

## **Barton Deakin Brief: Developing Northern Australia White Paper**

**18 June 2015**

The Prime Minister, the Hon Tony Abbott MP, the Deputy Prime Minister and Minister for Infrastructure and Regional Development, the Hon Warren Truss MP, and the Minister for Trade and Investment, the Hon Andrew Robb AO MP, today released a blueprint for investment and growth in Australia's north.

The White Paper on Developing Northern Australia: [\*Our North, Our Future\*](#), outlines policy proposals aimed at:

- Simplifying land arrangements to promote investment;
- Developing water resources and infrastructure in the region;
- Promoting Northern Australia as an economic gateway to the whole nation;
- Providing additional funding for new and existing infrastructure;
- Supporting employment opportunities in the region; and
- Ensuring that governance arrangements support growth and investment.

The Commonwealth has announced over \$1.2 billion in additional funding to implement the policies detailed in the White Paper.

The Coalition Government has stated that it will collaborate with private sector firms, both domestic and international, to attract investment and capital to Northern Australia. The 2015-16 Commonwealth Budget outlined a \$5 billion [\*Northern Australia Infrastructure Facility\*](#), providing concessional loans for the construction of major infrastructure projects across the region.

This Barton Deakin Brief summarises the key proposals outlined in the Northern Australia White Paper.

### **Northern Australia**

For the purposes of the White Paper, Northern Australia encompasses parts of Australia situated to the north of the Tropic of Capricorn. This area:

- Includes parts of Queensland, Western Australia and the Northern Territory;
- Has an area of approximately three million square kilometres, or 40 per cent of Australia's land mass; and
- Has a population base of one million people.

Northern Australia encompasses urban areas such as Darwin, Alice Springs, Cairns, Townsville, Mount Isa, Broome and Karratha, and regions including the Pilbara, the Kimberley, Arnhem Land and the Cape York Peninsula. Approximately 55 per cent of Australia's exports are shipped through ports in this region and agricultural production totalled \$5 billion in 2010-11.



The White Paper highlights the proximity of Australia's north to the 'booming economies' of Asia, with major cities in South East Asia and Southern China within three to five hours flying time from Darwin.

The agricultural sector is set to benefit from the conclusion of bilateral Free Trade Agreements (FTA) with Australia's three largest export markets: China, Japan and South Korea. Ongoing negotiations with Indonesia and India have yet to be concluded. Barton Deakin's Briefs on key trade issues can be accessed [here](#).

The White Paper notes that households and businesses in remote areas of Australia's north are exposed to higher costs compared to residents in major urban areas elsewhere in the country. This impedes investment and population growth across the region.

## Process

The White Paper was developed by a cross-agency taskforce in the Department of Prime Minister and Cabinet (PM&C).

The White Paper process was supported by a Northern Australia Strategic Partnership, a forum engaging key stakeholders including the Prime Minister, Deputy Prime Minister, Premiers of Queensland and Western Australia and the Chief Minister of the Northern Territory. A Northern Australia Advisory Group, chaired by the former Chief Minister for the Northern Territory, the Hon Shane Stone AC QC, provided expert guidance to the Strategic Partnership - see [here](#).

Ancillary to the White Paper process, a Parliamentary Joint Select Committee on Northern Australia chaired by the Hon Warren Entsch MP, tabled a report into the [Development of Northern Australia](#) on 4 September 2014.

## White Paper policies

### Land arrangements

The Commonwealth will spend \$10.6 million to support pilot land projects that engage relative stakeholders whilst simplifying land use arrangements.

This may involve:

- Expanding economic activity on pastoral land;
- Assessing the potential of Indigenous pastoral land;
- Encouraging home ownership on communal land;
- Investigating long-term lease arrangements on exclusive Native Title land; or
- Providing investors and Indigenous land holders with information on possible opportunities.

