

Joint Standing Committee on Northern Australia

Inquiry into Opportunities and Methods for Stimulating the Tourism Industry in Northern Australia

Pip Spence, A/g Deputy Secretary, Department of Infrastructure and Regional Development, Opening Statement (10 mins)

- Thank you for the opportunity to speak to you today on the Department's role in facilitating tourism in Northern Australia.
- I appreciate the opportunity to provide a short opening statement, outlining the programmes and policy areas where the Department either directly or indirectly contributes to the tourism industry in Northern Australia.
- At the highest level, the Department contributes to national productivity and growth, as well as regional development, through infrastructure planning, strategic investment in transport and community infrastructure, transport systems reform, regulation of transport safety and security, and development of policies and programmes.
- We also support local communities through developing job opportunities, improving access to services and funding local community infrastructure.
- Through the improvement of transport systems and infrastructure development across the nation, including Northern Australia, better community facilities, roads and airstrips will assist the tourism sector to attract new and emerging markets.

Turning first to our infrastructure and regional programmes

The Department administers a number of programmes across our portfolio that, either directly or indirectly, will contribute to the tourism sector in Northern Australia.

Northern Australia Roads Programme

- As I understand we have previously advised this committee, the Australian Government has committed \$600 million to the Northern Australia Roads Programme and \$100 million to the Northern Australia Beef Roads Programme, to improve land transport networks in Northern Australia.
- Throughout 2016, the Australian Government announced 38 projects to be funded under both Northern Australia Roads programmes, some of which will also indirectly benefit tourism for example:
 - Over \$88 million is being provided towards the delivery of four individual projects on the Great Northern Highway in Western Australia
 - Approximately \$62 million is being provided to upgrade the Adelaide River Floodplain on the Arnhem Highway in the Northern Territory
 - Almost \$60 million is being provided for works on the Capricorn Highway in Queensland

National Stronger Regions Fund (NSRF)

- The Department also administers the National Stronger Regions Fund (or the NSRF) which focuses on strengthening Australia's regions by improving the productivity, employment and workforce skills of Australians.
- The fund invests in the construction, upgrade or extension of infrastructure that are identified as priorities to Australia's regions.
- The NSRF is investing more than \$630 million in 226 infrastructure projects across Australia – including 29 projects receiving more than \$108 million in Northern Australia.
- 10 of these projects receiving more than \$55 million in grant funding have a strong tourism outcome, including:

- Derby Airport Redevelopment, WA (\$5.1m)
- Redevelopment of the Visitor Accommodation at Gapuwiyak (Gap-oo-wee-yack), NT (\$0.2m)
- Reconstruction of the Waltzing Matilda Centre, Winton, QLD (\$8m)
- I have some maps available which include the project details.

Building Better Regions Fund (BBRF)

- While the NSRF is now closed, the Australian Government has established the \$297.7 million Building Better Regions Fund (BBRF).
- The BBRF aims to create jobs, drive economic growth, and build stronger regional communities into the future. It will be available to support tourism related projects in northern Australia through investment in infrastructure projects as well as local activities and leadership initiatives.
- The BBRF will invest in projects outside the major capital cities – meaning applicants across all of northern Australia are eligible to apply for funding.
- In addition to ensuring funding is not directed to the major capital cities, the BBRF also includes reduced co-funding requirements, and a loading on assessment scores for remote projects.
- Round One applications close on 28 February 2017 for the Infrastructure Projects stream and on 31 March 2017 for the Community Investments stream.

Community Development Grants (CDG)

- The Community Development Grants (or CDG) Programme covers critical projects where the local community has identified the need for new or upgraded facilities. Projects range from new sporting facilities to upgrading community centres and small scale infrastructure projects.
- CDG projects contribute to the local economies, create jobs and boost the confidence within a region.

