terms of the speed, access to and reliability of broadband services.

Many Queensland regions are experiencing internet/broadband coverage concerns which are reducing business' capacity to utilise online and digital technology, subsequently impacting on their ability to compete in an increasingly global marketplace.

Delivering a **strong, reliable and affordable communications networks is fundamental to encouraging innovation** and improving the ability of all businesses to compete domestically and internationally, which is particularly important for a state with a population as geographically dispersed as Queensland.

The Federal Government should commit to delivering a reliable and affordable broadband network across all Queensland regions.



Diversifying Queensland's energy sources and funding a range of demand management initiatives are important priorities.

DELIVER ENERGY INFRASTRUCTURE THAT MEETS DEMAND

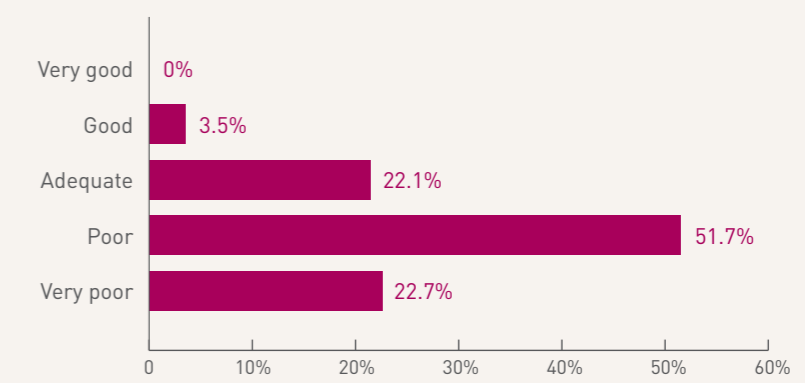
The Queensland business community firmly believes that Queensland's electricity supply industry has **failed to adequately plan for and manage the growing state energy needs** associated with strong population and economic growth. Indeed much of the recent explosion in electricity prices is a result of playing catch up for underinvestment in previous years.

Regional energy networks in particular require significant attention. The majority of Queensland's electricity generation infrastructure is located in central and southern parts of the State. This not only escalates the cost of transmission and distribution as extensive networks are required to provide electricity across the grid to meet the needs of growing regions, but also creates challenges for the continuity, security and emergency planning aspects of energy infrastructure. Diversifying Queensland's energy sources and funding a range of demand management initiatives are also important priorities.

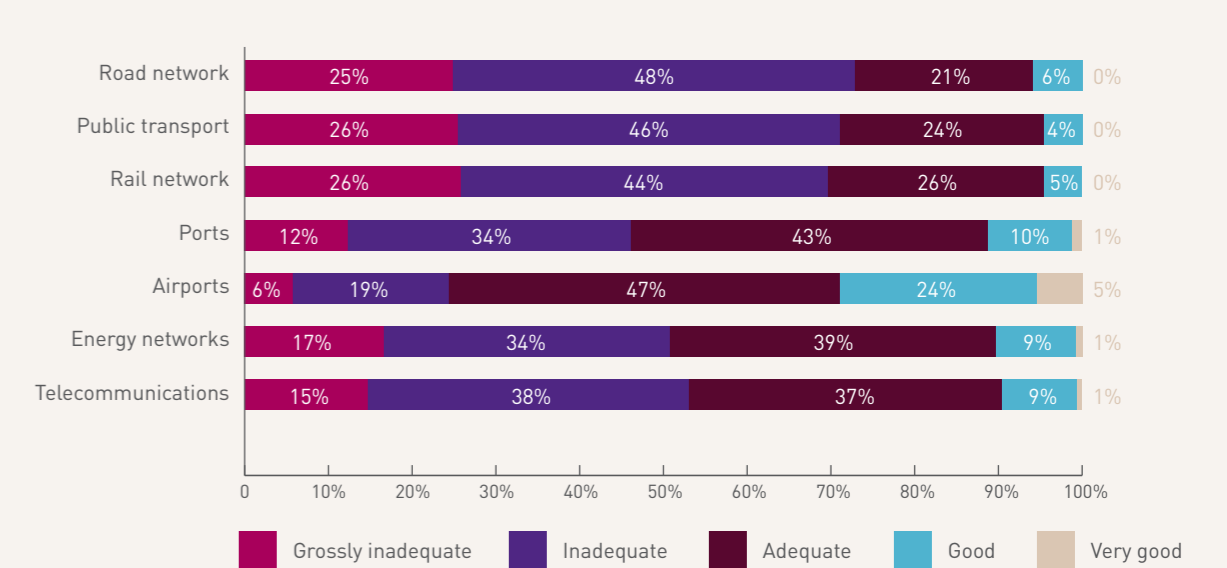
The Federal Government should provide ongoing support to the Queensland Government to ensure the long term security and capacity of Queensland's energy infrastructure throughout all Queensland regions.

