



Economic Development : Prospectus



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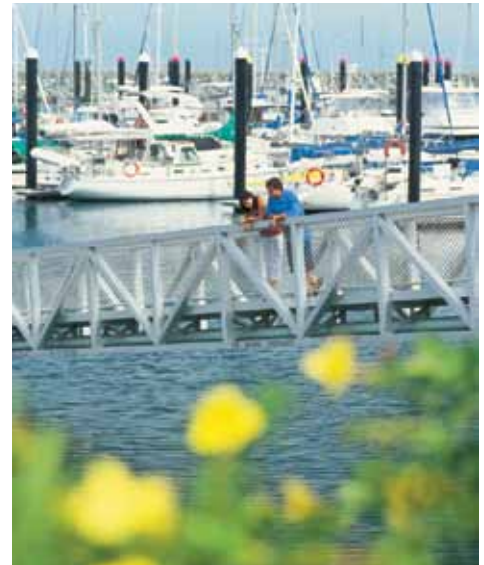
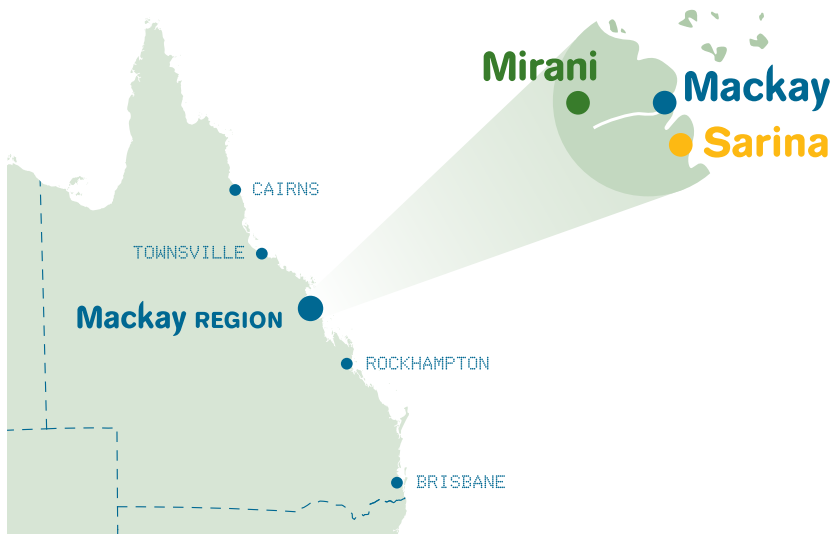
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Live, work and invest in the Mackay Region

Prosperous, sustainable and vibrant



Just over an hour's flight from Brisbane, Mackay is the hub of the Mackay-Isaac-Whitsunday (MIW) region. Mackay is well known for its buoyant economy and a great place to do business. This vibrant and thriving region, is a service centre for Queensland's rich resource basins, and home to growing numbers of innovative and prosperous businesses.

The region's expanding employment, investment and development opportunities, strong economy and lifestyle attributes are just some of the many positive aspects that encourage people to live, work and play in the Mackay region. Firmly fixed in a long-term cycle of positive growth and demand, the Mackay region is certainly the epitome of Mackay Regional Council's vision: Prosperous, Sustainable and Vibrant.

Council recognises it has an enormous role to play when it comes to sustaining and accommodating the region's growth by planning for and providing suitable infrastructure.

As the Mackay region economy continues to go from strength to strength, the delivery of infrastructure, such as vital water, sewerage and road infrastructure, is a top priority for council, as is encouraging and facilitating business to perpetuate this ongoing cycle of growth.

Fast Facts on Mackay Region

Average daily temperature range: 17 °C to 26.7 °C

Average rainfall per annum: 1,705mm

Size: 7,622 km² or 0.4 per cent of Queensland.

Closest Capital City: Brisbane

Estimated Resident Population: as at June 2010, 118,842 people

Estimated Population Density: 15.2 persons per km²

Estimated Average Population growth: 2.9 per cent (2005-2010)

Unemployment (smoothed) December quarter 2010: 4.2 per cent

Gross Regional Product: \$18.1 billion as at 2009/10

Regional Growth

The Mackay Regional Council area contributed approximately 28 per cent and 2.1 per cent, respectively, of the Gross Regional / State Product for the Mackay-Isaac-Whitsunday (MIW) region (\$18.1 billion) and Queensland (\$244.2 billion) in 2009/10.

