



# Burdekin Shire Council

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*FROM THE OFFICE OF THE MAYOR*

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5<sup>th</sup> December 2014

## **Submission by Burdekin Shire Council Agricultural Competitiveness Green Paper**

The Burdekin Shire is situated on the Pacific coastline, centred 80km south of Townsville, North Queensland. The Shire is in excess of 5000 square kilometres and home to an estimated 17,784 people. Queensland Treasury forecasts the region's population will reach approximately 19,500 by 2031. The Shire has a Gross Regional Product around one billion dollars.

The Burdekin is increasingly known as one of the most productive agricultural districts in Australia. When other parts of Queensland and Australia are hurt by droughts, the Burdekin remains resilient and prosperous.

The Burdekin Shire Council regards this abundant, year-round supply of good quality water as the region's number one asset. It is an asset which underpins the confidence local farmers, business people, residents and investors have in our community. The district's rich supply of irrigation water combines with about 300 days of sunshine a year and fertile, well-drained soils. As an indicator of the potency of this combination, the Burdekin is consistently the most productive sugar cane growing area in Australia and amongst the most productive in the world.

The Burdekin also boasts strong fruit, vegetable, beef and aquaculture industries. The diversification of industry in the region is growing and underpinning our future economic security. Our farmers are proactive in embracing complementary crops and new technology to enhance the health of their soil and crops and lessen their impact on the environment.

I applaud the Federal Government for inviting the public to provide comment on the directions and policy ideas raised in the Agricultural Competitiveness Green Paper and I submit the following information as input towards the Government's White Paper.

As I am sure you are aware, the Burdekin region is home to the mighty Burdekin Dam. The Burdekin Falls Dam was constructed in 1987 and is one of the largest dams in Queensland. It has a surface area of 22,400 hectares, ponds water 50 kilometres up the Burdekin River, and holds 1,860 000 mega-litres of water at full capacity.

According to SunWater, Burdekin Falls Dam currently has an unallocated yield of 100,000ML.

The design of the Burdekin Dam has also allowed for future increases in storage capacity and for possible future hydro-electric generation. The available yield at Burdekin Falls can be dramatically increased by implementation of Stage 2 of the Dam.

Burdekin Shire Council has lobbied both levels of Government for many years regarding the need for Stage 2 to proceed. I seek the support of the Federal and Queensland Governments for the implementation of Stage 2 of the Dam, which is not only crucial for the future growth and water supply for the Burdekin and neighbouring city of Townsville, but also a valuable component in reaching the vision for developing northern Australia.

In addition, the water stored as part of Stage 2 could be utilised by the North Queensland mining sector and other industries. The mining sector creates employment opportunities and substantial flow-on economic benefits for our region, Queensland and Australia.

As a Shire, we are well aware of the potential to value-add and diversify our existing thriving industries of sugar cane and small crops and we actively pursue opportunities for our Shire. Stage 2 of the Burdekin Dam is high on our list of priorities.

The Burdekin Shire Council is also currently supporting a project that will deliver water for irrigation purposes to horticulture and agriculture land south of Home Hill.

The proposed area for water delivery covers an area of approximately 12,500 ha between Mt Inkerman, 12 km south of Home Hill, and Gumlu (Molongle Creek). The Bruce Highway traverses centrally through the area. By proportion, the economic value of the project area is considered to be in the order of \$145 million per annum to the local economy. The area currently utilises dry land farming techniques with some irrigation water collected into surface storage tanks on individual properties. The State Government planned to construct this major channel, (Elliot Channel), to deliver water to the horticultural areas south to Bowen. This channel, except for a short section, was not constructed due to low demand for water and high construction cost making it uneconomical. In 2006, the State Government prepared a revised Elliot Channel design, primarily to supply industrial water to a proposed aluminium project at Abbot Point north of Bowen. Growers along the channel were invited to contribute to the project at a water cost of \$400 per megalitre. Growers rejected the offer, claiming that the water charge was excessive. The revised channel proposal lapsed due to the withdrawal of the foreign company from the Chalco Aluminium Refinery project.

The unsuccessful effort of State Governments over a period of 20-25 years to achieve an economic solution to the Elliot Channel has left the local growers frustrated and, within the foreseeable future, still without an adequate water supply south of Mt Inkerman. If the Federal Government is committed to developing Northern Australia, this is one project that would contribute to ensure this target is attained. Regional Development Australia funding was sought, however not successful, to construct water delivery infrastructure comprising channels, pipelines, surface water storages, pumps, all for delivery of water to on-farm storages.

The Burdekin Irrigation area (43,000 ha) is a strong economic area in north Queensland based on sugar cane production on irrigated land. The area contains four large sugar mills which add value to cane production, significant employment and exports.

The Burdekin region has a history of sustained economic growth since the construction of the Burdekin Falls Dam in 1984. The Burdekin Dam enabled the establishment of the Burdekin-Haughton Water Supply irrigation area. The Burdekin-Haughton Water Supply Irrigation area is a significant contributor to the regional economy of north Queensland, particularly the area of Ayr and Home Hill. The annual economic agricultural production of the area is \$ 500 million per annum. Trials of rice, cassava and cotton crop is creating an upsurge in interest and demand for irrigated land.

