

# Inquiry into the Development of Northern Australia—Interim Report

## Background

- 1.1 The Joint Select Committee on Northern Australia (the Committee) was appointed by a resolution of appointment passed by the House of Representatives on 21 November 2013<sup>1</sup> and passed with amendment by the Senate on 4 December 2013.
- 1.2 Amendment in the Senate resulted in a change of reporting dates for the Committee to the Parliament for the interim report from 30 June 2014 to 30 May 2014 and for the final report from 6 September to 6 July.<sup>2</sup> This was with the inclusion of:
  - the requirement for the committee to make recommendations on taxation matters in reference to the regulatory and economic environment (of Northern Australia); and
  - the requirement to make recommendations ‘for a white paper which would detail government action needed to be taken to implement the committee’s recommendations, setting out how the recommendations were to be implemented, by which government entity they were to be implemented, a timetable for implementation and how and when any government funding would be sourced’.<sup>3</sup>

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<sup>1</sup> Commonwealth of the Parliament of Australia, House of Representatives Votes and Proceedings No. 7, 21 November 2013, p. 129.

<sup>2</sup> Commonwealth of the Parliament of Australia, Senate Journal No.6, 4 December 2013, p. 224.

<sup>3</sup> Commonwealth of the Parliament of Australia, Senate Journal No.6, 4 December 2013, p. 224.

## Committee's Role

### Previous Reviews

- 1.3 The development of Northern Australia has been the subject of numerous reviews over a long period of time. For example, in 1947 the Northern Australian Development Committee published its report on the *Development of Northern Australia*.<sup>4</sup> In 1992, Professor Percy Harris of James Cook University presented 'A Strategy for Promoting the Economic Growth of Australia', containing approaches for economic development that still have currency today. They focussed on:
- Commonwealth/State co-operation
  - A review of taxation
  - Promoting exports
  - Developing infrastructure
  - Improving land use and land access
  - Reducing transport costs
  - Recognising regional variation in the development of policy.<sup>5</sup>
- 1.4 In 1994 the Committee on Darwin produced a report for government that, while focussed exclusively on Darwin, also contained views relevant to Northern Australia as a whole. The Committee stated that:
- Darwin cannot presume that its proximity to East Asia is sufficient in itself...it must compete internationally.<sup>6</sup>
- 1.5 It also noted the need for population growth and for reliance on government spending 'to give way to economic growth generated by the private sector'.<sup>7</sup>
- 1.6 In 2007 the Government established the Northern Australia Land and Water Taskforce, made up of parliamentarians and industry experts:
- ...to examine the longer term, strategic potential for further land and water development in northern Australia, with particular
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4 H. C. Coombs, *Development of Northern Australia*, Report of the Northern Australian Development Committee, Canberra, 1947.

5 Percy Harris, 'A Strategy for Promoting the Economic Growth of Northern Australia, Report to the Commonwealth Government', Centre for Applied Economic Research and Analysis, JCU, Townsville, July 1992, pp. ix-xi.

6 The Committee on Darwin, *Report of the Committee on Darwin*, Australian Government Printing Service, Canberra, 1995.

7 The Committee on Darwin, *Report of the Committee on Darwin*, Australian Government Printing Service, Canberra, 1995, p. xvii.

emphasis on the identification of the capacity of the north to play a role in future agricultural development.<sup>8</sup>

- 1.7 The taskforce took submissions and held meetings with residents and experts across Northern Australia.
- 1.8 In 2008, the new Government reconstituted the Taskforce and altered its terms of reference ‘to consider the broad range of sustainable development opportunities for northern Australia that are based on water resource availability’, and to:

...consider the potential impact of such development on the underlying water balance and water quality, and on the natural environment, existing water users and the broader community.<sup>9</sup>
- 1.9 The Taskforce initiated the *Northern Australia Land and Water Science Review*, which synthesised existing information to explore a range of development alternatives and land use change activities, and their impacts on a selection of critical sustainability factors—especially water and its relationship with broader land management. The Review was managed by the CSIRO and drew on the contributions of over 80 technical specialists, community members and industry representatives from many institutions. The Review was released in October 2009.<sup>10</sup>
- 1.10 The Taskforce reported in December 2009, making 15 recommendations targeted at sustainable use of land and water resources, improved land tenure arrangements and better co-ordination between governments.<sup>11</sup>
- 1.11 In response to the report of the taskforce the Northern Australia Sustainable Futures Program was established in 2010. The program has focused on addressing key challenges in regional development in a co-operative manner between the Australian, Queensland, Western Australian and the Northern Territory governments. In addition, the Northern Australia Ministerial Forum was established in collaboration with the governments of Western Australia, Queensland and the Northern Territory.
- 1.12 The Office of Northern Development was established by the then Government at the end of 1991 and continued until 1996. In March 2008, the Office of Northern Australia (ONA) was re-established within the Department of Infrastructure and Regional Development. The role of the

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8 Northern Australia Land and Water Taskforce, *Midterm Report*, February 2009, p. 2.

