

NORTHERN TERRITORY ECONOMIC DEVELOPMENT STRATEGY





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A MESSAGE FROM THE CHIEF MINISTER

Ensuring the Northern Territory has the foundations for growth and a strong economy is the best investment we can make in our future and our children's future.

My Government is leading the push to develop Northern Australia, and is laying the foundations to ensure a prosperous Northern Territory. I am committed to working with industry and governments to unlock the full potential of Northern Australia and cement the Northern Territory's position among the world's top economies.

A strong economy is important for all Territorians. A strong economy delivers jobs and income for people, and the capacity for governments to invest in the essential economic and social infrastructure that underpins our great lifestyle and living standards. To secure a strong future for Territorians bold and innovative action is needed now, and in coming years.

This Economic Development Strategy is our roadmap. The Strategy details our priorities and direction, the industries that will drive future growth opportunities across the Northern Territory, and the enabling factors and conditions that will accelerate economic development and jobs growth. It sets out how government will work in partnership with industry, investors, the community and regional partners to achieve sustainable employment and development opportunities for all Territorians.



A stylized signature of Hon Adam Giles MLA in black ink.

HON ADAM GILES MLA
CHIEF MINISTER

Our aim is to build on our success to create an economic environment that encourages and rewards innovation, levels the playing field and is a preferred destination for new investment that attracts people from all over the world for employment and our great lifestyle.

A major strength is our proximity to Asia and strong regional partnerships. We are increasingly doing business to our north, building on strong trading and investment partnerships for food, energy, minerals, services and tourism. We must show leadership in fostering strategic relationships and new trade networks.

Capitalising on these strengths relies on investment. As a small, open economy a lot of the investment necessary for growth will come from outside the Northern Territory. We must continue to create an environment where international, national and local businesses can invest with confidence. This is key to economic growth and new jobs being created.

We must improve the services and facilities that make the Northern Territory a place where people want to live and where businesses want to invest, ensure the infrastructure that is the foundation of economic and social development is expanded, and investment needed to underpin economic and jobs growth is expedited.

To reach its potential the Northern Territory needs significant infrastructure investment to improve road, rail, air, sea, pipeline and communication networks that connect our regions – and us to the rest of the world. Investment in critical enabling infrastructure will open up previously hard-to-access regions and accelerate opportunities for the Northern Territory to realise its economic potential – for decades to come. This includes investing in social infrastructure to support the lifestyle we prize and to encourage population growth.

To truly maximize the opportunity before us we must also focus on building our skills base and business and industry capability. This will ensure it is local people and businesses that reap the dividends of our growth.

The Australian Government's development agenda for the north focuses more attention on us, and creates opportunities for the Northern Territory to make a greater contribution to national growth and wealth generation. To ensure this occurs we must collectively apply our resources to their fullest capacity, and maximise local business and employment opportunities.

Territorians have told us that they do want growth, but growth that suits our Northern Territory lifestyle. They want development that is sustainable and responsible. Growth that future generations will thank us for our planning and vision. The Northern Territory is blessed with natural assets and we will use these wisely to encourage clever industries that diversify our economy.

WHY A PROSPEROUS ECONOMY IS IMPORTANT

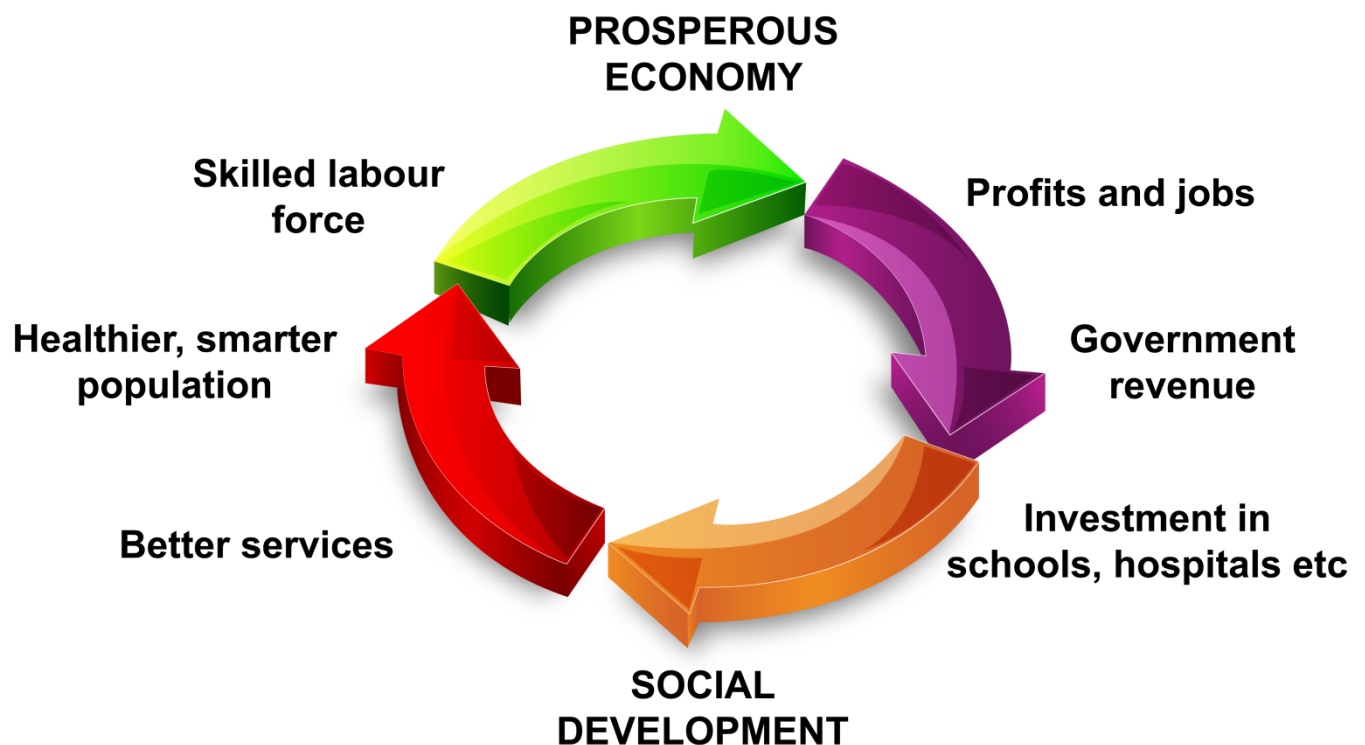
A strong and prosperous economy benefits all Territorians. A prosperous economy delivers jobs and income for people, and the capacity for governments to invest in the essential economic and social infrastructure that underpins our great lifestyle and living standards.