The Burdekin also has an established aquaculture industry through Pacific Reef Fisheries. Aquaculture is a relatively new industry in Australia and for the region, servicing the large domestic markets of Brisbane and Sydney. The aquaculture industry is set to expand in the Burdekin with plans for export to the South-East Asian market. Pacific Reef Fisheries (PRF) is a large, fully integrated prawn farming operation, with grow-out and processing facilities near Ayr. Having commenced operations in the Burdekin in 1998, the family-owned business is now capable of growing over 1000 tonnes of premium Black Tiger Prawns and North Queensland Cobia fish annually. PRF has recently received Council approval to increase production of its prawn farm from 68 hectares to 98 hectares, allowing for 30 existing, one hectare ponds to be used as part of the operations. It is expected that this expansion will employ an additional 6 permanent staff. PRF has won five gold medals in the Sydney Fine Foods Show and the Champion Prawn Product for 2012 and supplies fresh prawns to the Coles supermarket chain. PRF employs a wide range of people including marine science graduates from James Cook University in Townsville. During the growing season staff numbers swell from a base of about 50 to anything up to 100 once processing gets under way. PRF is

currently seeking to expand its nearby Guthalungra operations in order to become the largest single prawn farming operation in Australia.

We are also fortunate to have MBD Energy, in partnership with Pacific Reef Fisheries and James Cook University, commercialising ground breaking aquaculture waste water treatment systems in the Burdekin. These systems provide the dual benefit of water treatment as well as an additional crop from the system, in high value marine macro-algal (seaweed) species. As such novel systems will be integral to further aquaculture development adjacent to the Great Barrier Reef Marine Park, we believe it is logical that the Burdekin should be a focus of any such development.

#### Increasing Agricultural Production

The Burdekin region and adjacent areas have an opportunity for more intensive production systems, by converting non-irrigated land through additional water supplies and new dam and irrigation infrastructure. There are many thousands of hectares which could dramatically increase production if this infrastructure were built. In addition, the mining sector would benefit, together with adjacent towns such as Bowen in the Whitsundays.

Both the Urannah Dam and the extension of the Burdekin Dam have been recognised by the Commonwealth's infrastructure ministerial working group as "likely to be suitable for further consideration of possible assistance to accelerate feasibility studies, cost benefit analysis or design."

#### Reducing Transport Costs

Apart from the sugar industry which uses rail to Townsville Port, other food produced is reliant on road. The costs of transporting lower valued food products to Brisbane and further south or exporting overseas are simply prohibitive. The Burdekin Shire does not have access to road trains and is restricted to B - doubles on the Bruce Highway. Costs are therefore much higher than necessary. Road trains are able to access industrial areas all over Australia and operate into Townsville from the west, so why not from Burdekin? In any event, despite expenditure to date, the Bruce Highway is not flood proof in the wet season. Just fixing highways to the standards in the southern states would be a good start.

It would also be beneficial to use the freight facilities at Ayr Railway Station, including the container straddle crane. This would provide some competition for road. However, the site is abandoned and there is no service provided.

#### Increasing Adoption of Research and Development

Improvements in on farm productivity are possible with tailored professional advice. While the private sector has filled some of the void left by the State Government's abolition of extension officers, the situation remains very unsatisfactory. One of the best measures that could be undertaken is to reinvest in adoption via a new extension team.

#### Encouraging Collective Action

Co-operative actions by farmers can take many forms. Farmers can co-operate to reduce input costs, share information, operate transport fleets and purchase and operate value-added processing plants. All these options may be possible in the Burdekin. More specifically, community ownership of electricity assets may be possible and there is a regional move to purchase the Townsville Port.

#### Facilitating Innovation in Food and Fibre Processing

Wilmar owns and operates four sugar mills in the Burdekin. Two of these now provide electricity via co-generation, using the waste product bagasse as fuel. On a smaller scale, vegetables such as capsicum are freeze-dried. As the diversity of vegetable crops increases, some form of processing facility may become viable.

#### Increase Value-Adding in Agriculturally Dependent Small Towns

The issue of towns dependent on agriculture facing static or declining populations is global, with much of the research being conducted in the USA. One of the major ways mid-western towns in the USA have reduced the extent of the decline is by value-adding their primary produce. This almost always involves co-operative endeavour and the community's investment in processing assets. This may mean the establishment of an ethanol plant, abattoir or frozen food facility.

#### Reduce Energy Costs

Two forms of energy are considered here - fuel for on-farm machinery and electricity. Initial steps have been taken in the Burdekin to replace diesel with ethanol produced locally. Regarding electricity, a development application will soon be lodged for a large solar farm and more could be done with the generation of hydro-electricity at the Burdekin Dam. In addition, the Queensland Government's asset leasing program may provide an opportunity for a local consortium to bid for the Ergon, the electricity supplier's, assets. At a grass roots level, because the Burdekin is an irrigation area, optimising pumps and tariffs may also effectively reduce input costs.

#### Implement Modern Communication Technologies

The Burdekin irrigation system is managed by Lower Burdekin Water. With modern technology, it will be possible to automatically operate gates remotely, thereby reducing labour costs. Also, the increasing use of automatic laser levelling systems and GPS precision driven farm machinery drives new levels of productivity.

#### Encourage Exports

The Burdekin agricultural region is heavily reliant on the Port of Townsville for the export of bulk commodities such as sugar. The Burdekin also produces a significant and diverse array of horticultural crops. However, the Port is not competitive for container traffic exports, costing approximately twice as much as Brisbane. The net result is that lower value horticultural crops are not produced for export - there is an Asian market, but no means to get the produce to market cost-effectively. Townsville also has no international flights so higher priced produce has either to be trucked to Cairns or Brisbane. Again this can be prohibitively expensive. Indeed, it could be argued that the development of agriculture in northern Australia is as much about solving the logistics as it is about growing the crop. The Commonwealth should focus on ways to improve logistics outcomes and reducing real transport costs.

We sincerely appreciate the opportunity to be part of the public consultation process. Thank you for your time in considering this information and the Burdekin Shire looks forward to working with the Federal Government to build a resilient, innovative, efficient, profitable and productive agricultural sector.



Bill Lewis  
MAYOR