



MITEZ

ECONOMIC DEVELOPMENT

Annual Report | 2015



MOUNT ISA TO TOWNSVILLE ECONOMIC DEVELOPMENT ZONE



President's Report

The end of another year is fast approaching and as usual it has been a busy one for us here at MITEZ and no doubt for all of our members as well.

This year a lot of energy has been directed in managing two themes, which are the challenges of low commodity prices and the seemingly never ending drought conditions that a lot of our farmers have grappled with for a number of years now.

Fortunately, there are a number positive things happening with all of the councils across the corridor; pursuing projects to ensure a strong future for their communities. These range from plans to develop a meatworks through to water storage solutions, feed lots, irrigated agriculture and renewable energy.

The cattle season has been positive with a huge demand for boat cattle which has no doubt helped in graziers seeing some record prices for meat lately.

The mining sector, while not enjoying the boom time highs of a few years ago is never the less still experiencing a lot of activity. Lady Annie and Mount Cuthbert are two mines that seem to be quietly getting on with the job, while not to the scale of some of the larger mines they are both ramping up mining and production rates. MMG have also confirmed they are going ahead with Dugald River Mine and Cudeco's Rockland project is due to start production early in the New Year.

With the recent announcement of a new gas pipeline from Tennant Creek to Mount Isa this will provide a significant boost to the local economies and also provide another option for gas supplies for a number of industries such as fertiliser and minerals processing.

Since the launch of the White Paper by Tony Abbott in June, much of MITEZ's focus has been to work closely with the Commonwealth Government to reinforce our regions priorities. While the Commonwealth continues preparing funding guidelines there hasn't been many projects announced.

Now with the new Prime Minister, Malcolm Turnbull and a new Minister for Resources, Energy and Northern Australia we will need to ensure the initial emphasis on the North is continued. A step in the right direction has been the Commonwealth appointment of MITEZ's Cr John Wharton as the interim Chair of the CRC on developing Northern Australia.

The coming year ahead will no doubt see a few changes. The first few months of the year will be devoted to elections. With Local Government elections scheduled in March, I feel there is a possibility of a federal election as well. So we will all be busy putting our best cases forward making sure politicians from all sides are aware of the issues and needs we are concerned about along the MITEZ Corridor.

In closing, I would like to thank all of our members, supporters and stakeholders for your support throughout 2015 and by all of us working together, I am sure 2016 will prove to be another great year of opportunity and new challenges.

A handwritten signature in black ink, appearing to be 'D Glasson', written over a white background.

David Glasson
President

2014-15 MITEZ Management Committee



President / Chairperson
David Glasson



Vice President
Mid West Shires and representative
of Agriculture
Cr Belinda Murphy



Secretary
Connie Navarro



Treasurer (Interim)
Daniel Horrobin



Mount Isa City Council
Cr Tony McGrady



Townsville City Council
Cr Tony Parsons



Industry / Mining
Drew Penny



Government Owned
Corporation (GOC)
Michael Mitchell



Year in Review

Now in its 21st year, MITEZ celebrates being recognised as an effective economic development organisation in the North.

In many ways 2015 can best be described as the year of waiting. First it was waiting for things to settle following the Queensland election; then waiting for the Flinders River water allocations to be announced and the tendering process to get under way. Waiting for Glencore to receive their amended licence to continue operate the Copper Smelter at Mount Isa and then waiting for Glencore to decide whether they will continue operating the smelter the same time waiting for an announcement on the proposed Northern Territory gas pipeline.

Communities are waiting to see some of the funds announced on the Commonwealth Governments White Paper flow into developing projects for the region and at the same time the region is waiting for a good wet season.

Over the past 5-10 years there has been a lot of time, money and energy invested into developing potential projects by producing feasibility studies, engineering reports and business cases to support proposals such as meat processing facilities, irrigated agriculture, water storages, load-out facilities and renewable energy projects.

This year MITEZ concentrated efforts on further assisting members by putting more resources into improving capabilities to attract investors. This included preparing new promotional material and attending investment events such as the North Queensland Economic Summit and the Regional Queensland Showcase.

An increased on-line presence in 2015 including a new website and social media assets along with digital newsletters has assisted to increase

awareness of what has been achieved within the region by MITEZ and its members.

With MITEZ now facilitating a tailor made investment attraction tool-kit, it is expected that over the next five years many new proposals may be developed to become investment-ready.

Membership has remained strong with 100 percent of members continuing to support MITEZ, putting the organisation in a strong financial position. With this strong position the MITEZ Management Committee is establishing a special fund that will provide financial support for strategic projects that have positive economic development outcomes.

JANUARY:

The year commenced with the Queensland state election being called for January 31 and one of the big issues was the proposed sale of assets that was to include the Mount Isa to Townsville rail line and the Port of Townsville. Various political leaders, candidates and one or two Senators ventured out along the MITEZ corridor during the course of the four week election campaign and most took the opportunity to visit the MITEZ office to discuss regional issues.

