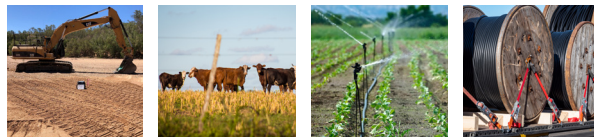


# NORTHERN EXPOSURE



A FINGER ON THE PULSE OF NORTH  
QUEENSLAND'S ECONOMY

ISSUE: March 2023

Welcome to the latest edition of Northern Exposure brought to you by Regional Economic Advisory and Offermans. The Northern Exposure is your 5-minute guide to the major economies of Regional Queensland.

## REGIONAL SNAPSHOT

### **Townsville:**

Townsville's relative affordability (despite having the regions' highest Council rates and charges) is offset by relatively low historical population growth and economic activity indicators.

### **Cairns:**

Cairns is showing very strong demand led by one of the strongest inward migration trends in the country.

### **Mackay:**

Mackay boasts the strongest overall indicators across demand factors led by the Bowen Basin mining industry, though higher coal royalties may impact regional competitiveness.

### **Rockhampton:**

Rockhampton is currently in a strong place competitively, with relative affordability and rapidly increasing demand factors led by major projects including Rookwood Weir and the re-instated Rockhampton Ring Road.

### **Mount Isa:**

Mount Isa has a unique competitiveness profile, given its remote location. The impending development of CopperString 2.0 presents significant potential to unlock long-term economic growth.

*Special thanks this quarter to our friends at UpNorth Group.*



**Offermans**



## CONTENT

### **Regional Outlook**

- North Queensland
- Far North Queensland
- Outback Queensland
- Mackay-Issac-Whitsunday
- Central Queensland

### **Regional Competitiveness**

### **Regional Development**

- CopperString 2.0

# REGIONAL OUTLOOK

## North Queensland



Unemployment Rate  
**2.3%**  
▼ 1.2ppt YoY



12-Month Building Approvals  
**741**  
▼ 27.8% YoY



Median House Price  
**\$375k**  
▲ 10.3% YoY

## Far North Queensland



Unemployment Rate  
**2.8%**  
▼ 0.8ppt YoY



12-Month Building Approvals  
**911**  
▼ 8.4% YoY



Median House Price  
**\$495k**  
▲ 12.9% YoY

## Regional Developments & News

**Imperium 3 has walked away from its planned \$3 billion battery plant** in Townsville after Townsville City Council revoked their initial land allocation within the Lansdown Eco-Industrial Precinct in favour of the Queensland Pacific Metals Townsville Energy Chemical Hub (TECH) development.

The announcement marks the end of the controversial proposal for Townsville after the proponents were provided \$3 million in public feasibility study funding which was completed in 2020.

**The Queensland Government has announced plans for a \$75 million critical minerals common-user facility in Townsville.** The demonstration facility will be utilised to test and prove the commercial viability of new processing technologies with an initial focus on vanadium to be mined from the north west region.

## Regional Developments & News

**A 45-bed sub-acute satellite hospital** has been co-located with the Edge Hill Orchards Lodge Age Care Facility in Cairns.

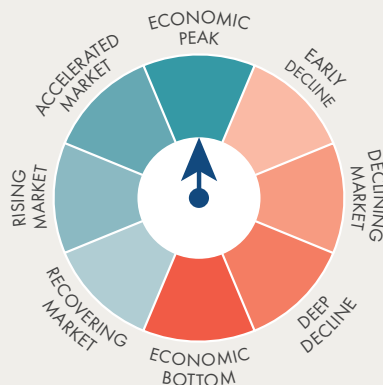
The facility will provide inpatient treatment and rehabilitation services in a partnership between Infinite Care and the Cairns and Hinterland Hospital and Health Service.

**Cairns Regional Council has voted to waive \$1.1 million** in infrastructure fees to support Bryant Developments 55 apartment residential development in the CBD opposite the Cairns Aquarium.

The move is the latest effort to stimulate additional supply in one of the tightest housing markets in Australia.