The Mackay Isaac Whitsunday is a solid economic performer and contributor to the health of the national economy. MIW region was one that was least affected by the Global Financial Crisis; it actually grew strongly in the 2008/09 year and has continued this trend. Hence, the Mackay region provides a unique opportunity to ensure that the financial success of the national economy remains resilient. The results are clear: Not only does the region contribute significantly in times of economic certainty and growth, but also in times of economic hardship. This in turn reflects positively on the state and nation's rate of growth, employment, investment and development.



Population

Mackay is amongst the fastest growing regions in Queensland and has an estimated resident population of 118,842 with an annual growth rate of 2.9 per cent (2005 - 2010.)

Based on state figures, Mackay is projected to sustain continued, strong growth over the years ahead. Looking to the future, positive growth forecasts anticipate a Mackay region population heading towards 200,000 over the next two decades.

By 2031, the wider Mackay-Isaac-Whitsunday region, currently home to over 175,000 people, is tipped to grow strongly to reach around 300,000 residents. Mackay lies at the heart of the MIW region, and is strategically located to gain benefit from future population growth within its established business service area.



Industries

Mining and manufacturing

The resources boom continues to create local growth opportunities across a range of sectors which have caught the eye of many potential investors and financiers. Mackay serves the world-class mining provinces of the Bowen and Galilee Basins that contain much of the state's coal reserves including virtually all of Queensland's prime coking coal reserves. With more than 45 coal mines currently in operation and a number of new mines planned here and across central Queensland, increased production will continue to fuel demand from this world-class sector.

The potential of the Galilee basin as a coal precinct has attracted a level of local and international attention, second only to the far more famous Bowen Basin. At least six major companies and consortia are at various stages of detailed mine planning for the Galilee. The addendum to this prospectus lists planned expansions in the mining resource areas surrounding Mackay.

Mackay hosts major service industries for the fabrication and maintenance of large mining equipment for mines in the hinterland and beyond. Specialised maintenance services are provided from extensive engineering workshops located in the industrial area of Paget in Mackay. The expertise developed at Paget is recognised nationally and internationally as a leader in the field.

Every two years, Mackay plays host to the national Queensland Mining Exhibition. This prestigious event gains national exposure for the entire region, adds value to the local economy, opens doors for more investment.



Transport and logistics

The majority of inputs to and exports from the MIW region enter via Mackay. The Port of Mackay is a significant source of bulk input commodities that support regional industry, such as petroleum products (mining and agriculture), chemicals (mining), fertiliser (agriculture) and concrete (construction).

The Port of Mackay has a long history as an export port for bulk commodities of sugar, grain and ethanol and is Queensland's fourth busiest multi-commodity port in terms of cargo throughput.

The Port of Hay Point, located near Sarina, is one of the largest coal export ports in the world and hosts two coal terminals – both Dalrymple Bay and Hay Point coal terminals are staging development programs that will result in boosting port capacity.

Based on initial requests from industry it is likely the Port of Hay Point will need to approximately double its current coal export capacity within the next five to 10 years, from a current port capacity of around



Agribusiness

The Mackay Region does not rely solely upon mining. The local sugar industry has underpinned the region's economy for more than 100 years. Four sugar mills operate within the Mackay region, these are: Farleigh mill, Marian mill, Racecourse mill (Mackay Sugar Limited) and Plane Creek mill (Sucrogen). Australia's largest sugar refinery, is co-located at the Racecourse Mill. First commissioned in 1994 its output is regarded as the best quality refined sugar in Australia.

Mackay Sugar Limited has 1,000 family owned farms producing 5.0 to 6.0 million tonnes of cane per annum on 85,000 hectares of quality agricultural land. It also currently contributes around \$300 million per annum to the local economy through grower shareholders and employees.



Ongoing, planned investment into sugar industry diversification projects will inject hundreds of millions of dollars into the Mackay region. Current ventures in the local sugar industry includes a planned Co-generation plant valued at \$120 million to supply up to one third of Mackay's electricity needs, ethanol and bio-fuel production, plus yeast and citric acid manufacture.