The Commonwealth will engage other jurisdictions in supporting such pilot projects. In 2014, the Council of Australian Governments (COAG) agreed to investigate Indigenous land administration. The Commonwealth, Northern Territory, Queensland and Western Australia all have separate legislation governing land use in Northern Australia. This has led to the proliferation of multiple interests on the same area of land, including pastoral lease, Native Title or Crown land. To read Barton Deakin's Brief on the 38<sup>th</sup> COAG Meeting, held in Canberra on 10 October 2014, click [here](#).



The White Paper highlights the importance of Native Title and Indigenous land holding arrangements in Northern Australia, whilst noting that some current settings ‘adversely affect economic development and discourage investment.’ Across Northern Australia, an area equivalent to double the size of New South Wales is subject to a Native Title claim or determination. The White Paper notes that Indigenous communities are unable to borrow against Native Title land, unlike other Australians entitled to borrow against freehold title in their home or business. The Commonwealth will fund \$17 million to support 99 year leases in Indigenous communities, more township leases in the Northern Territory and to complete area mapping across the region.

Each year, over the next four years, the Commonwealth will spend \$110 million to support the Native Title framework. It has pledged to streamline Native Title claims and improve the coordination of Indigenous land management programmes. Moreover, the Commonwealth will launch consultations on the development of new models to manage Native Title funds for investment.

The complexity of land arrangements in remote communities are limiting opportunities for Indigenous Australians and pastoral land holders, as they are unable to leverage land assets to create wealth and employment. Moreover, some Indigenous organisations and representative bodies are ill-equipped to attract development and promote economic activity on their land. A further \$20.4 million will support Native Title-holders to engage with potential investors.

## **Water**

Northern Australia receives 60 per cent of Australia’s rainfall. This rain is variable, seasonal and exposed to significant evaporation – Lake Argyle in Western Australia loses a quarter of its permanent water to evaporation each year. The White Paper argues that consistent water access is vital to further development of agriculture and industry in Northern Australia’s remote areas. In addition, the document notes that any future investment in water infrastructure should be informed by rigorous environmental and economic data and analysis.

In response to these challenges, the Commonwealth will provide \$200 million for new water infrastructure in Northern Australia. Over \$15 million will be used to consider the best locations for new water projects and investment in the Mitchell River in Queensland, West Kimberley (Western Australia) and the Darwin region (Northern Territory). Moreover, economic feasibility studies into dam development at the Nullinga Dam in Queensland and the Ord Stage Three project will be conducted at a cost of \$5 million each.

The Commonwealth’s water infrastructure agenda will be tied to securing tradeable water rights through a new National Water Infrastructure Development Fund. Water resource management will be informed by the determination of sustainable yields, leading to the development of an effective regulator framework for water trading. The Bureau of Meteorology will continue to provide forecasts and projections on the impact of climate and rainfall trends, supporting ongoing future planning in water management.

## **Enterprise and investment**

In 2012-13, Northern Australia represented 11.7 per cent of Australia’s Gross Domestic Product (GDP) and 5.9 per cent of the Australian workforce. Although the construction and mining industries



are central to the economic success of the region, the White Paper argues that Northern Australia could become an 'agricultural powerhouse.'

In late 2015, a major international investment forum will be held in Darwin. Financiers and investors from other parts of Australia and the world will be exposed to new opportunities throughout the region. Furthermore, a dossier of projects ready for investment will be published and distributed to investment firms.

Other initiatives to promote investment and to support business activity in Northern Australia include:

- Establishing a *Northern Australia Insurance Premiums Taskforce* to consider new policies that will lower the cost of premiums in the region. This measure was announced by the Assistant Treasurer, the Hon Josh Frydenberg MP, on 8 May 2015 - see [here](#);
- Connecting the Northern Australia development agenda with Australia's engagement in key regional forums, including the Association of Southeast Asian Nations (**ASEAN**) and Asia-Pacific Economic Cooperation (**APEC**);
- Supporting business links between Northern Australia and Indonesia, Papua New Guinea (**PNG**) and Timor-Leste, through \$2.5 million in extra funding;
- Extending management advice and business support funding (\$13.6 million) to the regional tourism industry, through the Commonwealth's [Entrepreneurs' Infrastructure Programme](#). A further 500 Northern Australian small businesses will be given access to this programme, with the operating expenditure threshold lowered to \$750,000;
- Focusing on research and development in agriculture, food exports and tropical health, through a new \$75 million Cooperative Research Centre on Developing Northern Australia;
- Mitigating the economic and social risks of disease, with \$15.3 million for a Tropical Health Strategy. This funding will also support the commercialisation of Australian research and development in relation to tropical medicine. A further \$2 million will be directed to research institutes with existing tropical health programmes;
- Providing \$12.4 million to expand Indigenous Ranger activities, as part of the Commonwealth's biosecurity measures through the unpublished Agricultural Competitiveness White Paper;
- Establishing a \$2 million 'single point of entry' office in Darwin, to facilitate and streamline the approval of major projects;
- Encouraging Chinese and Indian tourists and investors to visit the region, by expanding e-lodgement for visa applications, providing for fast track service and trialling Chinese language visa lodgement processes;
- Consulting Indigenous groups on possible amendments to Commonwealth heritage laws, in order to improve protections and reduce bureaucracy;
- Transitioning to a single jurisdiction fisheries management framework across Northern Australia, including licencing and compliance services and ten-year export approval for low risk fisheries;
- Reducing red tape on tourist souvenirs and exports of low risk species; and
- Requesting that the Productivity Commission conduct an inquiry into duplicative and poorly targeted regulations that undermine investment in fisheries and aquaculture.



The government has not declared Northern Australia as a Special Economic Zone (**SEZ**), an approach used by other countries to reduce taxes and lift regulations in specific areas with the goal of directing investment and development. The Commonwealth Constitution prohibits taxation and regulatory arrangements that discriminate between different states.

## **Infrastructure**

On 12 May 2015, the Commonwealth announced up to \$5 billion in concessional loans to promote investment in roads, rail, ports, electricity and dams in Northern Australia. The White Paper contains further infrastructure funding initiatives, including:

- \$600 million for key roads across Northern Australia, with an emphasis on highways used by transport and other industries. Specific projects will be announced in early 2016;
- \$100 million in investment to improve cattle supply chains through a Northern Australia beef roads fund;
- \$5 million for feasibility studies into new freight rail projects, including a new Mount Isa to Tennant Creek railway;
- \$3.7 million to establish an infrastructure pipeline, assisting investors by identifying projects that require support;
- Funding an Infrastructure Australia audit into the region's infrastructure;
- \$39.6 million to upgrade airstrips and subsidise air services in remote Australia; and
- Establish a business stakeholder group to identify aviation and transport projects that require further investment.

The Coalition's 2014-15 Federal Budget included \$5 billion in infrastructure investment for roads in Northern Australia – read Barton Deakin's Brief [here](#). Other long-term initiatives include funding for broadband and mobile phone coverage support.

## **Employment**

There are currently 646,000 jobs across Northern Australia, over half of which are located in Queensland. The mining industry represents nine per cent of these jobs, many of which are provided to workers who fly in from urban centres such as Brisbane and Perth. The White Paper argues that there is a shortage of workers in many industries, a problem that is exacerbated by the seasonal and variable nature of key regional industries – mining, construction and agriculture. Other barriers prevent families and workers from relocating from other parts of Australia to the north, many of which relate to the cost of moving.

A number of measures in the White Paper seek to address these issues. Resources within the Commonwealth's [Industry Skills Fund](#) will be leveraged to support businesses expanding into Northern Australia, through the provision of grants and professional advice.

The White Paper outlines plans to meet employment targets for Indigenous Australians on the various Northern Australia road projects funded by the Commonwealth. The [Remote Jobs and Communities Programme](#) will be amended to support individuals working in small local businesses. Furthermore, the Northern Territory will ensure that drivers holding licences from other Australian jurisdictions are easily recognised when working in the Territory.