9 Northern Australia Land and Water Taskforce, *Midterm Report*, February 2009, p. 7.

10 Northern Australia Land and Water Science Review, October 2009.

11 Northern Australia Land and Water Taskforce, *Sustainable Development of Northern Australia*, December 2009, pp. 3–4.

Office of Northern Australia is to provide advice to the Australian Government on sustainable economic development issues in, or affecting, Northern Australia, and to broker solutions to improve co-ordination between governments, businesses and communities.

- 1.13 The ONA has co-ordinated the Northern Australia Beef Industry Action Agenda, which has included research on mosaic irrigation for the Northern Australian beef industry, released in March 2014;<sup>12</sup> and the North Queensland Irrigated Agriculture Strategy, which produced assessments of the Gilbert and Flinders rivers catchments in December 2013.<sup>13</sup>
- 1.14 Other significant reports include:
- *Land Tenure in Northern Australia: Opportunities and challenges for investment* (June 2013)<sup>14</sup>
  - *The Emerging Carbon Economy For Northern Australia: Challenges and Opportunities* (November 2012)<sup>15</sup>
  - *Governance Challenges for Northern Australia* (September 2013)<sup>16</sup>
  - *Rethinking the Future of Northern Australia's Regions: More than Mines, Dams and Development Dreams* (November 2013).<sup>17</sup>

## 2030 Vision for Developing Northern Australia

- 1.15 The current inquiry is part of an overall policy commitment by the Government, setting out the Coalition’s *2030 Vision for Developing Northern Australia*, to pursue the development of Northern Australia. The 2030 Vision, released in June 2013, drew attention to Australia’s geographic position between ‘the two great regions of global economic and population growth—the Asian region and the Tropical region.’ The paper predicted that the rise of these regions would create significant opportunities for Northern Australia to capitalise on its strengths and unlock major economic value for the benefit of all Australians.<sup>18</sup>
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<sup>12</sup> CSIRO, *Mosaic Irrigation for the Northern Australian Beef Industry – Synthesis Report*, March 2014.

<sup>13</sup> CSIRO, *Agriculture Resource Assessment for the Gilbert Catchment: Overview Report*, December 2013.

<sup>14</sup> CSIRO, *Land Tenure in Northern Australia: Opportunities and Challenges for Investment*, June 2013.

<sup>15</sup> CSIRO, *The Emerging Carbon Economy for Northern Australia: Challenges and Opportunities*, November 2012.

<sup>16</sup> Allan Dale, *Governance Challenges for Northern Australia*, The Cairns Institute, JCU, September 2013.

<sup>17</sup> Regional Australia Institute, *Rethinking the Future of Northern Australia's Regions: More Than Mines, Dams and Development Dreams*, November 2013.

<sup>18</sup> *The Coalition’s 2030 Vision for Developing Northern Australia*, June 2013, p. 2.

- 1.16 Further, the paper suggested that by 2030, Northern Australia could drive growth by:
- developing a food bowl, including premium produce, which could help to double Australia's agricultural output;
  - growing the tourist economy in the North to two million international tourists annually; and
  - building an energy export industry worth \$150 billion to the economy, with a major focus on clean and efficient energy, providing major increases to resource exports.<sup>19</sup>
- 1.17 Other opportunities in the North were identified, including:
- establishing world-class medical centres of excellence;
  - creating an education hub with vocational and higher education campuses in selected areas; and
  - growing Australia's exports of technical skills in the resources and agriculture sectors.<sup>20</sup>
- 1.18 To realise the worth of these opportunities, the paper suggested, a strong policy platform for long-term sustainable development which would include governance, population growth and streamlined land access legislation as well as a better set of infrastructure and water facilities.<sup>21</sup>
- 1.19 A key commitment of the 2030 Vision is the release of a White Paper on developing Northern Australia within 12 months of the 2013 Federal election.<sup>22</sup>

## White Paper Process

- 1.20 The inquiry is running in tandem with the Government's commitment to produce a White Paper on Northern Australia. The Government has created a cross-agency task force (the Northern Australia Taskforce) within the Department of Prime Minister and Cabinet, comprising Commonwealth officials with suitable expertise from a range of departments. A Secretaries Committee provides strategic oversight and facilitates co-operation across government departments. The White Paper is intended to set out a clear policy platform for realising the full economic potential of Northern Australia in the short, medium and long terms.<sup>23</sup>
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19 *The Coalition's 2030 Vision for Developing Northern Australia*, June 2013, p. 3.