- To date funding has been committed to more than 750 projects across Australia including more than 450 projects from the 2016 Federal Election.
- In Northern Australia there are 59 projects receiving more than \$140 million in grant funds. Six of these projects, receiving nearly \$9 million in grant funding, have a strong tourism outcome, including:
 - Mossman Botanic Gardens, QLD (\$1.4m)
 - Australian Stockman's Hall of Fame, Longreach, QLD (\$5m)
 - The Wangetti Trail, QLD (\$0.05m)
 - Whitsunday Sports Park, QLD (\$1.9m)

North Queensland Stadium

- The Australian Government is providing \$100 million, with a total project budget of \$250 million, to deliver a centrally located 25,000 seat best-practice regional stadium in Townsville, in time for the start of the 2020 NRL season.
- The stadium will provide a catalyst for urban regeneration in Townsville, attract further investment into the region and support jobs growth.
- Up to 750 jobs are expected to be generated throughout the design and construction stages of the Stadium.

Regional Jobs and Investment Packages (RJIP)

- The RJIP seeks to diversify regional economies; stimulate long-term growth; and, deliver sustainable employment.
- Two RJIP regions are wholly or partially within Northern Australia, with a combined funding allocation of \$50 million:
 - \$20 million – Cairns Jobs and Investment Package (wholly in Northern Australia); and
 - \$30 million – Bowen Basin Jobs and Investment Package (partially in Northern Australia).

- The Department is already engaging with the chairs of the two committees for the Cairns and Bowen Basin regions.

Northern Australia Pipeline of Projects

- The final infrastructure initiative that I wanted to mention is the Northern Australia Pipeline of Projects (the Pipeline) – which was a recommendation from the White Paper on Developing Northern Australia.
- The Pipeline will inform potential investors on future infrastructure projects across all infrastructure mediums.
- Once finalised it will be made available on a publicly accessible website for business to consider opportunities for investment and be informed of future local and state/territory government business opportunities.
- The Department's Major Infrastructure Projects Office has commenced development of the Pipeline, which is expected to be finalised by mid-2017 once consultations with northern jurisdictions and other stakeholders are completed.

2. Aviation

- The Australian Government's aviation policy is focussed on helping the aviation industry grow in an environment that is safe, competitive and productive.
 - Aviation is a key driver of tourism activity in Australia, and a vibrant aviation industry is a catalyst for growth in the tourism industry. This is particularly the case in Northern Australia where passenger services connect domestic and international tourism markets to remote locations with unique tourism value.
 - The Australian Government's aviation policy has helped promote efficiency and competition in the aviation industry and a sustained

increase in the use of regional airports, including those in Northern Australia.

- The Department recognises the variety and scale of different aviation operations across Australia and that remote and regional airports can face particular resourcing challenges, including in relation to security. We continue to focus on ensuring aviation security policy settings and regulatory activities are informed by robust risk assessment, including input from industry. We consult on the design and implementation of new or revised regulations through regular aviation stakeholder forums (for both major and regional airports) and through peak aviation bodies (e.g. AAA or the RAAA).
- Australia's domestic aviation industry is largely deregulated.
 - The Australian Government does not restrict foreign investment in domestic airlines other than Qantas, so long as the relevant Foreign Investment Review Board requirements are met. This means that any foreign air operator is able to establish a domestic subsidiary in the Australian market subject to obtaining the usual regulatory approvals.
 - Nor does the Australian Government regulate which routes airlines can fly, although Western Australia and Queensland provide subsidies and restrict competition on some intra-state routes to protect services of marginal viability.
 - This approach ensures airline businesses are able to operate domestic services that reflect the level of commercial demand in Northern Australia.
- Similarly, international airline access to Northern Australia is largely unrestricted.
 - The Department seeks to include the 'Regional Package' in our bilateral air services arrangements. The Regional Package, which is now included in 40 of our agreements, means unrestricted capacity is

available for international air services to destinations other than the four major gateways of Sydney, Melbourne, Brisbane and Perth.