Other industry sectors in the region include education, tourism, creative industries, food processing (other than sugar), health and medical and professional services.



130 million tonnes per annum. To meet this demand, two or three new coal terminals will need to be built in the Port of Hay Point. Two companies – the Adani Group and DBCT Management Pty Ltd – have been selected to work with North Queensland Bulk Ports (NQB) to prepare a development master plan targeted for release to the public in the second half of 2011. Investment in additional port infrastructure, is estimated at between \$8 - \$10 Billion dollars.

The Adani Group is an Indian conglomerate developing the \$10 Billion Carmichael Coal Mine, which includes potential for \$6.8 Billion rail and coal handling infrastructure to service Hay Point operations. DBCT Management is the lessee of the existing Dalrymple Bay Coal Terminal.

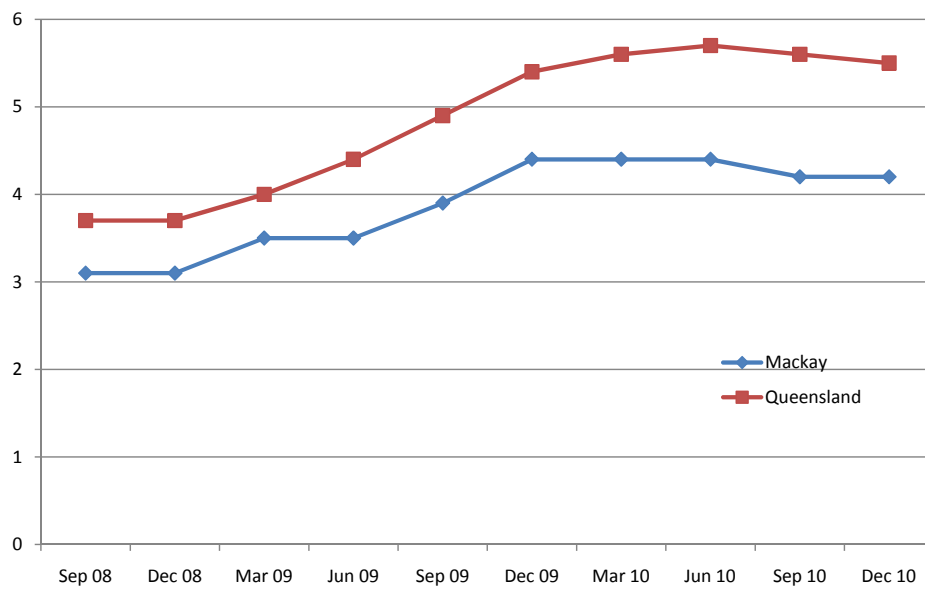
Employment Opportunities

Mackay's economic attributes, liveability and lifestyle have resulted in comparatively low unemployment, particularly in comparison with the Queensland State average.

The unemployment rate in Mackay Local Government Area for the December quarter 2010 was 4.2 per cent, compared with 5.5 per cent in Queensland. Between the December quarter 2008 and the December quarter 2010, the unemployment rate in Mackay Regional Council LGA ranged between 3.1 per cent (December quarter 2008) and 4.4 per cent (June quarter 2010).

The attraction and retention of skilled people is a high priority for the Mackay region.

Unemployment rate (a), Mackay Regional Council and Queensland, December quarter 2008 to December quarter 2010



The Coal to Coast Jobs website combines attractive regional lifestyle information with helpful information on relocating and finding employment from interstate and overseas in addition to specific localised employment and lifestyle information for residents throughout the entire region.

The Coal to Coast Jobs website was developed as part of the Regional Skills Attraction & Retention project.

www.coaltocoastjobs.com.au



Housing and Construction

Despite recent setbacks caused by wet weather in early 2011, a very strong picture emerges for building activity levels within the Mackay region, over the year to December 2010.

In contrast to a wider downturn at State level, building values for Mackay Local Government Area, continued to grow in 2010, to total \$782,298 million, an increase from the previous year of more than \$47 million.

While 2010 saw an increase in new dwelling activity for Mackay, it was major building projects which underpinned high total building value.