As a result of the caretaker status in the months prior to the election and later after the change of Government, there were delays with the approval of MITEZ's Remote Area Funding. As a consequence MITEZ was unable begin many of its planned projects until mid-year.

Some parts of the region were fortunate to receive good rainfall in early January, such as Cloncurry and Mount Isa with most of the dams that had been at extremely low levels filled to capacity. Unfortunately, the whole region was not as lucky with many places missing out altogether.

Year in Review (continued)

FEBRUARY:

The first General Meeting following the Queensland election was held on February 27 at Hughenden. This meeting focussed on investment attraction and the importance of working with agencies such as Trade and Invest Queensland and Austrade and the standard of project documentation they require from project proponents.

With much of the planning work already done for the RegionsQ Expo; an event that was originally scheduled to be held in February was received of a postponement until June under the banner of Regional Queensland Showcase.

MITEZ participated in the planning of a round-table meeting with the economic development officials at Tennant Creek and other key stakeholders to work together in forming an alliance to further push for the proposed Northern Territory to Mount Isa gas pipeline project.

The process of amending the Gulf Water Resource Plan was also underway and MITEZ put forward a submission and has kept closely involved with the process by participating in related FRAP workshops .

The proposed demerger of BHP Cannington Mine to become part of the new South 32 was announced in February and MITEZ attended the stakeholder information day at the McKinlay Hotel.

Beef producers were now receiving the best prices for cattle since 2007; a trend which has continued throughout the year although the supply of cattle was becoming an issue.

MARCH:

MITEZ attended the Regional Roads Forum held at Hughenden on March 12. Minister for Main Roads, Hon Mark Bailey MP was among those who attended. With a strong focus on sealing the Hann Highway, the forum was attended by around 130 people from across the North.



A second meeting was held in Mount Isa on March 13 to strengthen the Tennant Creek/ Mount Isa Alliance's efforts in lobbying for the Northern Territory gas pipeline to connect to Mount Isa.

Minister for State Development, Mines and Natural Resources, Dr Anthony Lynham visited Mount Isa on March 31 to announce the Queensland Government's support for the proposed gas pipeline project and declared it a project of State Significance.

Minister Lynham later met with MITEZ representatives and was presented with an information folder outlining the region's issues and priorities. A request was made that the Queensland Government continue to fund Remote Area Boards.

APRIL:

Saw the Port of Townsville export 207,000 head of cattle for the first nine months of the financial year, breaking its previous record by 6,000.

The Queensland Government's reintroduction of its ban on the mining of uranium saw a number of companies vacate their uranium exploration programs in Queensland, despite calls to declare an exclusion zone in the North West.

Seven projects were documented and submitted to the Queensland Government for the 2015-16 Remote Area Board funding assistance program. These were submitted for approval before the April 30 deadline.

MAY:

At the General Meeting held at Cloncurry on May 18 discussion focussed on the availability of train paths to accommodate more product

Year in Review (continued)



including increased cattle numbers. The meeting was followed by a tour of the Ernest Henry Mine.

On 25 May BHP Billiton shareholders announced the implementation of the demerger to South 32 that would see the Cannington Mine asset part of the new company.

A boost to the region's export capability was achieved with Townsville Port's \$85m Berth 8 delivering two and a half times more ship-loading capacity and important improvements in safety and environmental performance.

Construction of the \$9m upgrade to the Cloncurry Airport commenced which would include upgrades to the terminal, apron and taxiway. The upgrade when complete will enable Cloncurry to meet a growing demand for air travel.

On May 11 a delegation from Mount Isa including MITEZ President Dave Glasson and CEO Glen Graham along with Mark Magnowski from Diamantina Power Station and Mayor Tony McGrady from Mount Isa City Council travelled to Tennant Creek to meet with Northern Territory officials including Chief Minister Adam Giles. The visit included a meeting with the Tennant Creek Council to further demonstrate support for the Northern Territory to Mount Isa Gas Pipeline project.

A MITEZ presentation to the Western Queensland Local Government Conference at Hughenden on May 6 explained the role of regional development groups in assisting Local Government.

MITEZ participated with other stakeholders to push for a significant increase in water

allocations on the Flinders River by attending workshops and forwarding a submission.

A submission on FIFO was sent to the Queensland Government prior to 25 May which recommended FIFO should only be used as an option in the more isolated sites and where there are communities in closer proximity, 100 percent FIFO should not be an option.

JUNE:

On June 6 the Queensland Parliament legislated to change the circumstances of Glencore's Temporary Emissions Licence which would allow for extending operations at the Mount Isa Copper Smelter until 2022.

Queensland Minister for State Development, Mines and Natural Resources Dr Anthony Lynham announced \$1.04m for four geo-science projects to boost the search for metals in the region.

The Regional Queensland Showcase was held in Brisbane June 12-13 where MITEZ shared a stand with GSD and RAPAD. All together there were approximately twenty high quality stands representing the regions of Queensland. Although the number of visitors attending was not high, the Queensland Government put on a great event to promote the regions.