A prosperous economy provides the fiscal base – from government revenue streams linked to economic activity – that underpins government capacity to invest in social infrastructure and to deliver better services that improve our living standards. Health, education and other government services are funded by these revenue streams which are inextricably linked to economic development.

The Northern Territory Government is committed to its strong social development agenda which is delivering improved infrastructure and services to support a diverse and growing population. This is reflected in investment programs in housing, health, education and other social services. A healthier, smarter and safer community facilitates economic development through creating the fundamental building blocks that are needed for development, including the capacity to grow the productive and skilled labour force that is a critical component in sustaining a prosperous economy.

New schools, hospitals and recreational precincts provide several long term social benefits to Territorians and make the Northern Territory a better place to live, work and – importantly – to raise a family. As the economy continues to grow, so too will the capacity for governments to invest in social infrastructure.

The priority opportunities and economic enablers identified in this strategy aim to promote a prosperous Northern Territory economy, and are complementary to achieving the *Framing the Future* objectives of a Balanced Environment, a Strong Society and a Confident Culture.



STRATEGIC ACTIONS

The Northern Territory consistently records among the strongest economic growth and lowest unemployment rates in Australia. The foundation for this growth is our abundant natural resources, our unique cultural assets, our iconic natural landscapes, an entrepreneurial spirit and the resilience and ingenuity of Territorians - the economic and social fabric of the Northern Territory.

The prosperous past however does not guarantee a prosperous future. The Northern Territory operates in a global environment, and as other economies grow and compete – and particularly those in our region – we must ensure we have a flexible and dynamic economic environment to ensure future prosperity. To ensure a prosperous economy into the future we are adopting a strategic direction focused on investing in the economic enablers that provide the platform for broad-based growth, and driving opportunities in our most globally competitive industries.

The greatest opportunities for achieving a prosperous economy will occur where economic enablers are in place and regulatory and other conditions support increased private sector investment (see Figure 1).

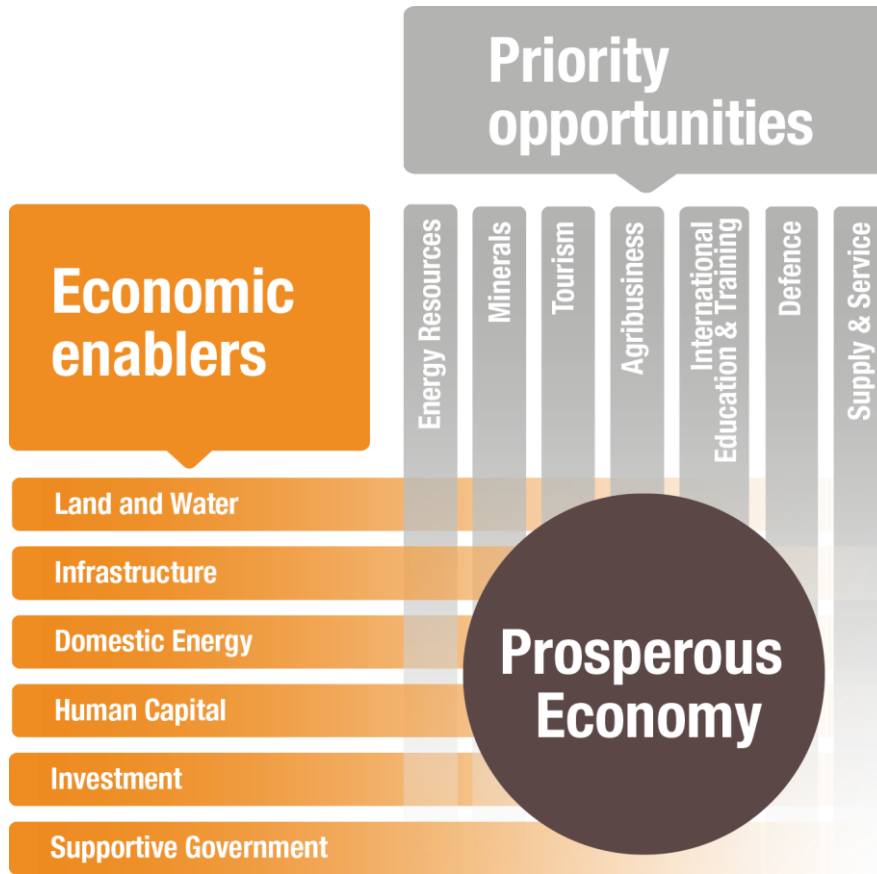
The Northern Territory is well placed to benefit from emerging export opportunities for services such as international education and training and health, and high-quality food products. The Northern Territory will also have a greater role in strengthening Australia's ties with our closest neighbours and improving regional security through closer defence relationships. This presence also increases the Northern Territory-based capacity to respond to natural and humanitarian disasters in the region.

To secure economic prosperity for the Northern Territory, the government will focus on getting the conditions right through six fundamental 'economic enablers':

- improving the understanding of land and water resources and processes to access
- developing infrastructure
- ensuring energy for the domestic market is secure and affordable
- securing trade partnerships and investment to fund projects
- improving the skills and capabilities of all Territorians
- reliable governance systems and effective government services

A focus on optimising the enabling conditions that support economic growth combined with playing to our natural strengths will ensure a prosperous economy.

Figure 1



GATEWAY BETWEEN AUSTRALIA AND ASIA

Darwin is within four hours flying time from a market of 23 million people to the south, and 485 million to the north. The Northern Territory has well-established trade links to the south and is continuing to develop and strengthen links and partnerships with the more culturally and economically diverse northern markets.

With the visionary development of East Arm Port and the rail link to Adelaide, Darwin is the key link in growing trade between northern and southern markets. Ongoing investment in transport and marine services, infrastructure and ports and industrial precincts is essential to ensure that Darwin is a globally competitive logistics and servicing hub. Competitiveness in transport markets will drive down freight costs, provide access to markets and underpin trade growth.

Historically, our trade links have been with Indonesia, Japan, China, Korea and, more recently, Vietnam. Economic growth prospects for the Northern Territory will be strengthened by broadening the number of nations we trade with and the goods and services we trade. In addition to trade links, the Northern Territory has strong cultural links in the region.

Economic growth in Asia is creating significant new demand for a broad range of products as people become more affluent. The economic and cultural partnerships the Northern Territory has formed with many nations in the region provide the foundation for further engagement and opportunities to expand partner networks. A deeper engagement with Asia will provide insight into emerging opportunities and position the Northern Territory, as a preferred partner. .

Partnerships with Asian investors will provide the financial and human resources that are critical for the development of business opportunities as they emerge. For example, Asia's developing economies are looking for energy and food security, which Northern Territory based projects can deliver.