Consistent, strong building activity in Mackay Local Government Area mirrors confidence and economic strength within the wider region.

Building approvals by major Local Government - year to 31 December 2010

Local Government Area	Dwelling units Total ^(a)	Total residential building value ^(b)	Total building value ^(b)	Residential building value ^(c)
	Number	\$000		per cent
Brisbane (C)	7,003	2,437,278	5,147,587	47.3
Bundaberg (R)	564	145,504	183,081	79.5
Cairns (C)	789	245,869	392,724	62.6
Fraser Coast (R)	910	200,802	261,212	76.9
Gladstone (R)	567	164,737	251,578	65.5
Gold Coast (C)	3,141	1,019,784	1,469,911	69.4
Ipswich (C)	2,088	466,544	711,390	65.6
Logan (C)	1,438	313,371	393,333	79.7
Mackay (R)	1,046	325,639	782,298	41.6
Moreton Bay (R)	3,151	727,931	926,796	78.5
Redland (C)	1,063	282,996	360,477	78.5
Rockhampton (R)	405	111,905	189,068	59.2
Toowoomba (R)	1,031	284,053	431,776	65.8
Townsville (C)	1,424	406,156	701,417	57.9
QUEENSLAND	30,708	8,864,263	14,733,667	60.2



Tourism

Queensland continues to be one of the most popular tourist destinations in Australia, with some of the world's best beaches and reef as well as a famously warm climate. Mackay ranked seventh in online accommodation popularity stakes in 2010 for Queensland destinations and 19th overall for Australia.

In 2010, the Mackay region saw an annual increase of 19 per cent visitation, hosting 676,000 domestic visitors and 51,000 international visitors. Domestic visitors stayed an average of four nights in the region, or a total of 2.7 million nights, while international visitors stayed 7.9 nights or 403,000 nights in total.



70% of Domestic visitors transportation method to Mackay in year ending 2010 is Drive.*

Tourism Demand Drivers

The Mackay region continues to be bolstered by the surge in business travel (the region's largest domestic market), with visitation for business exceeding pre-GFC (global financial crisis) levels over the year. With a strong business market, Mackay is buffered from regular seasonal fluctuations.

2010 marked the first full year of private sector ownership of Mackay Airport and a steady growth of air capacity from southern markets.

For more information about tourism, suggested contacts include:

Mackay Tourism Limited (www.mackayregion.com) and

*Mackay Whitsunday Regional Economic Development Corporation (www.mackayregion.com).

89% of people visiting Mackay do so for business reasons, meaning that Mackay is less affected by normal seasonal fluctuations.*





Tourism Opportunities

There are clear opportunities and local industry capacity for investment in the development of hotels in Mackay. The market conditions for new investment in hotels in the Mackay Region are ideal – with latent demand for accommodation occurring while supply of accommodation declines. This is a truly unique situation where accommodation supply does not meet demand.

The Mackay region performs extremely well compared to many other Queensland destinations and consistently outperforms similar cities within Australia. Business visitors are continuing to displace leisure travellers which demonstrates the strong industrial activity which complements tourism in the region and makes investment in a new hotel a unique and attractive financial proposition.

With a high room rate (\$158+), high occupancy of 68 per cent, great demand for accommodation and a strong growth dynamic Mackay is the ideal location to consider for hotel development.

Add to this a progressive council which is fully committed to maintaining a positive cycle of growth investment and development and a community looking for more accommodation than is currently available. Mackay provides an opportunity not afforded anywhere else in Australia.



Mackay Entertainment and Convention Centre

Since its opening in July 2009, the Mackay Entertainment and Convention Centre (MECC) has become an outstanding success and earned rightful acclaim.

This facility is attracting high-yield and prestigious conferences and events to the region which are boosting the economy.

Due to its size and significance, the MECC has a dedicated marketing program ensuring continued growth for the wider tourism industry and accommodation providers in Mackay.

