



27 September 2019

Senator Murray Watt
Chair
Senate Select Committee on the effectiveness of the
Australian Government's Northern Australia agenda
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator Watt

Inquiry into the effectiveness of the Australian Government's Northern Australia agenda

Thank you for the opportunity to provide a submission in relation to the Senate Select Committee *Inquiry into the Effectiveness of the Australian Government's Northern Australia agenda*.

The Local Government Association of Queensland (LGAQ) is the peak body for local government in Queensland. It is a not-for-profit association established solely to serve councils and the needs of their communities.

The LGAQ does not propose to comment on individual Northern Australia initiatives and projects; instead, our submission focuses on three areas:

- The need for a sustained increase in investment in infrastructure and service delivery to remote and regional communities, particularly through Federal Government funding to councils.
- The need for continued Federal Government support for housing in discrete indigenous communities.
- Improving implementation of the Federal Government's Northern Australia agenda.

The need for a sustained increase in investment in remote and regional Australia

While the LGAQ supports the ambition of the Federal Government to develop Northern Australia, we believe that this vision will not be achieved unless there is a sustained increase in investment in infrastructure and service delivery to communities in remote and regional communities. Without investment in the fundamentals, it is difficult to see how an ambitious growth agenda for Northern Australia can be achieved.

As well as meeting traditional areas of council responsibility such as roads and waste management, councils in remote and regional Queensland are also responsible for delivering services such as town water and wastewater services and operating airports. Communities and business are increasingly looking to councils to broker – and even fund – solutions to problems such as telecommunications black spots and ensuring a reliable and cost-effective energy supply. Councils in Queensland's remote communities are often also responsible for operating or subsidising the delivery of services such as aged care, childcare, pre-school education and teacher's aides. Typically services and infrastructure that most communities would expect to be provided by Federal and State Governments.



For the most part, councils in north Queensland have a small rate base but have responsibilities across large geographic areas. While councils recognise that delivery of basic infrastructure and services is critical to the quality of life of their residents and to supporting businesses, these councils simply do not have the capacity to raise the revenue necessary to meet these responsibilities on their own. Realistically, it will be difficult to attract and retain people in northern Queensland unless there is a sustained increase in funding to councils to enable them to deliver essential services for their communities and businesses.

One measure that would contribute significantly to improved infrastructure and service delivery in north Queensland is to increase funding available to councils through the Federal Government's Financial Assistance Grants (FAGs).

Horizontal fiscal equalisation is the process of transferring funds between different levels of government to offset differences in capacity to raise revenue. Local government raises only 3% of public sector revenue, while at the same time having responsibility for managing an estimated 33% of public sector assets. Federal funding through FAGs is a cornerstone of fiscal equalisation, providing a critical revenue source for councils, particularly regional and remote councils such as those in the north Queensland that have a large infrastructure base (such as roads) and a small rate base.

Analysis by the Australian Local Government Association (ALGA) shows that FAGs were equal to around 1% of Federal taxation revenue in 1996. However, despite an annual growth rate in Australia's Gross Domestic Product of an average 3.47% from 1960 until 2017, FAGs have declined by around 43% in relative terms over the past 20 years, and now amount to approximately 0.55% (2018) of Federal tax revenue.

In Queensland, analysis by the LGAQ of per resident distributions of FAGs shows that, if FAGs were increased to 1% of Federal taxation revenue, this would lead to a per resident increase in funding of more than 50% for councils with populations of up to 20,000 residents. Regional and remote councils located in the north are precisely the communities that would reap the benefits of such an increase in funding, not only through the provision of improved infrastructure and services, but also through increased employment opportunities.

For councils, while increasing overall funding is critically important to fulfilling their infrastructure and service delivery obligations, so is improving continuity of funding. Without certainty in funding over the forward estimates of the Federal budget, it is difficult for councils to plan and invest in infrastructure and services on behalf of their communities and businesses. The LGAQ therefore believes that a rethink is required not only in relation to the *level* of funding provided to councils, but also in ensuring that there is *greater certainty* over what funding councils will receive and when.

As part of realising its Northern Australia agenda, the LGAQ asks that the Federal Government makes a sustained and increased investment in the delivery of infrastructure and services to remote and regional communities, including an increase in the level and certainty of funding to local government.



Housing for discrete indigenous communities

The Federal Government's Northern Australia agenda rightly makes access to opportunities for indigenous communities an important component of its strategy. Of Queensland's 17 discrete indigenous councils, 15 are in the north of the state. While there are many issues facing these communities, our submission will focus on one critical issue: housing.

In 2008, the then Rudd Government committed \$5.4 billion to help fix the chronic overcrowding, homelessness and generally poor housing conditions that many indigenous Australians in remote places suffer.

The National Partnership Agreement on Remote Indigenous Housing (NPARIH) was an excellent program. In Queensland, the program helped deliver more than 1200 new houses and the refurbishment of nearly 1500 others. The program also generated jobs for indigenous communities, with much of the money used to maximise local employment and increase skills. Importantly, a significant number of indigenous apprentices and trainees were employed through the NPARIH program each year. Many of these people have since become tradespeople and either employed as fulltime employees of councils or run their own businesses. This increase in qualified tradespeople has also contributed to the rise in employment of local people by indigenous councils from 59% of council workforces in 2010 to in excess of 80% by 2018. Moreover, the number of houses being constructed in indigenous communities by local people and businesses has risen from 10% in 2011 to 70% by 2017.