20 *The Coalition's 2030 Vision for Developing Northern Australia*, June 2013, p. 3

21 *The Coalition's 2030 Vision for Developing Northern Australia*, June 2013, p. 3.

22 *The Coalition's 2030 Vision for Developing Northern Australia*, June 2013, p. 4.

23 Hon. Tony Abbott MP, Prime Minister of Australia, Media Release 28 February 2014, 'Northern Australia White Paper Underway', <https://www.pm.gov.au/media/2014-02-28/northern-australia-white-paper-underway-0>

- 1.21 In discussions with the Committee, the Task Force indicated that it had already undertaken consultations with State and local governments in Northern Australia, as well as a range of other stakeholders such as corporations, industry, and community groups with a presence in Northern Australia. In addition, evidence received by the Committee has confirmed the close co-operation afforded by other government agencies in the development of the White Paper.<sup>24</sup>
- 1.22 The Committee is required to report to the Parliament and its deliberations will contribute directly to the White Paper.

## Timing of Green Paper

- 1.23 Part of the White Paper process is the production of a Green Paper, scoping the Government's priorities and intentions.
- 1.24 The Committee has only just received the Green Paper, which will assist the Committee to scope its own activities in relation to the Government's, by identifying areas where the Committee's work is simply duplicating that of the Government, and also highlighting areas of policy where the Committee can add value to the Government's work.
- 1.25 The Committee will consider the Green Paper in the context of its final report.

## About the Review

### Objectives and Scope

- 1.26 The Committee has been tasked by the Parliament to consider policies for developing parts of Australia that lie north of the Tropic of Capricorn, spanning Queensland, Western Australia, and the whole of the Northern Territory.<sup>25</sup> The Committee will examine the potential of and the impediments to economic growth, the role of regulation in stimulating investment, and social factors affecting growth. This is with the aim of identifying critical economic and social infrastructure needed to support long-term growth and investment in the region. The Committee's report

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24 Ms Sally Standen, Assistant Secretary, Governance Division, Department of Agriculture, *Committee Hansard*, 21 March 2014, p. 31; Mr Sam Gerovich, First Assistant Secretary, Trade and Economic Policy Division, Department of Foreign Affairs and Trade, *Committee Hansard*, 21 March 2014, p. 59.

25 The Committee has also received submissions from Central Australia (Alice Springs) which is just below the Tropic of Capricorn. The Committee subsequently decided to include the Alice Springs region within the scope of the inquiry.

will provide details about the types of policies and programs required to stimulate economic and social growth in the region and also the potential cost and timeframe for implementation of these initiatives.

## Inquiry Conduct

- 1.27 The Committee adopted the inquiry into the development of Northern Australia on 11 December 2013. Letters advising of the inquiry and inviting submissions were sent to a wide range of stakeholders, including Commonwealth, State and Territory Ministers (Western Australia, Queensland and the Northern Territory), local councils, peak bodies, Indigenous groups and universities.
- 1.28 To date, the Committee has received 287 submissions and 49 exhibits which are listed at Appendix A and B respectively. The Committee subsequently held 20 public hearings in the Australian Capital Territory, Queensland, Western Australia and the Northern Territory. A list of witnesses and hearings held is at Appendix C. The Committee plans to hold further hearings in Queensland and the Northern Territory.
- 1.29 Submissions and transcripts of evidence are available from the Committee website  
at: [www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Northern\\_Australia/Inquiry\\_into\\_the\\_Development\\_of\\_Northern\\_Australia](http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Northern_Australia/Inquiry_into_the_Development_of_Northern_Australia)

## Progress to Date

- 1.30 As part of the inquiry, the Committee has undertaken an extensive program of travel, comprising hearings and inspections, in a range of locations across Northern Australia. Given the timeframe for reporting, the Committee has endeavoured to hear from as many people, and visit as many places, as possible.
- 1.31 The Committee held a day of public hearings in Canberra, mainly with Federal Government departments and agencies, on 21 March.
- 1.32 The Committee travelled to North Queensland from 31 March to 3 April, holding hearings at Mackay, Bowen, Ayr, Townsville and Mt Isa. In addition, the Committee held inspections at Abbot Point Coal Terminal, the aquaculture operations at the Pacific Reef Fish facilities outside Ayr, the Port of Townsville, the James Cook University algae project, and Mt Isa Mines.
- 1.33 From 7 to 10 April, the Committee travelled to Western Australia, holding a day of public hearings in Perth, before conducting hearings and inspections in the Pilbara. The Committee visited Tom Price, Karratha and Port Hedland, holding public hearings in each location, as well as

inspections of local infrastructure at Paraburdoo and Tom Price; inspections of the Port of Dampier (Karratha); and inspection of the port, industrial estate and airport at Port Hedland.