At a meeting in Mount Isa on June 17 with Hon Coralie O'Rourke MP (Minister assisting the Premier on North Queensland), an information folder was presented listing the issues and priorities in the MITEZ region. Minister O'Rourke advised she was planning to hold an economic roundtable later in the year seeking further engagement from the region's business community.



Year in Review (continued)

Federal Treasurer Joe Hockey officially opened the \$13m Andrew Daniels Drive, Cloncurry's heavy vehicle bypass which includes approximately 4.6 kilometres of new road with a major intersection to the Flinders Highway on the eastern side of the town.

MITEZ President met with the Prime Minister on June 19 in Cairns at the launch of the White Paper on Developing Northern Australia. Key economic development groups from many parts of Australia also travelled to attend the launch.

JULY:

On July 8 Deputy Prime Minister, Hon Warren Truss visited Mount Isa to announce a \$5m feasibility into the Tennant Creek – Mount Isa to Townsville rail line as one of the key recommendations of the White Paper. MITEZ took the opportunity to present Mr Truss with a list of priorities for the region as well as a request for a contribution towards a study on additional water storage options for Mount Isa and Cloncurry.

Queensland Treasurer, Hon Curtis Pitt MP visited Mount Isa on July 22 and attended a business lunch where MITEZ questioned the amount of financial support that would be provided to encourage junior explorers to increase exploration activity in the North West Minerals Province.

Two of the companies bidding for the construction of the proposed Northern Territory to Mount Isa Gas Pipeline held industry briefings in Mount Isa to brief local contractors on the logistics and contracting aspects of their proposals.

A representative from Austrade visited Mount Isa on July 22 to investigate investment opportunities in the resources industry that could be promoted at the Investment Forum to be held in Darwin in November.

Altona Mining announced an investment boost of \$214m to go ahead with its Little Eva and nearby Turkey Creek copper projects (north of Cloncurry) with mineral deposits that could create 750 jobs; the projects have an eleven year mine life. At the same time results of exploration drilling at the Tick Hill gold mine revealed encouraging results and plans to re-open the mine.

MMG gave the green light to its \$1.86 billion Dugald River project north of Cloncurry. The project is to have a twenty eight year mine life and an annual production of around 160,000 tonnes of zinc concentrate to commence in 2018.

AUGUST:

On August 13 the MITEZ General Meeting was held at South 32 Cannington Mine which was an opportunity for members to experience how a modern mine in an isolated area is operated through the use of FIFO.

Stanbroke Pastoral Company announced plans for its \$200m Three Rivers irrigated cotton project south of Normanton which was proclaimed by the Queensland Government as a project of State Significance. An associated

Year in Review (continued)



cotton ginnery may be located in Cloncurry or Julia Creek. Stanbroke will be seeking an allocation of up to 150,000ML of water from the Flinders River catchment.

In the Mid-West Shires, there was a strong focus on finalising documents for their respective irrigation projects in preparation for the release of tenders for water allocations on the Flinders River. Officers from the Department of Natural Resources and Water visited most communities to take feedback from potential irrigators on the tender process and to explain mitigation strategies designed to allow a set amount of water to reach Normanton before extraction of water can commence.

Altona Mining announced its Little Eva project near Cloncurry could add another two and a half years to its eleven year mine life and anticipated construction of a 7MTP/A open flotation and mine plant capable of producing 39,000 TP/A copper and 17,000oz gold.

SEPTEMBER:

MITEZ attended the North West Regional Organisation of Councils meeting that was held in Mount Isa on September 3 as an opportunity to gain a better understanding of the issues common across all Councils and how regional development groups can better support each other.

Tenders were invited for a project to design a tool-kit to assist Local Government and project proponents to better understand the steps required in developing their proposals to the standard necessary to attract investors. Over the years ahead, this will help many projects in the

MITEZ region to achieve investor-ready status.

Following changes in the Federal Cabinet on September 21, the new Minister announced to be responsible for Northern Australia, Hon Josh Frydenberg was invited by MITEZ to visit the region.

With Glencore working on the business plan to support their decision to continue operations at the Mount Isa Copper Smelter, a tour of the operation was provided to Environment Minister Steven Miles who said there would be six new conditions and one amendment to the new licence.

During a visit to Charters Towers on September 24 the Queensland Premier was briefed on the Council's plans for economic development including a proposed meatworks and the upper Burdekin irrigation scheme that would utilise a number of unused water licences along the river. The scheme requires a series of small weirs to allow water to be diverted for irrigation purposes for high-value crops that would be sent to markets or exported.

OCTOBER:

Following the MITEZ General Meeting held in Townsville on October 8, Mayors attended a forum with the Premier to highlight projects that could receive assistance from the Queensland Government.

The Minister assisting the Premier on North Queensland, Hon Coralie O'Rourke held an economic round-table in Mount Isa on 21 October where a range of potential projects were discussed with a group of around 30 business



Year in Review (continued)

people from the North West. The priorities that were agreed on included an additional water storage to supply Cloncurry and Mount Isa; gas preserved for a NWQ energy and gas zone and a branding strategy for North Queensland and its individual aspects such as food and agricultural products.