Despite the investment made to this point, as a nation we are still playing 'catch up' when it comes to Closing the Gap on indigenous housing. There are still instances where 20 or more people are living in a single house and all indigenous councils report overcrowding rates in their communities of between 50 and 70%. The Federal Government itself estimates that these communities still need at least 2000 more houses.

For people in discrete indigenous communities, lack of housing continues to be a grave issue, as it is one of the root causes of problems experienced by these communities in the areas of health, education and community and domestic violence. For example, it is difficult for a child to attend school attentively if he or she is kept awake at night due to living in a noisy household of 20 people and is consequently overtired for school. At best it is naïve – and at worst evasive and negligent – to continue to argue that indigenous people will be able to access economic opportunities through the Federal Government's Northern Australia agenda without the Federal Government also acknowledging its responsibility for funding basic infrastructure and services in discrete indigenous communities such as housing.

The LGAQ therefore seeks an increase in Federal Government investment in housing in discrete indigenous communities equivalent to the previous 2008-2018 National Partnership Agreement for Remote Indigenous Housing.

Implementing the Northern Australia strategy

One of the difficulties with the Federal Government's Northern Australia agenda is that it is becoming difficult to understand how it will be implemented and how progress will be measured.

Understandably, progress is currently being measured by assessing the extent to which the initiatives outlined in the original White Paper have been implemented. While these initiatives have been welcomed by councils – such as the \$100 million invested through the Beef Roads Programme – now the question is: What comes next? Many of the initiatives in the White Paper either have a finite timeframe – for example funding for the Beef Roads Programme is set to end in 2020 – or involve producing feasibility studies and reports, such as the work of the



CSIRO in producing the Northern Australia Water Resource Assessment reports for the Mitchell, Darwin and Fitzroy catchments.

In our view, the time is right to break down the idea of 'Northern Australia' into regions to provide a more manageable and coherent agenda. For example, the CSIRO water resource assessment report on the Mitchell catchment in Queensland has made clear its enormous potential for growing agriculture and aquaculture industries. However, realising this potential will require an integrated programme of private and public sector investment across a range of areas, including agronomy; agribusiness processing facilities; land tenure and native title negotiations; energy, water, transport and telecommunications infrastructure; workforce capability development; and supply chain development. Notably, the specifics of what is required to develop the Mitchell catchment will be different from what is required for the Darwin and Fitzroy catchments.

We believe that analysing regional supply chain opportunities for different sectors is a good starting point for developing Australia's north, including analysis of supply chains for different resources, agribusiness and aquaculture commodities, as well as service sectors, such as tourism and tropical sciences. Regional supply chain analysis will reveal the feasibility of various opportunities and identify roadblocks. The overall aim would be to identify what is required by different levels of government to 'de-risk' economic opportunities sufficiently to attract private sector investment and remove supply chain blockages. In this context, while the concessional loans offered by the Northern Australia Infrastructure Facility (NAIF) may be one aspect of this effort, other government initiatives may be required, ranging from investment in catalytic infrastructure, facilitating native title negotiations, offering tax incentives or undertaking market access negotiations.

The LGAQ acknowledges that governments at different levels are already working on supply chain related issues. However, it is difficult to see how these separate initiatives are adding up to a coherent whole. Clearly all levels of government need to work together if an ambitious agenda for Northern Australia is to be achieved. While the Federal Government has access to the greatest funding resources, much of the regulatory responsibility lies with state governments, while local government has the best knowledge of their communities, economies and landscapes.

The LGAQ believes that formal regionally based agreements are required to streamline funding and approval processes, integrate initiatives across different levels of government and identify clear milestones for marking progress. Critically, these agreements should also involve developing an integrated program of infrastructure investment via a "Regional Deals" framework that outlines Federal, State and local government commitments around funding and approvals for major infrastructure projects, including water, roads and transport, telecommunications and energy.

Finally, there is a need for greater stakeholder input into the Northern Australia agenda, noting that this consultation process should not enable voices from outside the region to drown out the voices of people who live and work in the north. There will be many people in urban areas who will not support developing Australia's north and will lobby to prevent it. While these groups should not be excluded from the debate, their weight of numbers and resources should not allow them to dominate the Northern Australia agenda at the expense of people whose knowledge of and commitment to the region far exceeds theirs.



The LGAQ seeks clear, regionally based implementation plans for the Northern Australia agenda that include:

- **Regional supply chain analyses of different resources, agribusiness, aquaculture and service sector opportunities.**
- **'Regional Deals' between all three levels of government that outline funding commitments for major infrastructure projects; streamline project approval processes; integrate initiatives across different levels of government; and identify milestones for marking progress.**
- **Greater stakeholder input into the Northern Australia agenda that enables people who live and work in the region to genuinely influence the implementation of the Northern Australia agenda.**

As previously stated, while the LGAQ supports the ambition of the Federal Government to develop Northern Australia, we believe that this vision will not be achieved unless there is an increased and sustained investment in infrastructure and service delivery to communities throughout the region, including increased funding and continuity of funding to local government. We also believe that if indigenous people are to benefit from economic opportunities available in Northern Australia, it is critical that the Federal Government renew its commitment to housing for discrete indigenous communities. Finally, regionally based implementation plans are required that provide for a more formal cooperative framework between all three levels of government, including an integrated program of investment in major water, road and transport, energy and telecommunications infrastructure.

Yours sincerely

Sarah Buckler PSM
GENERAL MANAGER - ADVOCATE