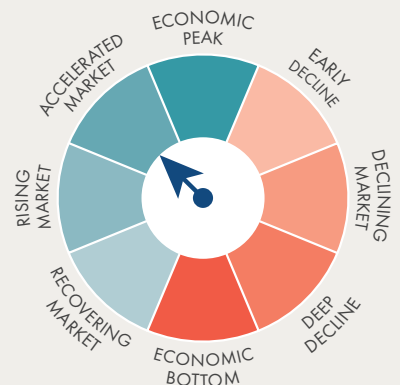
### Outlook

The Northern regional economy has continued its strong performance in recent months despite the headwinds of high inflation and ten consecutive interest rate rises.



### Outlook

The Far North economy continues to expand, with a recovery in international visitation combining with strong internal migration to the region to drive growth.



### Outback Queensland



Unemployment Rate  
**9.9%**  
▼ 1.1ppt YoY



12-Month Building Approvals  
**92**  
0.0% YoY



Median House Price  
**\$227k**  
0.0% YoY

### Mackay - Issac - Whitsunday



Unemployment Rate  
**1.9%**  
▼ 0.4ppt YoY



12-Month Building Approvals  
**637**  
▼ 35.9% YoY



Median House Price  
**\$425k**  
▲ 9.0% YoY

### Regional Developments & News

The innovative sale of cheap residential land by Flinders Shire Council has met with strong demand.

The 30 lots sold for between \$5,000 and \$20,000 attracted buyers from around Australia, with purchasers committing to construct additional housing supply.

The \$5 billion CopperString 2.0 transmission line connecting the North West Minerals Province to the National Electricity Market will proceed following the Queensland Government’s decision to acquire the development proponent CuString Pty Ltd.

The development is a key catalyst for unlocking the vast minerals potential of the region.

### Regional Developments & News

Civeo Property has applied to Isaac Regional Council to expand its workers camp at Coppabella by an additional 96 rooms.

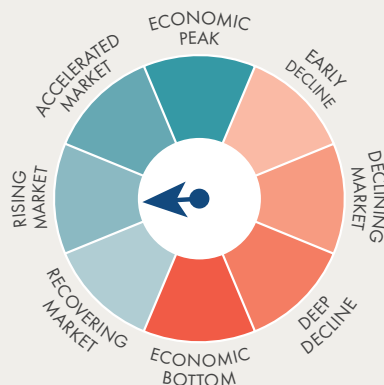
The camp, which is one of the largest in the state at over 3,000 rooms is understood to be nearing capacity due to strong activity in the surrounding Bowen Basin coal industry.

Global Mining Company BHP has suspended new investment in its coal mines in Queensland in response to increased coal royalties.

The royalty increases moved the previous 15% cap on production above \$150/tonne to an increasing scale up to 40% for prices above \$300/tonne.

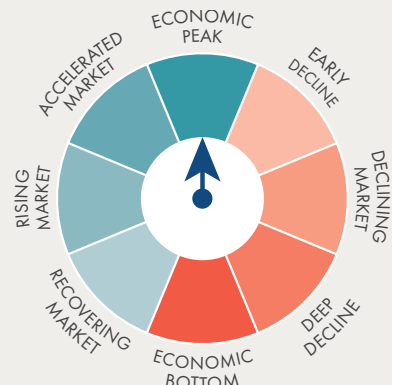
#### Outlook

The Outback economy has continued to perform well, with proactive local and State Government delivery of CopperString 2.0 supporting the growth needed to unlock vast regional potential.



#### Outlook

Key indicators for the Mackay – Isaac - Whitsunday region remain positive, though macro uncertainty and the current industry friction over coal royalties create notable uncertainty in the short term.



## Central Queensland



Unemployment Rate  
**3.0%**  
▼ 1.5ppt YoY



12-Month Building Approvals  
**729**  
▼ 11.0% YoY



Median House Price  
**\$370k**  
▲ 8.2% YoY

## Regional Developments & News

The Rockhampton Ring Road project has been reinstated with works to begin in 2023 after being deferred in the Federal Budget.