As prosperity increases in Asia, markets for goods and services will grow rapidly. By positioning itself, the Northern Territory can develop business opportunities which leverage its regional knowledge and expertise in services such as health and aged care, education and training, tourism and natural resource management, and develop niche opportunities for high quality food products. By assisting Northern Territory businesses to build strategic partnerships in Asia, the government can support economic growth and development in the Northern Territory and the region.

WHERE WE ARE AT

The Northern Territory has a dynamic economy, reflected in almost 20 years of solid and sustained growth. Growth has been driven by large infrastructure and resource projects, which have supported diversification of the domestic economy. This broadening of the economic and skills base positions the Northern Territory to foster and support new business opportunities as they arise. With more major resource and energy projects in the pipeline, the Northern Territory's medium to longer-term economic prospects are very positive.

In an increasingly competitive world, it is critical that the Northern Territory continues to build on its competitive strengths to further broaden its economic base. We will achieve this by ensuring the right conditions are in place, such as a competitive tax environment and a skilled workforce, and by encouraging businesses to identify and take advantage of emerging opportunities. The 'window' to realise such opportunities can be narrow, so policies and investments that facilitate development need to be worked on in advance to minimise foreseeable impediments and to fast-track economic growth opportunities.

Northern Territory economy

The Northern Territory is a dynamic, export-oriented economy underpinned by large mining and public sectors and a significant defence presence. Much of the Northern Territory's wealth is generated in the regions. Darwin serves as both a trade and service and supply hub, with a broad range of economic and social infrastructure and services consistent with other capital cities in Australia.

A new way of doing business in the bush

The Northern Territory Government has a new approach to economic development in the bush and is working in partnership with communities that want to see change and achieve economic independence.

An early example is on the Tiwi Islands, where the Tiwi people and government are working together to facilitate business, industry and trade development by attracting investment. Over many years, the Tiwi people have shown a determination to manage their economic future by developing ventures such as their successful forestry operations, as well as fishing and tourism businesses. Recently, private sector investment at Port Melville and improved travel services between the Tiwi Islands and Darwin are helping to diversify the Tiwi Islands economy and create new jobs.

Infrastructure Development Fund

The Northern Territory Government has established the Infrastructure Development Fund to ensure resources are available for critical projects which support the longer term economic growth and development of the Northern Territory, and the social well-being of Territorians. The Fund will ensure there is capacity to finance infrastructure projects which underpin future economic and social development, and will also provide the funds for a pipeline of projects to help smooth out major project-related construction industry volatility.

The Fund will be administered by an Advisory Board which will assess funding proposals and make recommendations to the Treasurer. Proposals will be assessed on:

- direct economic benefits and costs
- investment risks for private proponents and government
- wider economic benefits, including the scope to unlock long term economic development prospects and facilitate private sector investment
- potential to establish new industries and support regional economic development opportunities
- alignment with public policy objectives, such as improved housing, health and educational outcomes.

NORTHERN TERRITORY BUSINESSES

An innovative, dynamic, skilled and responsive local business community is vital to ensuring economic growth. The private sector is the engine of economic growth globally and local businesses are central to the Northern Territory's economic activity. They operate in a diverse range of sectors and regions and are the major employer of Territorians.

As the Northern Territory economy grows, local businesses face increasing competitive pressures from interstate and international organisations seeking expansion opportunities. To survive in this environment, local businesses need to be nationally and internationally competitive. To grow they need to be outward looking and willing to seek expansion opportunities outside the Northern Territory. This can be supported in an environment that is pro-business, and which encourages and supports business development opportunities.

Clear, consistent and transparent rules benefit all businesses, to respond quickly to new opportunities as they arise. Partnering with interstate and international firms will allow local businesses to gain new skills and expertise, increasing local capability and capacity, and providing more opportunities for growth across the Northern Territory.

Fostering an environment that creates a thriving local business community that is innovative, competitive, productive and prosperous is a government goal, which is being achieved through:

- offering services and advice to increase business productivity and competitiveness
- transparent government priorities and consistent processes to increase investor certainty
- minimising the regulatory and red tape burden
- a commitment to 'Territory building' infrastructure and an 'open for business' culture
- supporting market development for Northern Territory businesses through increased investment, major projects, Asian engagement and trade development
- enhancing the capability and capacity of Northern Territory businesses to service and supply major projects
- unlocking the potential of our human capital through training, and ensuring access to quality services to attract and retain skilled people.

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PRIORITY OPPORTUNITIES

- **ENERGY RESOURCES**
- **MINERALS**
- **TOURISM**
- **AGRIBUSINESS**
- **INTERNATIONAL EDUCATION AND TRAINING**
- **DEFENCE**
- **SUPPLY AND SERVICE**

ENERGY RESOURCES

Why government is focussing on this area

The Northern Territory is located near globally significant offshore energy resources and has high onshore prospectivity. It is estimated that the Northern Territory has more than 200 trillion cubic feet of potential conventional and shale and tight gas resources in six onshore basins and 30 trillion cubic feet of conventional offshore reserves.

Investment in pipeline infrastructure will connect Northern Territory gas to eastern Australia and will provide energy security for Australia. It will also provide the feedstock to support further development of the Northern Territory's downstream gas processing industry and create potential opportunities for world-class projects to be developed in the Northern Territory, with substantial business, employment and economic development benefits.

Current activity

The Northern Territory produces oil and gas from offshore reserves in the Timor Sea, onshore oil and gas in Central Australia and uranium in the north. Energy production was valued at \$1.7 billion in 2014-15, which includes \$201 million from processing gas to LNG.

The Northern Territory is home to the globally significant ConocoPhillips-led Darwin LNG and INPEX-led Ichthys LNG projects. Capital expenditure for these projects is in excess of \$40 billion. These projects have been the catalyst for investment to develop the Darwin Marine Supply Base and Charles Darwin University's North Australian Centre for Oil and Gas.

A successful example of an established, local downstream oil and gas project is the BOC Darwin helium plant. Located at Wickham Point, it is the only plant of its kind in the southern hemisphere and one of only 15 helium plants in the world.

The Territory has more than 200 trillion cubic feet of potential conventional and shale and tight gas resources in six onshore basins, and 30 trillion cubic feet of conventional offshore reserves.

The potential

The Northern Territory has the potential to significantly contribute to Australia's gas needs into the foreseeable future and investors are keen to build a pipeline to connect the Northern Territory to the eastern network. Global demand for energy will remain strong, and strengthening strategic partnerships with net energy importers such as Japan will position the Northern Territory to secure new energy-related investment. The ready availability of suitable land, a skilled and flexible workforce and local industry capacity, based on years of proven experience, will support this.