- This policy framework has supported solid growth in Northern Australian aviation.
 - For example, the combined average annual growth rate for passenger movements in Australian airports between 2006 and 2016 was 3.4 per cent.
 - This compares to an average annual growth in passenger movements for Cairns airport during the same period of 3.6 per cent, and 4.9 per cent at Darwin.
- The Department is aware some stakeholders consider the price and frequency of air services in Northern Australia compare unfavourably to more high density routes servicing southern capitals.
 - However, Australia's open and unrestricted aviation market ensures airlines operate services that reflect the level of commercial demand in Northern Australia.
- The Australian Government's White Paper on Developing Northern Australia recognises aviation and land transport services to Northern Australia will play a critical role in the long term development of the region.
 - The Australian Government has established a Business Stakeholder Group, chaired by the Minister for Infrastructure and Transport, to assist the Government in preparing a plan for improving aviation and surface transport connections to Northern Australia.
 - The group is comprised of high-level representatives from the aviation, maritime and logistics industries of Northern Australia, as well as the broader business community.

3. Local Government

Regional Development Australia (RDA) Programme

- There are 55 RDA Committees across Australia, which are funded by the Australian Government to drive economic growth and build the capability of their regions. Eight of these RDAs are situated in the north of Australia stretching from the Gascoyne in Western Australia to Gladstone in Central Queensland.
- These eight RDAs have formed the Northern RDA Alliance which aims to encourage collaboration to boost economic development across Northern Australia.
- Examples of recent achievements of the Alliance and its member RDAs have included:
 - led by RDA Townsville and North West Queensland, the development of the Inland Queensland Roads Action Plan. The purpose of this plan was to develop a stronger case for investment into regional roads west of the Bruce Highway and outside South-East Queensland to create and sustain jobs, improve productivity, safety, economic activity and the connection of communities; and
 - led by RDA Pilbara, the development of the Mid and North Western Australia Investment Portfolio, a unique document that can be used to inform and attract investment to the northern regions of Western Australia.

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Department of Infrastructure and Regional Development – Questions on Notice

1. Roads (Hansard p. 15)
<p><u>Context</u></p> <p>In 2016, the Government announced 38 projects to be funded under the Northern Australia Roads Program and the Northern Australian Beef Roads Program. Including:</p> <ul style="list-style-type: none">• \$88 million being provided towards the delivery of four individual projects on the Great Northern Highway in WA;• Approximately \$62 million being provided to upgrade the Adelaide River floodplain on the Arnhem Highway; and• Almost \$60 million being provided for works on the Capricorn Highway in Queensland
<p><u>Question</u></p> <p>What are the starting dates for the new roads [They are available on the website. We can provide the links]? (Ms Landry)</p>
<p><u>Answer</u></p> <p>The starting dates for each project are set out on the Department’s website under the pages relating to the Northern Australia Roads Programme and the Northern Australia Beef Roads Programme. Links to individual project pages, which detail further project information can be found on these programme overview pages.</p> <p>The overview page for the Northern Australia Roads Programme can be found at: <http://investment.infrastructure.gov.au/funding/NorthernAus/index.aspx></p> <p>The overview page for the Northern Australia Beef Roads Programme can be found at: <http://investment.infrastructure.gov.au/funding/NABeef/index.aspx></p>
2. Wellcamp Airport Toowoomba (Hansard p. 18-19)
<p><u>Context</u></p> <p>Toowoomba now has an International Airport (freight) that they built themselves, without Government grants. They facilitate direct flights into China, and are now completely filling the aircraft going over there – and they are taking Toowoomba business people over for trade missions in China.</p> <p>Chair: I would suggest that the case study in relation to Toowoomba would be a very useful thing to drop on desks</p> <p>Ms Price – How are we going with that?</p>
<p><u>Question</u></p> <p>Can you please provide background information on the Toowoomba Airport? (Chair/Ms Price)</p>
<p><u>Answer</u></p> <p>Wellcamp airport (also known as Brisbane Wellcamp) is located approximately 15 kilometres west of Toowoomba. In January 2013, the Toowoomba Regional Council approved Wagners Infrastructure Pty Ltd to build an aerodrome at Wellcamp. The airport opened in November 2014,</p>

and is Australia's first greenfield public airport constructed in almost 50 years. It was built at a cost of around \$200 million (in 2014 terms; note the real cost of constructing is not known, this is a figure quoted by the Wagner Group in media articles), and designed and constructed in the two-and-a-half years prior to its opening.