CCIQ POPULATION SURVEY 2010

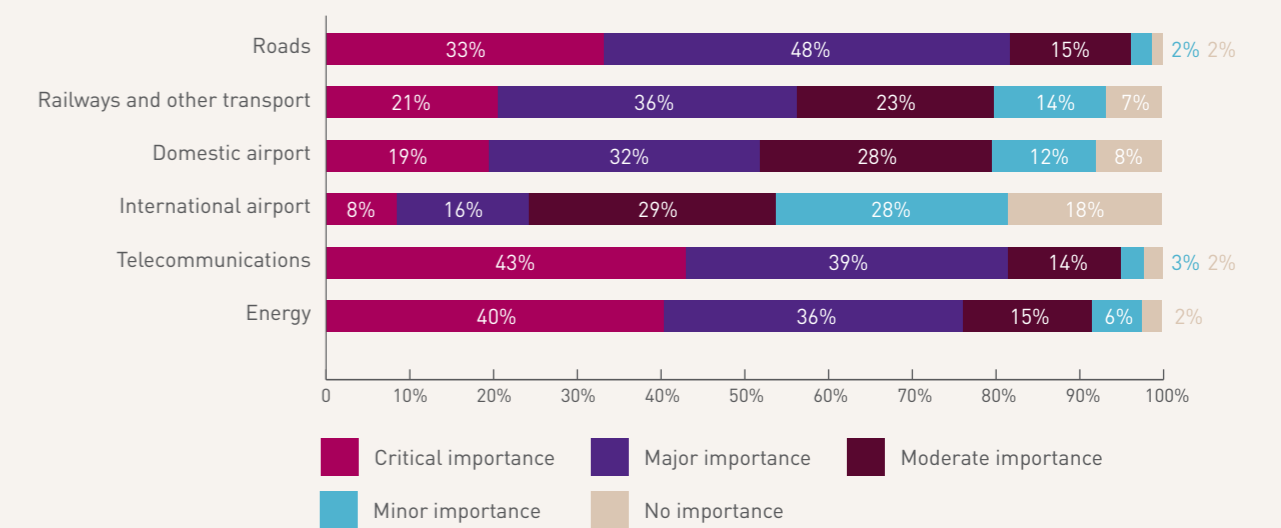
Business rating for Government's planning for population growth and infrastructure



Business rating of the capacity of Queensland's infrastructure networks



Important infrastructure considerations in business location and expansion decisions



CONCLUSION

The availability of reliable, affordable and capable infrastructure plays a crucial role in determining the level and strength of economic growth and standards of living. Population and economic growth in Queensland over previous decades has outpaced the capacity of core infrastructure to meet demand. Subsequently, a significant amount of investment is required in Queensland's infrastructure to support population and economic growth into the future.

CCIQ has made a number of recommendations that if delivered, would significantly enhance the capacity of Queensland's infrastructure networks. In particular, key priority must be given to delivering the Toowoomba Second Range Crossing and significantly upgrading the Bruce Highway.