The Northern Territory's internationally significant potential gas resources could support manufacturing opportunities such as methanol production or, when coupled with the Northern Territory's large phosphate reserves, fertiliser production.

Renewed interest in onshore exploration will identify more opportunities for oil and gas projects, and service and supply opportunities in regional areas. Excellent conditions also exist to develop solar and other renewable energy options in the Northern Territory.

Local businesses

Energy projects offer significant service and supply opportunities for local businesses that meet scale and quality requirements and are price competitive. For example, the INPEX-led Ichthys LNG project will spend more than \$8 billion with locally-based businesses during the construction phase, and operations-related opportunities will continue for decades. Onshore gas exploration, such as in the Beetaloo Basin, will support development in the regions.

What government is doing

- Investing in new pre-competitive geoscience to increase knowledge of geology and petroleum prospectivity.
- Improving land tenure management systems to encourage exploration and development, including provisions for a competitive process for granting new permits.
- Actively working with reserve owners and project proponents to ensure there is a clear awareness of opportunities to develop projects in the Northern Territory.
- Providing regulatory certainty to facilitate project development, including for projects that rely on shale and tight gas resources.
- Developing strategic land use plans to identify future growth and development areas integrated with transport and infrastructure planning.
- Identifying, acquiring and zoning land and infrastructure corridors for future development, including through the Middle Arm Industrial Precinct.
- Working with project proponents to maximise local employment and business participation.
- Expanding service and supply opportunities in the local economy, including through the Darwin Marine Supply Base.
- Facilitating development of a gas pipeline connection from the Northern Territory to meet energy demands on the eastern seaboard and to provide national energy security.

MINERALS

Why government is focussing on this area

The Northern Territory is a mineral-rich province, which is under-explored and boasts world-class projects. New exploration and mine development will generate regional economic development, increased private investment, business opportunities and jobs.

Current activity

Mining is a major industry in the Northern Territory economy. There are seven major operating mines in the Northern Territory producing gold, bauxite, manganese, silver, lead and zinc with a production value of \$2.7 billion in 2013-14. There are also 18 developing projects with potential combined capital expenditure of more than \$4 billion that are currently in various stages of feasibility, mining approvals or under construction. These projects have the potential to create 2800 jobs during construction, and 2600 positions during operations.

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The potential

The Northern Territory has tremendous potential for the discovery and development of further major mineral deposits. Global economic growth will underpin longer-term demand for Northern Territory minerals, and developing partnerships with customers will support local investment and growth. World-class governance standards and a highly skilled workforce give the Northern Territory a competitive advantage in global markets, and our location is an advantage in engaging in the high-growth Asian region.

Access to reliable and relatively low-cost energy increases opportunities for local value adding of mineral deposits.

Investment in exploration activity and the development of new mines is essential for a strong and sustainable mining industry. Developing relationships that encourage investment from partner nations will support expansion. Investment may be either directly in mining ventures or in the logistics and supply-chains that are critical to the success of mining projects.

The Northern Territory's mineral exports have the potential to support the creation of vertically integrated regional supply chains for critical construction inputs such as steel and concrete.

Working with international trade and investment partners the Northern Territory can facilitate the establishment of processing and value-adding activities which benefit all nations in the region.

Local businesses

The majority of new exploration activity and mine development will occur in the Northern Territory's regions. This will create local and Northern Territory-wide employment and economic development opportunities. Local industry participation plans are ensuring that benefits from mining-related employment and business opportunities **include and build capacity at a local level to assist the community to gain greater benefit from projects.**

What Government is doing

- Ensuring regulatory and process certainty for miners and investors, including streamlining approvals for environmental assessments and land access.
- Investing in pre-competitive geological information to attract and assist exploration companies, including aeromagnetic and gravity surveys.
- Improving land tenure management systems to encourage ongoing exploration and development.
- Establishing a case management unit to ensure projects have a clear and expedited route through whole-of-government regulatory and land access issues.
- Hosting trade missions and developing engagement strategies for Japan, China and Korea, which are delivering investment capital, partners and markets for Northern Territory projects.
- Developing strategic land use plans to identify future growth and development areas, and integrating these areas with strategic transport and infrastructure planning.
- Working with miners to ensure that adjacent projects aggregate efforts to develop infrastructure such as power stations, road and rail links.
- Working with international trade and investment partners to create vertically integrated supply chains with our near neighbours to support domestic and regional growth.
- Working with project proponents to maximise local employment and business participation.
- Investigating options for a future rail project in northern Australia linking the central railway corridor of Tennant Creek to Mount Isa, including a high level cost benefit analysis and feasibility study..

TOURISM

Why government is focussing on this area

The Northern Territory offers visitors a rich and diverse cultural heritage, as well as globally significant natural landscapes. These attributes underpin tourism activity in all regions, and tourism ventures have strong links to the economies in which they operate.

Current activity

Tourism is a cornerstone of the Northern Territory economy. In 2013-14, the Northern Territory attracted 1.3 million visitors, which supported around 550 tourism businesses and 16 000 jobs across the Territory.

Nature-based and cultural tourism are key drawcards for holiday visitors to the Northern Territory, with extensive park networks, strong Indigenous culture and a rich sense of history and heritage based on our pioneering, World War II, pastoral and multicultural origins. Other activities including business events and cruises are of increasing importance.

The potential

Increasing the potential of the tourism industry will be achieved by ongoing product and experience development, investment in infrastructure and facilities that leverage natural, cultural and heritage assets, improving service standards and by creating a wider reputation that the Northern Territory is synonymous with quality.

The World Heritage-listed Kakadu and Uluru-Kata Tjuṯa national parks are key visitor attractions, with a further 90 parks and reserves (including Watarrka, Litchfield, Nitmiluk and West MacDonnell Ranges) providing a broad range of nature-based experiences. There are opportunities to better leverage these parks as places for recreation and conservation, and contribute to the Northern Territory's economic development through tourism-related business and employment opportunities.

Continuing to open Northern Territory parks to development opportunities will create an environment which encourages industry to offer new visitor experiences and increase visitor numbers. This may include products and activities such as tours and accommodation, or trails for visitors to experience the unique nature and culture of our parks and reserves.

Aligning experience development with visitor demand and the stronger global economic outlook provide the conditions for solid growth in visitor numbers in coming years. A focus on emerging markets for the Northern Territory, including China, and alignment with trade and investment missions will aid in the delivery of tourism infrastructure and services to drive increased visitation to the Northern Territory.

Continuing to open Northern Territory parks to development opportunities will create an environment which encourages industry to offer new experiences and increase visitor numbers.

Local businesses

The tourism industry is driven by local businesses providing accommodation, transport, retail and touring services to visitors. A vibrant tourism industry supports economic opportunities and growth prospects for these sectors and more broadly contributes to social and community development, particularly in regional areas.