- 1.34 The Committee travelled to Far North Queensland from 28 April to 1 May, holding public hearings in Cairns and on Waibene (Thursday Island). The Committee also undertook inspections of the James Cook University Cairns Campus Mosquito Research Facility, and the proposed Nullinga Dam site outside Cairns.
- 1.35 From 5 to 8 May, the Committee visited the Kimberley in Western Australia, holding public hearings in Broome and Kununurra. Inspections in Broome included: the Kimberley Training Institute Campus, Marine Simulation Centre and the Port of Broome. The Committee also conducted an inspection of Go Go Station and the Marninwarntikura Fitzroy Women's Resource Centre Aboriginal Corporation at Fitzroy Crossing. At Kununurra, the Committee held an inspection of the Port of Wyndham, the Ord River Irrigation Area – including the Ord-East Kimberley Expansion Project, the Ewin Family Day Care Centre and Kununurra High School.
- 1.36 The Committee travelled to the Northern Territory from 19 to 23 May, holding public hearings in Alice Springs, Darwin, Nhulunbuy and Katherine. The Committee viewed a demonstration of the Remote Livestock Management System at Alice Springs; and conducted inspections at Bing Bong station at Borroloola; and the ConocoPhillips LNG plant at Darwin.
- 1.37 The Committee held a public hearing in Brisbane on 30 May which focused on government, and peak bodies representing industry. The Committee is expecting to return to Brisbane for another hearing.
- 1.38 It is also the Committee's intention to travel to the north west of Queensland from 30 June to 3 July, holding inspections and public hearings at Richmond, Georgetown, Normanton and Weipa. This will comprise the section of the Committee's travel program postponed due to adverse weather conditions caused by Cyclone Ita.
- 1.39 A further two days of hearings and inspections is planned for Darwin to capture additional evidence from organisations unable to attend the earlier hearing.

## Reporting Timeframe

- 1.40 The inquiry has generated a high level of community interest and public expectation of the work of the Committee – communities in Northern Australia are eager to participate in the inquiry which is evidenced by the

large number of submissions received and requests for participation through public hearings.

- 1.41 The Committee has had its program disrupted by the weather – more specifically, by Cyclone Ita. The cyclone caused the postponement of the Committee’s travel to the Upper Flinders District, Gulf Country and Weipa, originally scheduled for 14–16 April. This has involved the postponement of three public hearings. As a consequence, the public hearing program, which was initially planned to be completed in May, is now expected to continue into July.
- 1.42 It is with these factors in mind, in addition to the need for time to consider the Government’s Green Paper, that the Committee will be seeking an extension of time for presenting its final report to the Parliament in the first week of September.

## Issues Raised

### Economic and Social Opportunities to Develop Northern Australia

- 1.43 The opportunities for the development of Northern Australia are manifold. The location and scale of any such developments must be underpinned by strong scientific research to ensure long-term sustainability:
  - There are significant opportunities for the expansion of the resources sector, with a number of areas awaiting exploration or development.
  - Northern Australia is seen by many as a ‘food bowl’ for Asia, with opportunities for further development in the production of a range of products. More intensive agriculture, expanded opportunities for horticulture, aquaculture, and more integrated production and processing of beef have all been raised with the Committee.
  - Tourism, both domestic and international, is seen as a growth sector.
  - Research and development, and education are seen as major growth areas. There is potential for greater engagement with the region through provision of opportunities for international students to study in Northern Australia. Moreover, Australia’s northern universities are playing an expanding role in research focussed on health and energy and food production in the tropics.
  - Recognising the natural landscape values, the need to protect and conserve them, and the opportunities that exist around managing these resources to world’s best practice in environmental management.

- There is also potential for a more northerly focus of Australia's defence forces, building on current assets in North Queensland and the Northern Territory.
- Significant opportunities to maximise development by working with the traditional owners of the land and seas of Northern Australia.

## Types of Development Proposals

1.44 Major needs for economic and social development include:

- The provision of capital infrastructure, such as: roads, rail, ports, power infrastructure, telecommunications and global digital technologies.
- Water infrastructure (dams, water channels and irrigation systems) is particularly critical, with proposals variably focussing on groundwater availability and/or on surface catchments.
- The provision of improved and more accessible and responsive social infrastructure in the diverse areas of health and aged care services, education, and community and social services.