Regular Passenger Transport (RPT) flights commenced on 17 November 2014 and has 72 passenger flights in and out of the airport each week. Current RPT flights include services to Sydney operated by QantasLink, flights between Wellcamp and Cairns, Melbourne and Townsville operated by Airnorth and Queensland State Government regulated routes operated by Regional Express (Rex). In 2015-16, Wellcamp facilitated the arrival and departure of 89,200 passengers, making it the 38th busiest regional airport in Australia.

In 2016, the Department of Infrastructure and Regional Development worked with the airport on its application to become a 'designated' international airport, and obtain the necessary support from Australian Government border agencies to facilitate international flights. Wellcamp was designated a Restricted Use International Airport in December 2016. This has enabled a weekly Cathay Pacific cargo flight to Hong Kong to commence operations. Wellcamp will require further upgrades of facilities and infrastructure before approval could be considered for the airport to receive ICAO Code F aircraft (e.g. Airbus A380 and Boeing B747-8 aircraft) for international passenger services.

As the airport has been developed and operated privately, the Department does not have access to the business case for the airport's development.

3. Department's Role in Project Prioritisation (Hansard p. 21)

Question

Does the Department have any real say in prioritisation in relation to sections [of roads] that we, as the Commonwealth, see as important, or do we have to bow down to the states' and territories' priorities? (Chair)

Answer

When assessing proposals put forward by jurisdictions for consideration under an Australian Government funding programme, the Department assesses whether the project meets the relevant programmes objectives and requirements.

For example, projects to be funded under the Northern Australia Roads Programme had to demonstrate how they would contribute to the Australian Government's commitment to developing the North. Therefore, the Department prioritised proposals and made recommendations based on to the extent to which a project met the criteria determined by the Australian Government. Where funding is available to upgrade sections of an overall link, the Department is guided by the State on the nature of the upgrades.

4. Tanami Road Upgrade (Hansard p. 21)

Context

Mr Snowdon: The Northern Territory Government has upgraded from Alice Springs, it is almost at Yuendumu.

Mrs Garbin: That is not upgraded either, to my knowledge.

Mr Snowdon: Yes, it is. They have bituminised the first 250 kilometres. It is only single lane but it is a bitumen road.

Question

What is the status of the Tanami Road upgrade from Alice Springs to Yuendumu? (Mr Snowdon)

Answer

To date, approximately 252 kilometres of the Tanami Road has been sealed from Alice Springs towards the community of Yuendumu. The first 128 kilometres is single lane seal and the remaining 124 kilometres is a two lane seal.

The Northern Territory Government have advised that they will be delivering further works throughout the 2017 dry-season, which will seal an additional 8 kilometres.

5. RDA Carnarvon – Christmas and Cocos Keeling Islands (Hansard p. 22)

Context

There is apparently no money going in for the purpose of RDA-type activities in the Christmas and Cocos Islands at the moment.

Question

The RDA operating out of Carnarvon used to have responsibility for Christmas and Cocos Islands, but they have no money being made available for Christmas and Cocos Islands. Could you tell us what is going on? (Mr Snowdon)

Answer

RDA Mid-West Gascoyne has offices located in Geraldton, which services the Midwest region of Western Australia, and Carnarvon, which services the Gascoyne region. RDA Mid-west Gascoyne has not supported the Indian Ocean Territories (IOT) since November 2014. A Regional Development Organisation (RDO) currently supports regional development activities for the Indian Ocean Territories.