What Government is doing

- Continuing to market and promote the Northern Territory as a visitor destination to interstate and international markets.
- Targeting promotional activities in international source markets with significant growth potential, such as China.
- Working with industry to grow opportunities beyond the traditional leisure sector, into segments such as cruise shipping, business events and school groups.
- Working with industry to develop new products and experiences, and open Northern Territory parks for ecologically sensitive development.
- Exploring options for new governance and management options for the World Heritage-listed Kakadu and Uluru-Kata Tjuta national parks.
- Working with employment and training providers to ensure the sufficient local supply of skilled labour.
- Facilitating the development of more accommodation in areas of high demand, including five star accommodation.
- Assisting industry to develop new products and adopt new technologies to enhance the visitor experience.
- Facilitating sustainable aviation services to the Northern Territory.
- Improving linkages between tourism industry stakeholders to create a more cohesive, coordinated and profitable industry.
- Working with industry to reduce red tape and regulatory burden.
- Working with pastoral leaseholders to develop tourism opportunities following changes to the *Pastoral Land Act*.
- Attracting new investment in tourism infrastructure.

AGRIBUSINESS

Why government is focussing on this area

The Northern Territory is land-rich with access to significant water resources and a reputation for high quality products in the agriculture, forestry and fishing (including aquaculture) industries.

Agribusiness plays an important role in developing regional and remote areas of the Northern Territory, supporting direct and indirect economic activity, including in the manufacturing and transport industries and retail and wholesale trade.

New investment in product development and capacity building combined with identifying niche opportunities in global markets will create economic opportunities across the Northern Territory.

Current activity

The Northern Territory produces a range of high quality products for local and export markets. Cattle are the Northern Territory's major agribusiness commodity by production and export value. Other commodities include buffalo, crocodile, fish, crustaceans, pearls and horticultural goods (such as mangoes, melons and vegetables). The value of primary production was \$521 million in 2013-14. Live cattle exports set a record in 2014 with more than 490 000 cattle exported through the Port of Darwin, Australia's largest live cattle port. Live buffalo exports to Vietnam have been occurring since 2012.

Live cattle exports set a record in 2014 with more than 400 000 cattle exported through the Port of Darwin, Australia's largest live cattle port.

The potential

Rising incomes in many developing nations are increasing demand for 'high end', 'clean and green' and out-of-season foods. High quality produce, sustainable production methods and proximity to market mean the Northern Territory is well positioned to supply produce to Asia. This will require investment to continue developing products, trade connections and transport logistics systems. Investors have made it clear they want to participate in Northern Australia's agribusiness opportunities, and more local processing will expand agribusiness opportunities.

Opportunities also exist to export our knowledge and expertise in agricultural science technologies, product management, environmental management and biosecurity management systems.

Local businesses

Businesses in all stages of the supply chain have the opportunity to benefit from growing global demand for high quality produce. Local industry groups will play an important role in identifying opportunities and leveraging business connections to access new markets and supply chains.

What Government is doing

- Working with pastoral leaseholders to develop horticultural and other diversification opportunities following changes to the *Pastoral Land Act*.
- Actively supporting growth and sustainability of primary industries, such as facilitating expansion of the Ord River Irrigation Scheme.
- Working with the Australian Government and industry to map and plan the capacity of the Northern Territory's land, soil, vegetation, water and marine resources, and identifying areas with development potential.
- Partnering with governments and research institutions to attract research funding to support and promote agribusiness opportunities, including plant and animal research, market and supply chain development and land and water planning.
- Developing and supporting policies that encourage local skills development and participation, including for Indigenous Territorians.
- Working to develop new markets – such as Vietnam – and greater cross agency and inter-governmental collaboration to secure investment.
- Protecting the Northern Territory's reputation as a producer of quality primary produce, with constant monitoring and updating of biosecurity systems and developing the *NT Biosecurity Strategy*.

INTERNATIONAL EDUCATION AND TRAINING

Why government is focussing on this area

International education is Australia's fourth-largest export industry.

Nearly 600 000 students across all levels of education generate more than \$17 billion in annual income, and the sector employs 100 000 people. The Northern Territory has strong educational partnerships across the region and its international student numbers are growing. However the NT's per capita rate of international students is one-third the national rate and a greater focus on developing this industry has the potential to attract significantly more international students, delivering economic and social benefits.

Hosting international students also creates stronger cultural, social and economic partnerships between individuals and nations.

Current activity

The Northern Territory is home to a diverse community with people from 119 countries.

In 2014, there were more than 1800 international students studying with Northern Territory institutions, primarily in Darwin. Students identify the strengths of the NT as a study destination as including employment opportunities and a welcoming multicultural community. Growth over the past decade has been led by the higher education sector through Charles Darwin University (currently 1100 international students), and some 600 international students are undertaking vocational education and training (VET), English language and non-award courses with a range of education and training providers. There are also a further 100 international primary and secondary school students.

The Northern Territory is home to a diverse community with people from 119 countries.

The Northern Territory's education sector is well regarded for the depth and diversity of its research, teaching and VET activities, with expertise in areas such as engineering, disaster management and tropical health. There is a growing capacity and reputation in oil and gas education and training through the North Australian Centre for Oil and Gas at Charles Darwin University.

The potential

The Northern Territory's proximity and strong links to Asia, and its culturally and linguistically diverse society are points of difference that can be leveraged to increase international student numbers.

Global demand for international education services is expected to increase by seven per cent per annum to 2020, driven by China and India. With modern education and training facilities, the Northern Territory has significant scope to increase international student numbers.

Local businesses

An increase in the resident population due to international students will create stronger demand for all consumer services, and opportunities for new investment in purpose-built student accommodation as well as in the housing, hospitality and retail sectors. Additional activity from students and their visiting families will also support the aviation, transport and tourism sectors.

What Government is doing

- Partnering with international education and training providers and other stakeholders including the business community to establish an International Education and Training Hub.
- Coordinating the development and promotion of the Territory as an international study and research destination of choice.
- Targeting priority growth markets in China, India, Japan, Korea, Nepal, Philippines, Timor-Leste and Vietnam in partnership with NT based international education and training providers.
- Supporting existing and grow new international education and training partnerships between the Northern Territory and the Asian region, building long term relationships between education institutions, teachers, students and researchers.
- Addressing the training needs of Northern Territory businesses to ensure they have the capabilities to develop successful and lasting partnerships in Asian markets.

DEFENCE

Why government is focussing on this area

Northern Australia is strategically significant in the national security and defence network. Defence activities in the Northern Territory include the traditional role of sovereign protection and, importantly, the more contemporary role of providing assistance in times of natural and humanitarian disaster. This latter role is assisting to strengthen ties with our closest neighbours in maintaining regional security.