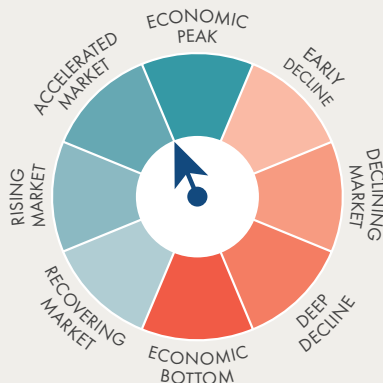
The reinstatement of the billion-dollar transport corridor through the Fitzroy River Floodplain is a significant win for local and regional stakeholders.

Stage 2 Tenders for water allocations from the Rookwood Weir have been announced, with individual proponents able to bid for up to 500ML of medium priority irrigation allocations.

Economic development stakeholders led by Advance Rockhampton are promoting irrigation from the weir to establish high value cropping including macadamia and mangoes in the region.

### Outlook

The outlook for Central Queensland remains very strong, with macro inflation/cost and supply factors the key risks to watch.



### MATTHEW KELLY

Principal Economist  
Regional Economic Advisory  
[matthew.kelly@regionaladvisory.com.au](mailto:matthew.kelly@regionaladvisory.com.au)  
[www.regionaladvisory.com.au](http://www.regionaladvisory.com.au)



### DENNIS OFFERMANS

Principal  
Offermans Partners  
[doffermans@offerfans.com.au](mailto:doffermans@offerfans.com.au)  
[www.offerfans.com.au](http://www.offerfans.com.au)



### MICHAEL BRENNAN

Principal  
Offermans Partners  
[mbrennan@offerfans.com.au](mailto:mbrennan@offerfans.com.au)  
[www.offerfans.com.au](http://www.offerfans.com.au)

This issue is proudly sponsored by UP North, providing regional urban planning solutions through specialist applications in across planning, engineering, economic analysis and strategy.



[upnorthgroup.com.au](http://upnorthgroup.com.au)