Port of Townsville's Annual Report announced a record trade in cattle, containers, fertiliser and zinc to lift cargo trade to over 1,105 million tonnes. This was largely due to the \$85m Berth 8 upgrade for minerals and fertiliser. The Queensland Government also announced a new Chair of the Port of Townsville, Ms Renita Garard who replaced Mr Pat Brady.

An intermodal rail/ road study organised by the Queensland Government looking at the movement of commodities on the Mount Isa to Charters Towers supply chain was commenced in October. New mining operations, new products and potential locations for multi-user load-out facilities will be considered to allow more products to be carried to and from the Port by rail.

NOVEMBER:

MITEZ attended the Premier's Northern Economic Summit held at Cairns from 4-6 November where there was strong focus on the Queensland Government's plans as well as presentations on a number of significant projects in the north. MITEZ and GSD shared a stand to promote investment opportunities to potential investors, most were from countries in Asia who were mainly interested in meat processing.

The Charters Towers Prosperity Forum was held on 12 November and MITEZ was invited to speak on a project to assist Councils and project proponents to develop investor-ready proposals. Brendan Goulding from Bentley's gave an overview of the investment attraction tool-kit they are building for MITEZ.

On November 17 the long awaited announcement regarding the decision on the gas pipeline from Tennant Creek to Mount Isa was made simultaneously at Darwin and Mount Isa. Minister for State Development, Mines and Natural Resources Dr Anthony Lynham announced the Mount Isa route as being selected and Jemena as the successful proponent.

Glen Graham
Chief Executive Officer

MITEZ MEETINGS HELD IN 2015

Date	Location	Meeting Type	Attendance
February 27	Hughenden	General	38
May 18	Cloncurry	General	36
August 13	Cannington Mine	General	39
October 8	Townsville	General	40
December 1	Townsville	AGM & General	35

MITEZ Member Councils



Mount Isa City Council

23 West Street, Mount Isa
Phone: 07 4747 3200



Cloncurry Shire Council

19 Scarr Street, Cloncurry
Phone: 07 4742 4100



McKinlay Shire Council

29 Burke Street, Julia Creek
Phone: 07 4746 7166



Richmond Shire Council

50 Goldring Street, Richmond
Phone: 07 4741 3277



Flinders Shire Council

34 Gray Street, Hughenden
Phone: 07 4741 2900



Charters Towers Regional Council

12 Mosman Street, Charters Towers
Phone: 07 4761 5300



Townsville City Council

103 Walker Street, Townsville
Phone: 1300 878 001



Regional Snapshot

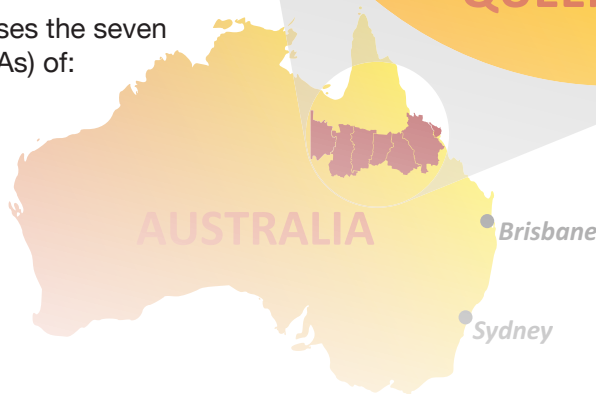
Overview

The Mount Isa to Townsville Economic Development Zone (MITEZ) extends 920 kilometres inland from its most eastern point on the Great Barrier Reef, across North Queensland over the Great Dividing Range, and across the outback of North West Queensland to the Northern Territory border. The region covers approximately 16% of Queensland's total land area.

The MITEZ region encompasses the seven Local Government Areas (LGAs) of:

- Mount Isa
- Cloncurry
- McKinlay
- Richmond
- Flinders
- Charters Towers
- Townsville

The MITEZ region acts as a vital integrated transport corridor, connecting the region and its extensive mineral and agricultural production to the rest of Queensland, Australia and internationally via road, rail, air and sea links.



Population

The MITEZ region hosts a resident population of 234,423 persons with an average age of 34.7 years. Over the past five years population growth has averaged 1.8% per annum, with growth concentrated in the Townsville, McKinlay and Mount Isa LGAs.

Local Government Area	Resident Population (June 2014)	5 Year Avg. Ann Growth	Average Age (2013)
Townsville	192,038	2.1%	34.7
Mount Isa	22,717	1.0%	32.0
Charters Towers	12,517	0.5%	37.9
Cloncurry	3,399	0.6%	34.4
Flinders	1,822	-0.1%	40.9
McKinlay	1,083	1.4%	35.8
Richmond	847	-1.2%	38.2
MITEZ Region Total	234,423	1.8%	34.7

The Townsville LGA is the major population centre for the region with 81.9% of residents, followed by:

- Mount Isa (9.7% of MITEZ region population).
- Charters Towers (5.3%).
- Cloncurry (1.4%).
- Flinders (0.8%).
- McKinlay (0.5%).
- Richmond (0.4%).