6. Indian Ocean Territories – Tourist Project Eligibility (Hansard p. 23)

Question

Are they [tourism projects] eligible for funding under the Indian Ocean Territories Community Development Grants Program, and if they are, can you give some examples of successful projects? There is a concern that these areas have been totally excluded. (Chair)

Answer

The objective of the Indian Ocean Territories (IOT) Community Development Grants Programme (the Programme) is to contribute to the sustainability of the local economy and support community amenity by investing in a diverse range of community and infrastructure projects. As tourism is a key component of the IOT economy, projects that create employment, build critical infrastructure or otherwise support the tourism sector are eligible for Programme funding.

Examples of projects funded in Rounds One and Two of the Programme that support tourism include funding for:

- Cocos (Keeling) Islands Jukung and Sailing Club, to purchase sailing boats for regattas in the Cocos (Keeling) Islands (with the aim of attracting off-island participants);

- Chinese Literary Association, in part to provide support for cultural festivals;
- Christmas Island Tourism Association, to install stationary outdoor binoculars at the Territory Day Lookout; and
- Arts and Culture Christmas Island, to develop, design and install interpretive signage for sites of heritage significance.

7. Roads – Legacy Program Planning (Hansard p. 23)

Context

Chair: The two areas on roads are, first of all, value for money to make sure they are our priorities. We really need to look at the way in which state governments are allocating those funds. I think that is critical. The second area is that we would be very keen to know what preliminary work is being done to see where we go once these programs have expired. Are we looking at anything happening there? As I say, we do not want to get it partly finished and then stop. So we would be interested in seeing what work is being done.

Question

What preliminary work is being done to see where we go once programs have expired? Are we looking at anything happening there? (Chair)

Answer

At this stage no further funding commitments have been made towards upgrading land transport infrastructure in northern Australia.

However, proposals with merit that did not receive funding under either Northern Australia Roads programme could inform future Australian Government investment as funding becomes available.

We understand the northern jurisdictions are continually looking at future strategic priorities and this assists in informing future commitments.

8. Mid and North Western Australia Investment Portfolio/Western Australia Development Commission Blueprint (Hansard p. 23)

Context

Chair: ...we were presented a document the other day. This is the Mid and North Western Australia Investment Portfolio. It is a very good document that has been done by Western Australia through their RDAs...they have comprehensively gone through and identified every single business and development opportunity in the northern region of Western Australia and what approvals are required, costings, where you need to go for assessments et cetera...There is a thought that this would be a useful document to have done right across northern Australia – to extend it.

Ms Price: Can I just point out in Western Australia the development commissions – which almost mirror the RDAs – have each done a blueprint.

Question

We are inclined to look at having something like this developed right across the northern Australia region. Would you see any value in something like that to help us identify opportunities? If you could come back to the committee and just give us a little bit of an insight if you think this would be a useful tool for your department?

Answer

The Mid and North Western Australia Investment Portfolio is a useful tool and the Department commends the work done by RDAs Pilbara, Mid-West Gascoyne and Kimberley in developing this.

The Department notes that a similar tool exists for north Queensland with four North Queensland RDAs (RDA Far North Queensland and Torres Strait, RDA Townsville and North West Queensland, RDA Mackay Isaac Whitsunday and RDA Fitzroy and Central West) having jointly prepared the 'Northern Queensland Strategy'.

In addition, the Northern RDA Alliance, comprising the three north West Australia RDAs and four north Queensland RDAs referred to above as well as RDA Northern Territory, shares better practice investment planning methodologies amongst its members, including the approach followed in preparing the Mid and North Western Australia Investment Portfolio.

The Department supports efforts by the Northern Australia RDAs to improve their economic development outcomes however we believe any decision to broaden the scope of the Mid and North Western Australia Investment Portfolio should be taken by the north Queensland and Northern Territory RDAs as they are best placed to determine whether this approach will meet their regions' unique needs.