# REGIONAL COMPETITIVENESS

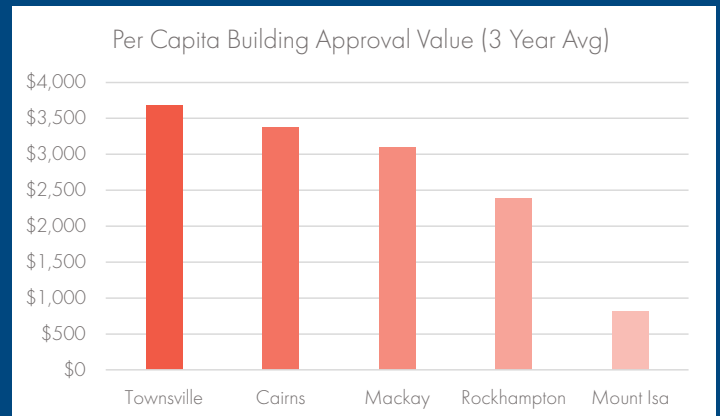
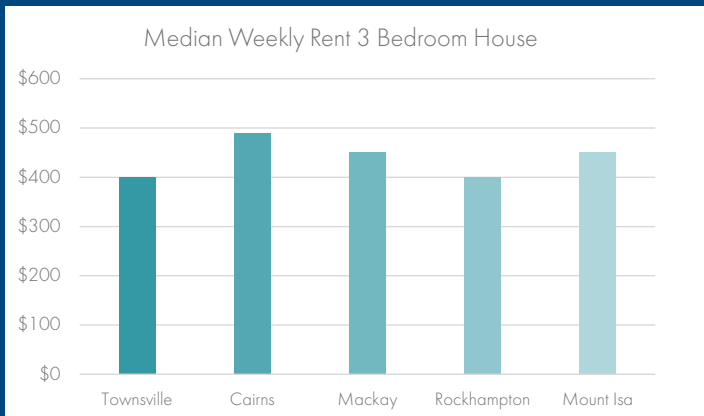
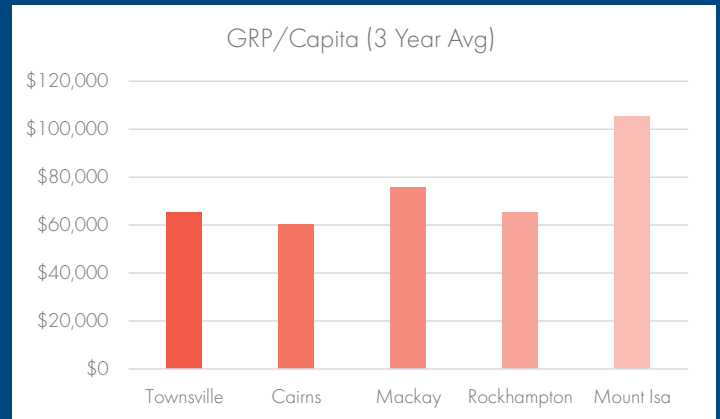
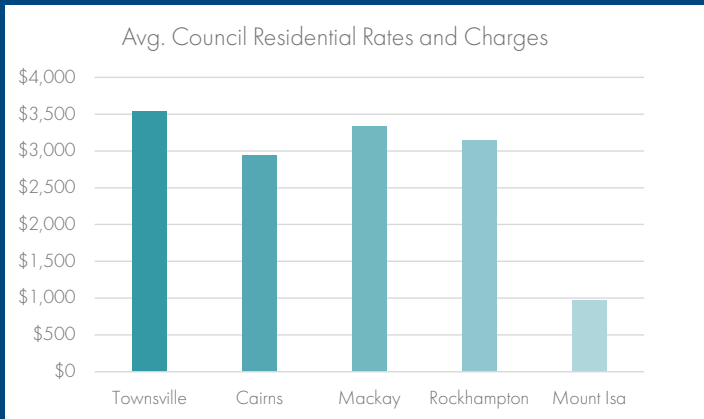
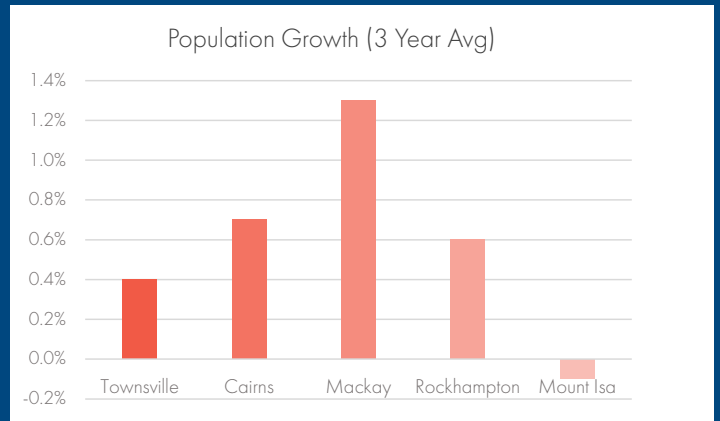
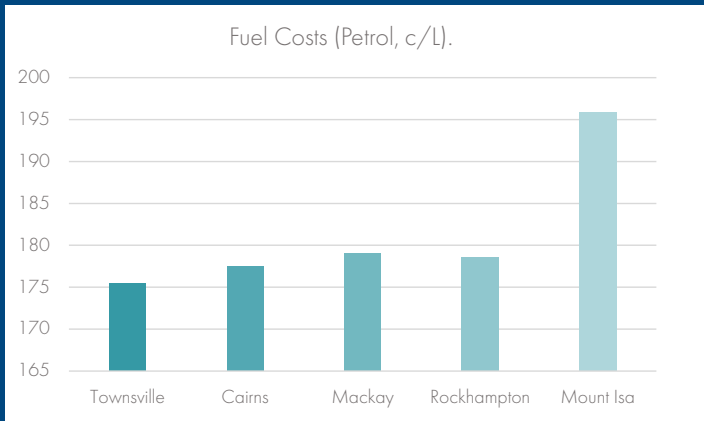
This quarter the Northern Exposure reviews key indicators of regional investment competitiveness benchmarked to the population centres across Townsville, Cairns, Mackay, Rockhampton and Mount Isa. Cost and demand factors were examined and compared for each regional area.