1.45 The provision of capital infrastructure is intended to provide opportunities for new developments in Northern Australia. For Example:

- A variety of road upgrades have been suggested as a way of improving transport access between producers and markets and making producers less vulnerable to seasonal variation and extreme weather events.
- Improved rail infrastructure has been identified as a major requirement in improving access to markets, especially for the resources sector and agriculture. A further consideration is the need to improve East-West connectivity across Northern Australia, a key objective of both road and rail infrastructure.
- A number of proposals for the development of port facilities have been suggested, all with a view to improving market access of major exports.
- Improved air access, especially through the expansion in the number of international airports in Northern Australia, has been highlighted as a means of improving market access.
- Support for the provision of local aviation infrastructure.
- Telecommunications and changing digital technology is critical to sustainable development.
- Water infrastructure is seen as a key to the expansion of agriculture, mining and in residential areas. Access to new supplies of water is a key to the expansion of the population and to water-intensive industries. The Committee has examined a range of proposals dealing with new water infrastructure.

- Finally, access to affordable power is seen as a major factor in the economic development of the North. The Committee has been presented with a range of proposals, from the development of dedicated base-load power stations supplying energy to national or regional grids, to approaches focussed upon the delivery of power at a local level using renewable energy sources.
- 1.46 Central to the development of Northern Australia is the need to understand and utilize Aboriginal and Torres Strait Islander knowledge and culture and to work with Aboriginal and Torres Strait Islander people. In doing this there is a need for meaningful engagement with them in the economic development of the region and to provide them with genuine opportunities for economic participation.
- 1.47 Underpinning the need for economic and social development, there is a need to grow the current population with a view to increasing demand for goods and services, thereby stimulating local economies and enabling economic diversification. In turn, this growth would provide the workforce necessary to sustain development and diversification.
- 1.48 Growing the population in the North requires providing incentives for people to move to, and remain in, Northern Australia. Such incentives include the provision of access to economic and social infrastructure. They also include financial incentives for individuals and businesses, such as the creation of special economic zones and zonal tax rebates.

## **Impediments to Development**

- 1.49 Realising these opportunities requires overcoming impediments to economic growth and social infrastructure.
- 1.50 Transport infrastructure and access to water and power are critical to the future development of the resources and agriculture sectors. Expanded road and rail access to expanded port facilities and air freight options are vital to the expansion of the economy.
- 1.51 Likewise, growth in tourism requires better transport access, particularly air and road access.
- 1.52 In a global economy and digitally connected world, the development and provision of affordable, fast and reliable digital technologies is particularly important in regions where distance and access are real challenges. New digital technologies are vital for the growth of businesses and jobs, essential for the expansion of educational opportunities, enable research and development, and provide the capacity to improve health care in regional and remote communities.
- 1.53 Broadly, major impediments to economic and social development include:

- Absence of economic infrastructure, particularly water, power and transport infrastructure, which in turn impacts upon opportunities for economic development and liveability.
- Cost of power and water, which impacts on the cost of doing business and living standards in a range of sectors.
- Access to telecommunications and global digital technologies.
- The viability and costs of regulations and/or security compliance of small regional airports and small regional airlines.
- Land tenure arrangements, which can affect security of investment and options for development.
- Lengthy approvals processes, which can add to the time and cost of developments and impede outcomes. For example, proponents of new aquaculture enterprises have undertaken expensive and onerous compliance processes to meet high environmental standards, but have still failed to gain approvals for their operations.
- Lack of consistency in regulations across jurisdictions, for example in the areas of water, transport, and health regulation.
- High development costs, largely as a result of remoteness and the need to import most inputs.
- Availability and affordability of insurance.
- The need to mitigate against weather hazards which can add to the cost of development.
- High cost of service delivery to small and dispersed populations.
- Fly-in, fly-out (known as FIFO) employment arrangements, may create a transient workforce, often limiting workers' economic and social participation in the communities in which they work. This has been raised as an issue for places with an already low population base.
- Mostly FIFO supports particular activities and many specific work sites—often mines or mine site operations (i.e. rail). FIFO and DIDO (drive-in, drive-out) have been a feature of northern economic development for over 30 years. These activities are increasingly important to business continuity across Northern Australia. FIFO and DIDO have many advantages.
- A failure by government to effectively recognise and mitigate the lack of access to services experienced by Australians who reside in Northern Australia.
- Workforce pressures arise with difficulties retaining qualified staff aged 30-50 because of concerns about the quality and range of educational opportunities at pre-school, school, TAFE and universities.

**Hon Warren Entsch MP  
Chair**

**16 June 2013**