Given its strategically significant location, and with Australia's northernmost capital city, the Northern Territory is expected to play an increasingly significant role supporting the basing, regional training and deployment of defence personnel and logistics management.

The focus on border protection activities and humanitarian and natural disaster response efforts in the north supports significant investment in civilian maritime and aviation capacity. In a broader sense, regional defence partnerships, cemented through joint exercises in Northern Australia, contribute to geo-political stability in the region. This role will continue, and foreign governments are encouraged to take advantage of the Northern Territory's location, capacity, military training facilities and supply and service networks.

Greater use of training facilities by international military forces, such as the US Marines, and joint exercises with Australian Defence Forces will provide opportunities for local industry.

Current activity

The Northern Territory is the base for almost 10 per cent of Australian Defence Force personnel (about 6100 people, and more than 14 000 when their families are included). It accounts for five per cent of Australian Defence expenditure (around \$1.5 billion a year). The Northern Territory is home to the majority of Australia's Abrams tanks, Tiger helicopters and Armidale class patrol boats, as well as a squadron of F/A18 fighters and a significant proportion of field vehicles. This provides technical support, maintenance and facilities management opportunities. For example, more than 100 small and medium sized local businesses support the maintenance of Armidale class patrol boats.

The Northern Territory is the base for almost 10 per cent of Australian Defence Force personnel.

The RAAF base at Tindal near Katherine and the Joint Defence Facility Pine Gap (Australia/United States) near Alice Springs are key contributors to those regional economies.

The Northern Territory hosted 1150 US Marines in 2014 and this will increase in coming years.

The potential

The defence presence in the Northern Territory has increased over the past 15 years. The scale and stability of the defence presence offers opportunities for local businesses to develop the capabilities to supply goods and services, and to partner with defence prime contractors to deliver projects and services.

Infrastructure investment is critical to maximise local benefits of the significant defence presence. The acquisition of new, larger patrol boats (and other vessels) will necessitate infrastructure investment to support Darwin as a home base and service centre for these vessels. Developing off-base common-user facilities which can be used for both defence and civilian purposes will support broader economic development opportunities.

Increased opportunities will also come from the US Marine presence increasing to 2500 by 2018 and an increased US Air Force and Naval presence in the Pacific. Further opportunities will be provided by the Australian Government's decision to base new Joint Strike Fighters at Tindal, which will be supported with new facilities investment of \$470 million.

Defence prime contractors will have greater incentives to partner with local firms as their scale and capability expands.

Local businesses

Local businesses support defence activities through relationships with prime contractors, sub-contractors and directly with Defence. This includes businesses providing mechanical and electrical engineering, communications, transport, warehousing, facilities management, catering and security services.

What Government is doing

- Planning and investing in strategic infrastructure to support an increase in the local defence presence and defence-related supply and service opportunities, including at the Defence Support Hub and Darwin Marine Supply Base.
- Accelerating investment in strategic infrastructure to support defence and civilian service capability, including the expansion of East Arm Port to support larger vessels, the development of the Marine Industry Park and a new common-user barge facility.
- The establishment of a Strategic Defence Advisory Board to provide expert advice to government, which balances and understands defence and commercial interests.
- Maximising local defence industry support opportunities by working with businesses to promote their capacity and capability with Defence and its prime contractors.
- Ensuring a strong relationship with Defence and its prime contractors.
- Supporting partnerships in the region through emergency response capabilities, and developing warehousing and maintenance capacity at the Defence Support Hub to support US Marine and humanitarian relief activities.
- Working with Defence on the creation of a multi-user barge ramp facility at East Arm that will enable amphibious load/offload operations.

SUPPLY AND SERVICE

Why government is focussing on this area

Services encapsulate a broad range of activities that are an increasingly important component of activity in modern economies. Sustained employment and economic growth opportunities in the Northern Territory will be created by increasing the diversity of goods and services provided by local businesses for domestic and export markets.

The Northern Territory's proximity to growing markets in Asia, regionally specific knowledge, and a highly educated and skilled workforce mean there is significant potential to supply services to northern markets.

Current activity

The Northern Territory is home to many businesses that supply specialised goods and services to large mining, LNG and construction projects, and the transport and defence industries. The capacity and expertise of local businesses has grown as the number and scale of projects has increased.

Supply and service industries account for around 75 per cent of activity in the Northern Territory's economy. The majority of this activity supports local communities and projects, and creates a significant base of expertise and capacity that can be exported to national and international markets.

Supply and service industries account for around 75 per cent of activity in the Northern Territory's economy.

The potential

World-class energy projects based in Darwin combined with the development of marine supply and service precincts (for example, the Marine Supply Base and Marine Industry Park), will create greater opportunities for local businesses to provide goods and services to the oil and gas industry. As local skills and capacity increase there will be greater import replacement and export opportunities for local businesses. Partnering with investors will also create options to explore regional supply chain opportunities.

Competitiveness will underpin growth prospects, and it is essential that local firms have access to competitively priced inputs such as labour and materials to be able to compete effectively in international markets.

Local businesses

Local businesses that adapt to the needs of major projects or that can develop strategic relationships in export markets will be well placed to take advantage of opportunities as they emerge. Many Northern Territory businesses have won contracts for the INPEX-led Ichthys LNG project, often partnering with interstate and international firms, gaining new skills and acquiring valuable experience. As local capability increases, this will become a more common feature of major projects in the Northern Territory.

There is strong growth in education and training exports to Asia, and opportunities for Northern Territory businesses in a range of other service industries to export their skills and expertise, notably in engineering, oil and gas services, environmental and medical services and disaster management.

What Government is doing

- Assisting businesses to understand and adapt to the needs of major projects and partner with national and international firms to win business.
- Investing in strategic infrastructure, such as the Darwin Marine Supply Base, the Transport Industry Precinct, the Darwin Business Park and other infrastructure, to attract new businesses and improve the capacity and capability of local businesses to supply goods and services.
- Working with international trade and investment partners to deepen regional supply chains with our near neighbours.
- Supporting partnerships in the region through emergency response capabilities.

ECONOMIC ENABLERS

- **LAND AND WATER**
- **INFRASTRUCTURE**
- **DOMESTIC ENERGY**
- **HUMAN CAPITAL**
- **INVESTMENT**
- **SUPPORTIVE GOVERNMENT**

LAND AND WATER

Why government is focussing on this area

The timely release of, and access to, land is critical to economic and social development. Transparent land use planning frameworks increase business certainty, and best practice regulatory and approval processes minimise unnecessary red tape. Effective land access processes will increase the Northern Territory's attractiveness as an investment destination and accelerate development.