The LGAs of Townsville, Mount Isa, Cloncurry and McKinlay possess younger average ages than the Queensland average of 37 years. By contrast, Charters Towers and the agricultural centres of Flinders and Richmond possess notably higher average ages than Queensland as a whole.

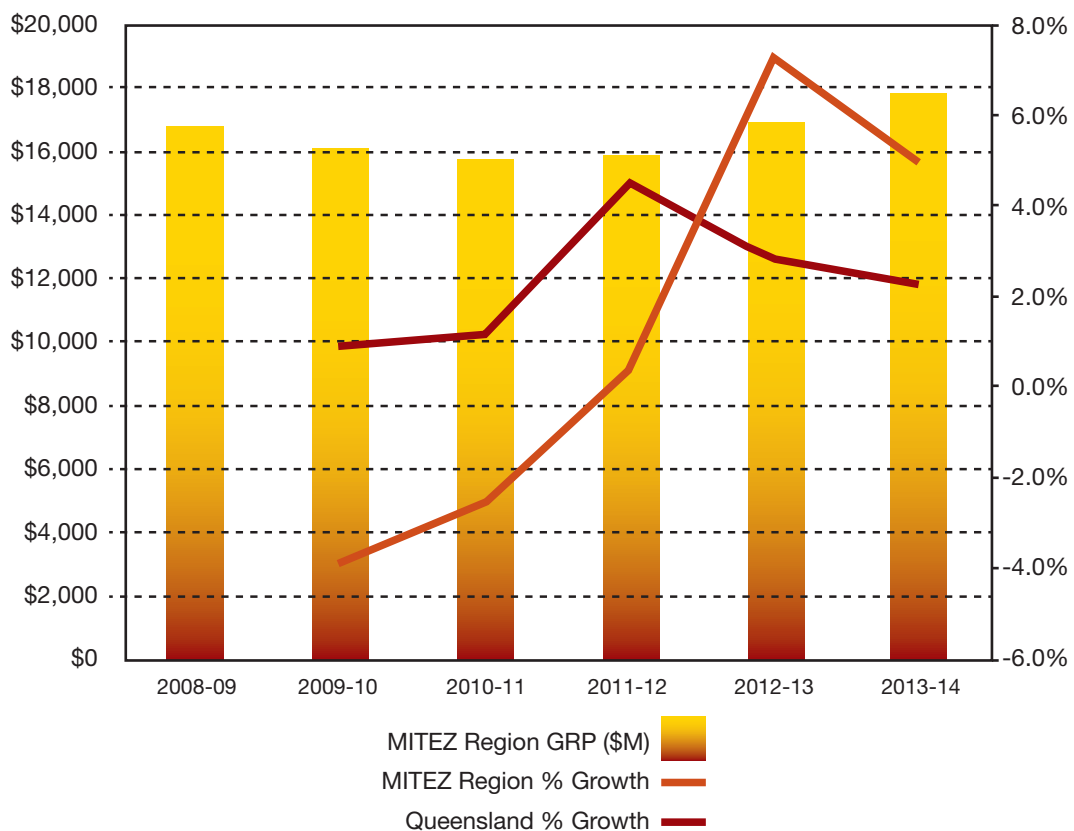
Regional Economy

Gross Regional Product

Over 2013-14 the MITEZ region generated Gross Regional Product (GRP) totalling \$17.8 billion (6.0% of the Queensland economy). Over 2013-14 the region recorded strong growth of 4.9%.

Over the past five years GRP growth has averaged 1.1% per annum compared to 2.3% per annum for Queensland as a whole.

MITEZ Region GRP (\$M)



Note: Due to the revision of the AEC GRP model, GRP estimates and growth rates for previous years have been revised and may differ from previous estimates.

Source: AEC

Industry Value Added

The major industry sectors in the MITEZ region include:

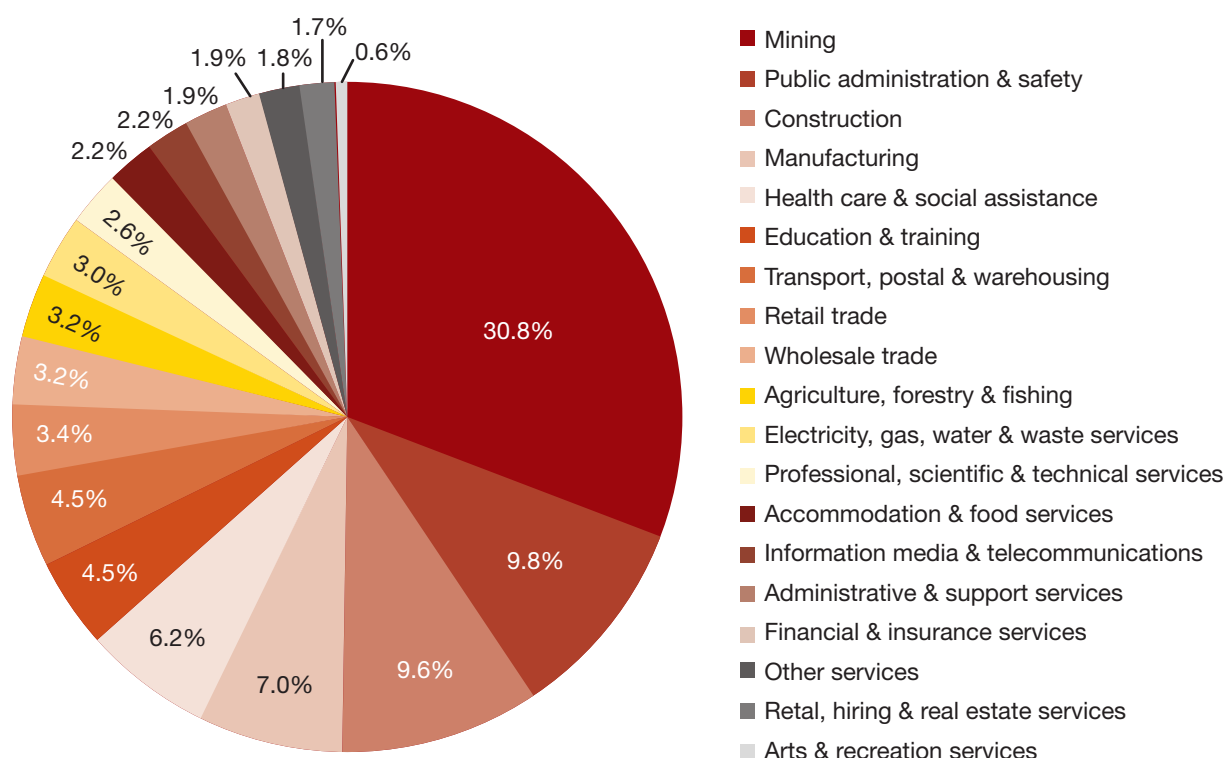
- Mining 30.8% of Industry Value Added (IVA, i.e. contribution to GRP).
- Public administration and safety (9.8%).
- Construction (9.6%).
- Manufacturing (7.0%).
- Health care and social assistance (6.2%).

Regional Snapshot (continued)



The breakdown of MITEZ industry sectors is provided in the chart below.

MITEZ Region Contribution to IVA (2013-14)



Source: AEC

The Townsville LGA provides a major contribution to the MITEZ regional economy, accounting for nearly 60% of economic activity in 2013-14. Accordingly, Townsville's industry structure strongly influences the MITEZ regional industry structure.

When the Townsville LGA is excluded, the industry structure changes significantly. Across the six LGAs from Mount Isa to Charters Towers the major contributing industries are:

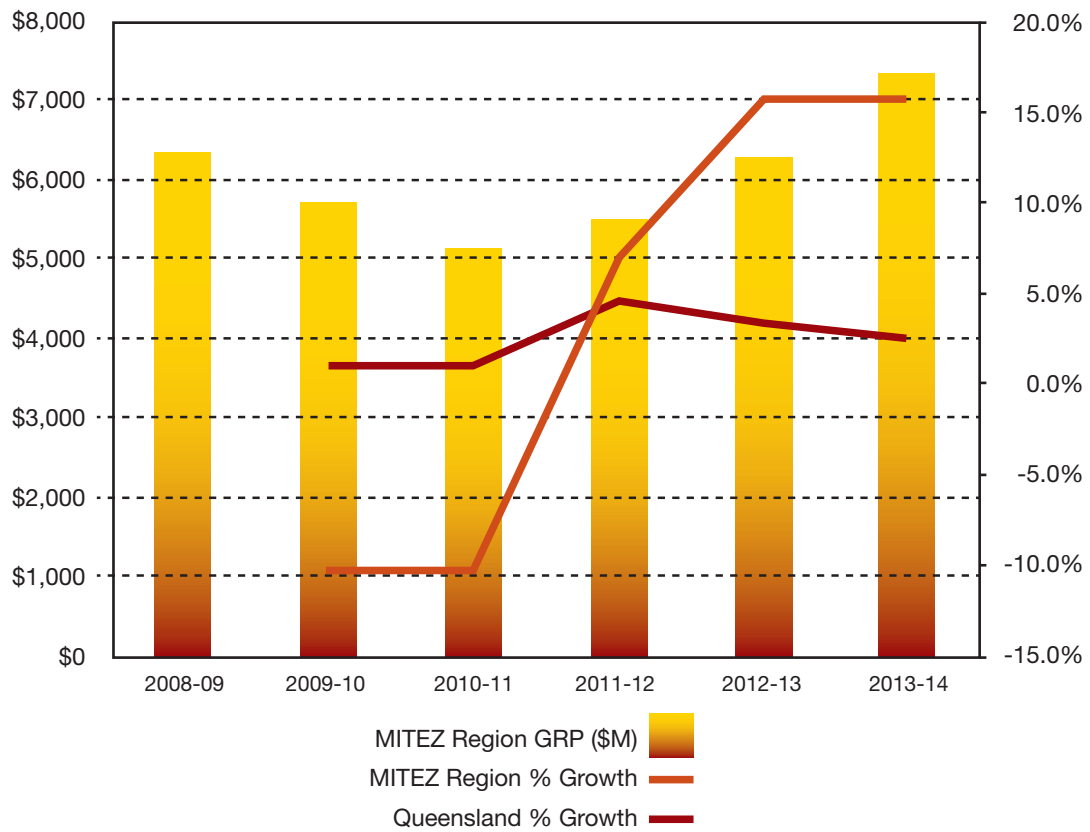
- Mining (68.4% of IVA).
- Agriculture, forestry and fishing (6.8%).
- Construction (4.3%).
- Manufacturing (3.3%).