## Cost factors:

- Council rates and charges
- Fuel costs (average petrol costs across benchmark cities at the time of writing)
- Residential rents (median 3-bedroom house)

## Demand factors:

- Population growth
- Gross regional product per capita
- Building approval value (residential + non-residential per capita / 3 year average)



Source: QGSO, NIEIR, REA, Department of State Development, Australian Institute of Petroleum

# REGIONAL DEVELOPMENT

## COPPERSTRING 2.0

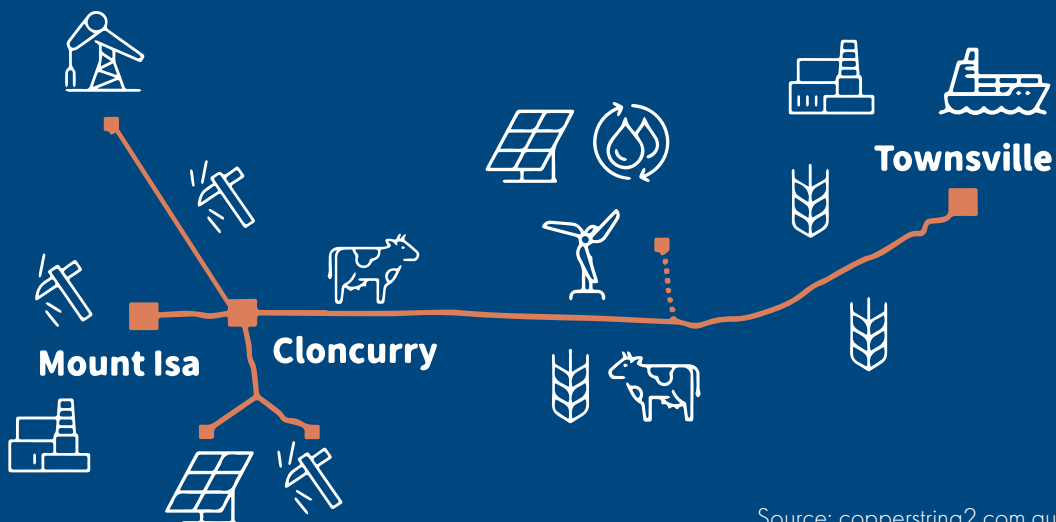
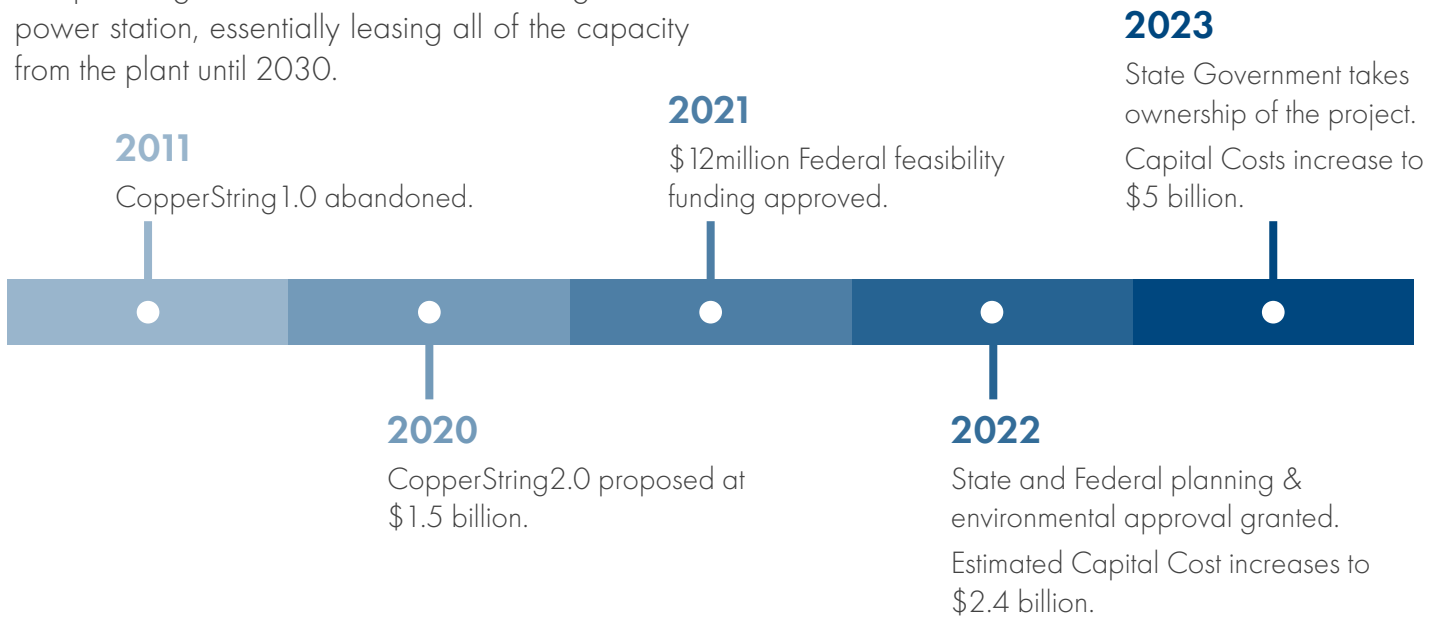
### The History of the Project