Reliable access to water is critical for communities, projects and the environment. A consistent framework for the allocation of water will ensure certainty for all stakeholders.

Effective land access processes will increase the Northern Territory's attractiveness as an investment destination and accelerate development.

Current position

The Northern Territory's land holdings support economic and social development, with the major tenures being Indigenous freehold and pastoral lands. In many urban and semi-urban areas governments are major landholders.

Regulatory frameworks and strategic plans provide the guidelines for land use and water allocations.

Objectives

- Increase investor and community certainty by implementing long-term strategic land use and water allocation plans across the Northern Territory. The plans will guide investors in developing projects and protect the Northern Territory's environmental, cultural and heritage assets.
- Work in partnership with communities that want to see change and achieve economic independence. The Northern Territory will facilitate greater investment and job creation on Indigenous freehold land in partnership with Indigenous communities and their representative land councils.
- Continue cultural change to provide management and regulatory services that are more proactive, reduce development lead times and encourage land- and water-related investment.
- Facilitate investment and economic development by improving knowledge of the extent and availability of water resources.

What Government is doing

- Improving land planning through creation of the independent NT Planning Commission to facilitate sustainable economic growth while protecting environmental, cultural and heritage assets. An early priority for the Commission is developing strategic land use plans to support economic development.
- Implementing a land release program to support residential, commercial and industrial development.
- Working with developers to facilitate and provide advice on major projects.
- Developing and updating water allocation plans across the Northern Territory to ensure resources are used to their greatest sustainable extent.
- Creating an 'open for business' culture to development, as well as streamlining approval processes and reducing red tape.
- Working with pastoral leaseholders to develop tourism, horticultural and other diversification opportunities following changes to the *Pastoral Land Act*.
- Working with Indigenous communities, land councils, private enterprise and the Australian Government to facilitate access to land which encourages economic development and job creation.
- Working with the Australian Government to enable the Northern Territory to take a greater role in the governance and administration of Indigenous land to facilitate economic development and empowerment of Indigenous people.
- Mapping the natural resource base (soil and water) with economic enablers (infrastructure, services and land tenure) to identify new agricultural opportunities.

INFRASTRUCTURE

Why government is focussing on this area

Infrastructure is a critical enabler of economic development, and is essential to leveraging the private sector investment, which underpins productivity and economic growth. Examples include transport and telecommunications systems, which are critical to so many business activities. Access to appropriate and competitively priced infrastructure improves business efficiency and connectivity, and allows local businesses to compete in national and global markets. Transport services – including road, rail, air and urban and remote passenger services – are essential to improving mobility and supporting economic growth.

Ongoing investment in transport and other infrastructure is needed to ensure a prosperous Northern Territory economy, and having best practice infrastructure planning, prioritisation, funding, construction and lifecycle management systems will ensure this. New infrastructure is also needed in the regions to unlock economic growth potential, and increase the Northern Territory's contribution to national economic growth.

Access to appropriate and competitively priced infrastructure improves business efficiency and connectivity and allows local businesses to compete in national and global markets.

Current position

The Northern Territory's key infrastructure assets include roads, railways and air and sea ports, as well as energy, telecommunication, water and sanitation networks. The Northern Territory has modern and efficient transport infrastructure linking it to southern Australia, notably on the north-south orientation where road and rail networks connect to international seaports at Darwin and Adelaide.

As a modern capital city, Darwin serves as a trade, service and supply hub. It has a broad range of economic and social infrastructure and services consistent with other capital cities in Australia.

Objectives

- Accelerate infrastructure development to support economic growth and diversification, and improving the range and quality of infrastructure available to the community and businesses will contribute to broader economic growth.
- Develop the Territory's transport system, including both infrastructure and services, to enable the movement of goods and people and facilitate access to jobs and education.
- Reduce red tape on Commonwealth and locally funded infrastructure projects to increase opportunities for local businesses to compete.

- Broaden the pool of organisations that fund infrastructure projects and services in the Northern Territory.
- Identify opportunities to partner with private sector and non-government organisations to facilitate investment that develops new infrastructure or improves the efficiency of existing infrastructure and services.

What Government is doing

- Investing in major studies to identify long term infrastructure requirements to inform planning, funding submissions and strategic engagement with investors – notably through the Regional Infrastructure Study and development of the Freight and Logistics Industry Strategy.
- Working with the Australian Government to align infrastructure funding commitments with Northern Territory Government priorities.
- Regularly updating, releasing and promoting the Northern Territory Directory of Investment Opportunities to investors.
- Reducing business costs by improving the efficiency of publicly owned or managed infrastructure. For example, by the continuous upgrade of transport networks to support the sustainability and growth of the Territory's industries.
- Actively working with the private sector to find ways to accelerate infrastructure investment and, where appropriate, leveraging public sector capital spending to support industry and economic development.
- Working with the Australian Government and private sector to facilitate investment in regional and remote transport infrastructure to support economic growth and job creation.
- Leading the Development of a National Regional and Remote Transport Strategy for Australia to address issues faced by the remote and regional areas of Australia in the key transport priority areas of infrastructure, services and regulation.
- Developing and implementing integrated transport infrastructure and services strategies addressing road and bridge infrastructure, the aviation sector, public transport and commercial passenger vehicles.
- Partnering with the private sector to deliver programs and initiatives to increase housing supply and affordability.

DOMESTIC ENERGY

Why government is focussing on this area

Energy is a critical input to business activities. To operate efficiently and effectively businesses need access to reliable and affordable energy. Securing new energy supplies will create longer-term market certainty, and greater competition in electricity markets will put downward pressure on prices. This will benefit local businesses and increase development opportunities.

Securing new energy supplies will create longer-term market certainty.

Current position

The majority of electricity consumed in the Northern Territory's urban areas is generated using gas piped from the offshore Blacktip field. Long-term contracts secure the Northern Territory's domestic gas supply until 2034.

In regional and remote communities, and for projects that are not connected to the grid, electricity is mostly provided by stand-alone diesel generators, although there are moves to replace these with greener options.

Objectives

- Increase competition, efficiency and reliability in energy supply markets.
- Broaden and diversify the types and sources of raw energy inputs to reduce reliance on any particular energy source, and to increase the stability and reliability of energy markets.
- Increase the attractiveness of the Northern Territory as a destination for gas-based and other manufacturing activity and investment by ensuring the availability of competitively priced gas.
- Improve energy security by expanding gas and electricity networks and connectivity between various assets, including connecting to the national gas pipeline network. Connection to the national network will provide opportunities to supply into southern markets.
- Expand the range of energy sources available to regional and remote communities to reduce the current reliance on diesel. Renewables such as solar, wind or tidal energy are possible, and micro-LNG is emerging as another option. This will reduce exposure to price impacts from changes in global diesel prices and exchange rate movements.