Excluding Townsville LGA the MITEZ region generates approximately \$7.3 billion in GRP, with growth averaging 2.8% per annum over the past five years.

Regional Snapshot (continued)



MITEZ Region GRP (\$M) - Excluding Townsville LGA



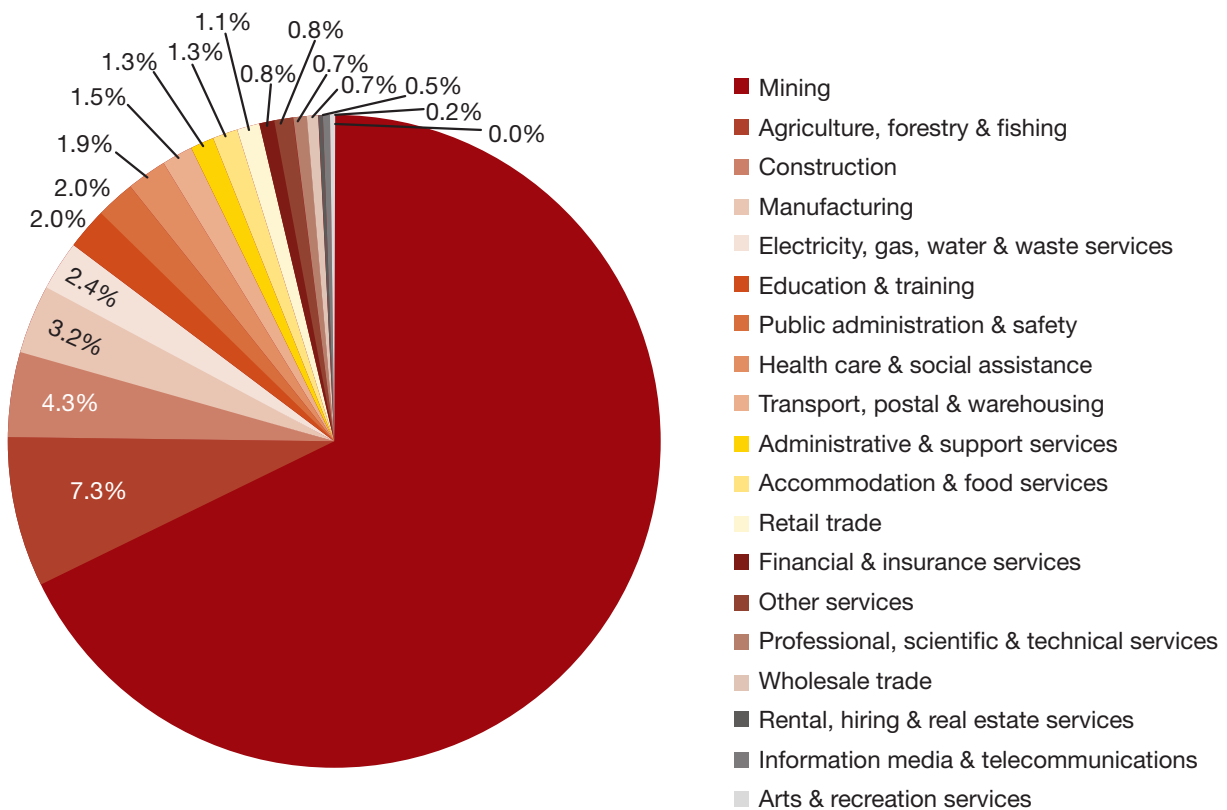
Note: Due to the revision of the AEC GRP model, GRP estimates and growth rates for previous years have been revised and may differ from previous estimates.

Source: AEC

Regional Snapshot (continued)



MITEZ Region Contribution to IVA - Excluding Townsville LGA (2013-14)