Investment

Major projects delivered by council with support from government include:

- > **Bluewater Trail** > \$32 million
- > **Bluewater Lagoon** > \$12.7 million
- > **Bluewater Quay** > \$12 million
- > **Mackay / Sarina Pipeline** > \$27 million
- > **Mackay Wastewater Recycling Project** > \$154 million
- > **Mackay Entertainment and Convention Centre** > \$29 million
- > **Council's Paget Depot** > Currently underway

Major developments in the area include:

- > North Queensland Bulk Ports Dalrymple Bay Coal Terminal 7X expansion to increase terminal's capacity by 50 per cent to 85 million tonnes per annum (mtpa). Completed
- > BMA Hay Point Coal Terminal phase three expansion. This expansion will increase the port's capacity from 44 million tonnes a year to 55 million tonnes a year. At approval stage
- > \$500 million Jilalan Rail Complex upgrade: 42-kilometres of new track, a new administration building, train provisioning and wagon maintenance facilities will help to unlock additional tonnages in the Goonyella system, enabling rail capacity to reach 130 million tonnes per year. Completed
- > Planned expansion at the Port of Hay Point (Dudgeon Point), to a potential 250 to 300 million tonnes per annum. \$6.8 billion in potential rail infrastructure for transport of coal to Hay Point
- > \$405 million Mackay Base Hospital redevelopment, which will generate 2790 jobs. Under construction
- > \$250 million Northern Beaches Central Shopping Centre expansion including a discount department store, extensions to the existing shopping centre and speciality stores. Committed
- > \$220 million Caneland Central redevelopment (complete with a new Myer store), which will generate 3500 jobs (including 650 ongoing retail jobs). Under construction
- > \$200 million Evolution Paget Industrial Park, featuring more than 240,000 square metres of institutional-grade product consisting of 41 lots in a variety of sizes with a blend of flexible warehousing, office space and advanced specifications. Under construction
- > \$148 million Forgan Bridge duplication. Under construction
- > \$120 million Cogeneration Plant; this \$120 million power plant, located at Racecourse Mill, will ultimately supply 33 per cent of Mackay city's power requirements. Committed
- > \$85 million Ethanol Plant (molasses) at Racecourse Mill; Mackay Sugar is also part of a consortium looking into the creation of \$50 million second-generation ethanol (cellulosic ethanol) using cane, electricity and recycled water sustainably via council's \$154 million Mackay Water Recycling Treatment Plant. Planned
- > \$11 million Mackay Sports Stadium; when complete, this stadium will hold 15,000 spectators. Under construction



Attractions and liveability

Mackay's weather is one of its most attractive qualities, invitingly allowing you ample opportunities to explore many of the region's gorgeous beaches. You simply need to stroll along the banks of the Pioneer River at dusk to experience one of the most breathtaking sunsets. Around this exquisite blue river, is the Bluewater Trail, a "ring of activity" that will ultimately link many of the region's outdoor assets including the \$12 million Q150 Bluewater Quay, Sandfly Creek Environmental Reserve, the Catherine Freeman Walk, Town Beach, Mackay Regional Botanic Gardens and the family friendly, three-tiered Bluewater Lagoon with an interactive children's water playground and 19.5 metre slide! From this iconic venue, it's only a short stroll to Mackay's bustling City Centre where a host of remarkable attractions, entertainment and services will keep you wanting more...

Dining out in the city will prove a mouth-watering experience. Whether you are partial to Asian or Italian delights, traditional Aussie fare or fresh seafood straight from the trawler to your plate, the city has a range of restaurants to suit a variety of cultural tastes. Alfresco dining is also on offer at many locations around the CBD to showcase the city's spectacular surroundings.

The city also offers a variety of shopping experiences with stores retailing everything from up-market fashion to bargain-hunters' delights. Also, make sure you check out what's on at Mackay's world-class entertainment facility, the Mackay Entertainment and Convention Centre (MECC). Pick up a copy of the *Explore Mackay map* from any of council's customer service centres or the region's tourist information centres and find out the top 10 things to do in the City.





The newest player in premier convention, banqueting & performing arts...



Accommodating small to large meetings and everything in between, the MECC comfortably seats up to 1000 people banquet style and 1500 theatre style.

The Centre features world class facilities with specialist staff to assist with all your catering, technical and theming requirements. The versatile layout can be tailor made to suit your requirements.

Fully licenced, award-winning in-house catering showcases the fresh produce of our region.



For inquiries and quotations call 4961 9700 or visit www.mackayecc.com.au

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Notes



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Partnerships



Australian Government



Queensland
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