The concept of a 1,000+km electricity transmission line connecting the North West Minerals Province (NWMP) to the National Electricity Market (NEM) near Townsville has been proposed in regional economic development circles for many years.

The initial billion-dollar CopperString project was close to becoming a reality in the pre-Global Financial Crisis (GFC) mining boom years. The project was abandoned in 2011 after the NWMP's largest electricity user (Mount Isa Mines) agreed to an uptake agreement with the Diamantina gas-fired power station, essentially leasing all of the capacity from the plant until 2030.

After commissioning feasibility works and receiving an initial \$12 million in federal grant funding, the project received both State and Federal planning and environmental approvals last year.

In March this year, the State Government announced it would take over ownership and delivery of the project, with increased capacity (500kV between Townsville and Hughenden, 330kV between Hughenden and Cloncurry, 220kV from Cloncurry to Mount Isa) and estimated capital costs of \$5 billion.



## What We Know about CopperString 2.0

Construction of the project is scheduled for 2024, with completion by 2029. The initial half billion in costs will be covered through the State’s recently increased coal royalties.

The project is projected to generate approximately 800 direct jobs during the six years of construction and support up to 100 jobs ongoing in operations and maintenance for the asset.

The underlying benefits of the \$5 billion development hinge on its capacity to enable further development from:

### New minerals production enabled by more affordable energy costs:

- Analysis by Acil Allen undertaken in 2020 suggested the project could increase national income by \$45 billion while unlocking up to \$740 billion in mineral resources which would not be viable without the project.

- Enabling extraction of critical minerals such as vanadium along the Mount Isa to Townsville Economic Zone (MITEZ) corridor is hoped to underpin further processing and advanced manufacturing opportunities for export via the Port of Townsville.

### New renewable energy generation able to feed into the NEM:

- The increased transmission capacity is critical for the State’s proposed 25GW renewable energy ‘Superhub’ near Hughenden to effectively sell into the NEM. Major generation opportunities in the region include solar, wind, and green hydrogen (a significant energy user).

CopperString 2.0 forms part of the State’s Energy and Jobs Plan, which aims to secure 70% of Queensland’s energy generation from renewable sources by 2032.



**ESTIMATED  
CONSTRUCTION COST**

**A\$2.5bn**



**NUMBER OF  
JOBS CREATED**

**800**



**INCREASE IN  
NATIONAL INCOME**

**A\$24bn**

## Future Outlook

Like any major leading greenfield infrastructure, the CopperString 2.0 development presents great regional upside alongside substantial financial and economic risk.

The spiralling cost of the development (increased more than three-fold in less than four years) needs to be closely monitored. These costs will in turn flow through to cost recovery via power prices.

The reality of embarking on a multi-billion dollar greenfield public infrastructure development at a time of 40-year high inflation with record regional labour and housing shortages can’t be understated.

However, given the vast potential of the Outback Region/North West Queensland, only a small proportion of the catalyst opportunities would need to be realised for the project to provide a net socio-economic benefit to the region over the long term.