Source: AEC

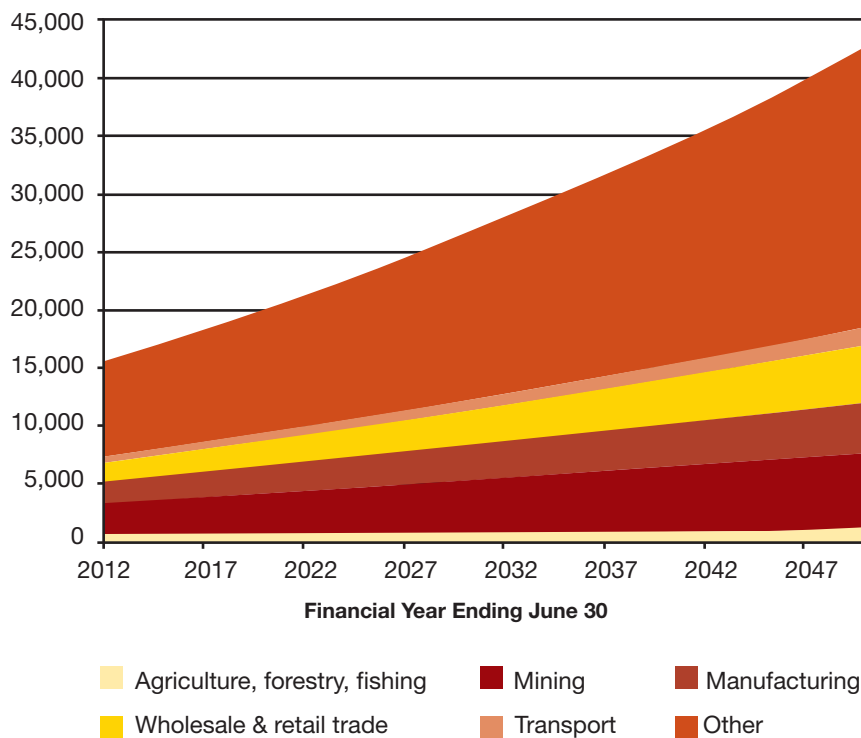
The MITEZ region is poised for substantial growth over the longer term. Forecasts for Gross Value Added (GVA) growth have been developed for the seven LGAs in the region for the MITEZ 50-Year Freight Infrastructure Plan.

Regional Snapshot (continued)



It is anticipated that GVA will grow by almost 150%, from an estimated \$15 billion in 2011 to approximately \$40 billion in 2050, as shown in the following chart.

Forecast Gross Regional Value Added 2012 to 2050 \$Million



Source: Adopted from the MITEZ 50 Year Freight Infrastructure Plan drawing on data from the Queensland Treasury Office of Economic and Statistical Research.

The minerals sector is forecast to grow by over 100%, from \$2.2 billion to \$4.5 billion during this time.

Regional Snapshot (continued)



Employment

Industry Sector	Mount Isa	Cloncurry	McKinlay	Richmond	Flinders	Charters Towers	Townsville	MITEZ Region Total
Health care	957	80	21	35	37	511	10,904	12,545
Public admin	619	144	54	57	102	335	10,331	11,642
Retail trade	831	99	31	28	72	524	9,309	10,894
Construction	589	140	42	11	53	359	8,572	9,766
Education, training	714	81	11	22	52	590	7,014	8,484
Manufacturing	472	95	7	9	23	204	6,615	7,425
Accommodation	523	84	23	23	44	322	6,036	7,055
Mining	3,239	318	141	3	8	703	2,541	6,953
Transport, postal	394	220	23	22	107	234	4,418	5,418
Professional services	232	14	6	4	6	104	4,054	4,420
Other services	367	31	9	10	19	183	3,206	3,825
Administration	303	33	8	4	12	98	2,620	3,078
Wholesale trade	270	34	0	8	8	97	2,621	3,038
Agriculture	118	206	270	182	317	567	468	2,128
Real estate	147	9	7	0	7	53	1,385	1,608
Utilities	133	7	4	5	8	30	1,373	1,560
Financial services	82	18	3	9	9	36	1,392	1,549
Information, telecoms	66	8	0	0	0	28	1,205	1,307
Arts and recreation	30	5	0	4	3	20	1,125	1,187
Total	10,086	1,626	660	436	887	4,998	85,189	103,882

Source: ABS Census of Population and Housing 2011 Cat. No. 2001.0.

Regional Snapshot (continued)



Occupation

The main occupational groups across the MITEZ region are technicians and tradespersons, professionals, and clerical and administrative employees. The MITEZ region as a whole features a strong balance of worker skills, with no occupational sector contributing more than 17.5% or less than 9.3% of total employment.

Occupation by Usual Place of Residence in the MITEZ Region (2011)

Industry Sector	Mount Isa	Cloncurry	McKinlay	Richmond	Flinders	Charters Towers	Townsville	MITEZ Region Total
Technicians, trades	2,318	273	85	42	94	830	14,570	18,212
Professionals	1,556	207	51	35	61	628	15,058	17,596
Clerical, admin	1,159	201	48	38	86	481	12,477	14,490
Community service	834	100	23	28	56	444	10,600	12,085
Labourers	951	254	120	102	146	743	8,636	10,952
Managers	831	202	189	139	272	748	8,501	10,882
Machinery, drivers	1,762	327	129	39	120	748	7,135	10,260
Sales Workers	664	78	27	23	50	406	8,453	9,701
Total	10,075	1,642	672	446	885	5,028	85,430	104,178

Source: ABS Census of Population and Housing 2011 Cat. No. 2001.0.

MITEZ acknowledges the 2014-15 MITEZ Members





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