What Government is doing

- Investing to support onshore energy exploration and a broader energy base.
- Working with energy companies to secure further onshore LNG development based on onshore and offshore gas reserves.
- Improving electricity market efficiency by introducing regulatory frameworks that encourage competition and investment in generation and retail markets.
- Supporting development of infrastructure to improve energy market connectivity.
- Facilitating the use of the Northern Territory's significant potential gas reserves in manufacturing opportunities.
- Investing to explore alternative energy options including the development of renewable energies.

HUMAN CAPITAL

Why government is focussing on this area

A skilled workforce is critical to economic development because it provides labour, expertise and ideas that enable businesses to operate and expand. An under-supply of skilled labour will constrain economic growth prospects. Economic and employment growth also have substantial social benefits and the capacity to make resources available for other purposes.

There is an underlying demand for labour and also demand spikes caused by large one-off projects. To operate effectively labour markets must be able to grow the local workforce, and also have the flexibility to import labour to meet demand. Sustained employment opportunities will also attract people from interstate and overseas to live, work and raise their families in the Northern Territory, which contribute to population stability and growth.

Economic growth potential must be unlocked to create real jobs for unemployed and under-employed people living in remote communities to improve their social and economic circumstances and reduce the reliance on welfare.

Current position

The Northern Territory has a highly educated, skilled and adaptable workforce underpinned by modern education and vocational training systems and institutions.

The local workforce is increasingly able to supply the skills and expertise needed for large technical projects, with additional labour imported as required. As human capital is increasingly willing to move to where employment and lifestyle opportunities exist, ongoing investment in social infrastructure is critical to support long-term human capital growth.

The local workforce is increasingly able to supply the skills and expertise needed for large technical projects.

Objectives

- Expand the capacity and capability of the education and training sectors to ensure the workforce has the appropriate skillsets.
- Create a larger and more skilled workforce to support economic development in the Northern Territory, including through national and international migration, to replace the need for fly-in, fly-out works on major projects.
- Maximise local skills development and retention opportunities by creating sustainable and stable economic growth.
- Increase the capacity and capability of Indigenous Territorians.

What Government is doing

- Developing the capacity and capability of education and training organisations to contribute to economic development.
- Facilitating the training and up-skilling of Territorians, especially in critical industries such as construction, engineering, mining and energy, transport, storage and utilities.
- Improving opportunities for Indigenous Territorians to access education, training and business skills development programs.
- Working with the Australian Government to make it easier for Northern Territory businesses to access skilled labour from overseas, including the recently implemented Designated Area Migration Agreement.
- Investing in social infrastructure such as schools, medical facilities, sporting venues, recreation precincts and events to ensure access to quality services and amenities.
- Undertaking workforce analysis to match labour supply to demand and skill requirements.
- Working to provide greater incentives to move into the workforce, including relocation and mobility incentives, and removing disincentives to employing.
- Calling on the Australian Government to work with the Northern Territory on reframing the welfare system to incentivise workforce participation.

INVESTMENT

Why government is focussing on this area

Securing investment delivers the capacity for long-term economic and social development for the Northern Territory. The Northern Territory has vast untapped economic potential that investment can realise. Investment is necessary to expand locally based businesses, to facilitate the entry of new business to the Northern Territory and for major new projects. This investment is not only for capital and equipment, but is also for developing skilled labour, and must be sourced from competitive markets.

Over the past 10 years the Northern Territory's economic and employment growth has been predicated on strong investment. Ongoing investment is necessary if living standards are to continue to rise. Options to accelerate investment may include creating economic development precincts or business and trade parks.

Current position

Major projects currently underpin the Northern Territory's investment profile, and are supporting broader investment by local businesses. More investment is needed to develop export orientated opportunities, because beyond the Northern Territory there is a global market of more than seven billion people.

Attracting investment is critical to the Northern Territory's long-term growth. To facilitate investment there are specialist teams across a number of Northern Territory Government agencies focussed on delivering agriculture, mining and energy, tourism, property development and trade and industry services projects. There is also a coordinated program to strengthen relationships with trading partners and to facilitate investment.

Objectives

- Deliver regulatory certainty and political stability to investors to make the Northern Territory a safe and desirable place to invest.
- Increase private sector investment in the Northern Territory, with a focus on national and international investors, and superannuation and pension funds.
- Increase foreign direct investment inflows to the Northern Territory.

What Government is doing

- Proactively assisting investors to identify, understand and assess development opportunities, particularly in the agricultural, resources and tourism industries.
- Developing and strengthening strategic partnerships.
- Regularly updating and releasing the Northern Territory Investment Guide and Directory of Investment Opportunities, which summarise significant investment opportunities.
- Working with the Australian, Queensland and Western Australian governments to ensure there is an understanding of northern Australia's investment opportunities.
- Establishing an Infrastructure Development Fund to support strategic investment opportunities and leverage private sector investment.

SUPPORTIVE GOVERNMENT

Why government is focussing on this area

Government influences the local business and investment environment through its role in setting administrative and regulatory frameworks. Appropriate administrative and regulatory frameworks supported by effective governance systems and the timely and efficient delivery of services support business confidence and certainty.

Improving public sector productivity can reduce government expenditure without affecting services.

Current position

The Northern Territory has a highly skilled and adaptable public service with decades of experience supporting economic growth. The challenge for the Northern Territory is maintaining and improving the quality of its services over time.

The Northern Territory has a highly skilled and adaptable public service with decades of experience supporting economic growth.

Objectives

- Improve the business-government interface so the private sector can capitalise on economic opportunities as they arise, with less red tape and regulatory burden.
- Improve the efficiency of the public sector in delivering business services.
- Instil a pro-growth philosophy in the public service.

What Government is doing

- Delivering certainty, transparency and timeliness in its dealings with business and project proponents.
- Facilitating change in the public sector to support Northern Territory businesses and encourage business growth opportunities and projects.
- Creating a competitive business environment conducive to investment and growth.
- Simplifying and streamlining regulatory processes through the Red Tape Reduction Taskforce.
- Working with the Australian Government to minimise areas of regulatory overlap.
- Working with the Australian Government to deliver its 'Developing the North' agenda.

DARWIN IS WITHIN FOUR HOURS FLYING TIME FROM A MARKET OF 23 MILLION PEOPLE TO THE SOUTH AND 485 MILLION PEOPLE TO THE NORTH.



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DEVELOPING
THE
NORTH



PROSPEROUS ECONOMY

STRONG SOCIETY

BALANCED ENVIRONMENT

CONFIDENT CULTURE