The Commonwealth will implement more flexible foreign worker arrangements by finalising the *Northern Territory Designated Area Migration Agreement (DAMA)*, an initiative that will allow businesses to sponsor foreign workers on 457 visas in areas suffering a chronic skills shortage. The Commonwealth and Western Australia will continue to engage on the establishment of a DAMA scheme in the Pilbara, and Queensland will also be invited to participate in the scheme.

The Working Holiday Maker Visa Programme will also be expanded to allow foreigners to work in Northern Australia for longer periods, with a focus on promoting skills and jobs in the tourism and agriculture sectors. The Seasonal Worker Programme will be expanded to include new countries and industries, whilst reducing costs and red tape for businesses wanting to participate in the scheme.

The government will focus on supporting jobs for workers in the Pacific microstates – Nauru, Tuvalu and Kiribati. Two-year visas will be provided to 250 citizens of these three countries (combined) as part of a pilot programme to create new opportunities for Pacific workers.

The 2015-16 Federal Budget contained a measure to more effectively target the Zone Tax Offset (**ZTO**) for workers that permanently reside in remote communities.

### **Governance**

The White Paper outlines a series of permanent governance arrangements designed to facilitate ongoing investment and reform in Northern Australia.

The Northern Australia Strategic Partnership, chaired by the Prime Minister, will continue to oversee the implementation of the White Paper's initiatives, whilst identifying new opportunities for investment and cross-jurisdictional cooperation. Furthermore, the Deputy Prime Minister will provide annual statements to the Parliament on the progress of initiatives outlined in the White Paper.

The Coalition will recommend that the bipartisan Joint Select Committee on Northern Australia continue its work in future Parliaments. The Committee is currently undertaking an inquiry into the expansion of the aquaculture industry in Northern Australia – see [here](#).

The [Office of Northern Australia](#), based within the Commonwealth Department of Infrastructure and Regional Development, will be relocated to an urban centre in Northern Australia – the city has yet to be determined. Moreover, a new public sector secondment programme will be aimed at developing cross-departmental skills and communication in relation to Northern Australia development issues.

Further information on agricultural investment will be announced in the Agricultural Competitiveness White Paper. Barton Deakin's Brief on the Green Paper can be read [here](#).

The White Paper also foreshadows a significant investment in defence facilities in the nation's north. More information will be announced in the upcoming Commonwealth Defence White Paper, scheduled for release in late 2015.



## Implementation

The White Paper states that the measures outlined by the government will be implemented between 2015 and 2035. A plan to enact key initiatives across each key policy area within two, five, ten and 20 year periods is outlined from pages 125 to 131 of the [White Paper document](#).

## Background

Before the September 2013 Federal Election, the Coalition announced that it would commission a White Paper to examine development opportunities in Australia's north if it won government. Barton Deakin's June 2013 Brief on the Coalition's 2030 Vision for Developing Northern Australia can be accessed [here](#).

On 28 February 2014, the Coalition Government released the [Terms of Reference](#) for the White Paper process. Barton Deakin's Brief outlines the scope of the inquiry - read [here](#).

A [Green Paper](#) was published on 10 June 2014. Focusing on the six key areas outlined in the White Paper, this document inform submissions on the preparation of the final policy announcements. Barton Deakin's summary of the Green Paper can be read [here](#).

## Further information

The Commonwealth's [Developing Northern Australia website](#) provides access to the White Paper documents, Green Paper and submissions received throughout the policy formulation process.

A joint media release from the Prime Minister, Deputy Prime Minister and Minister for Trade and Investment can be accessed [here](#).

The Minister for Agriculture, the Hon Barnaby Joyce MP, today released a media statement welcoming the White Paper's emphasis on agricultural development and exports - see [here](#). The Northern Territory Government has also welcomed the release of the White Paper - see [here](#).

Barton Deakin's Brief on the 2015-16 Commonwealth Budget is available [here](#).

**For further information, please contact [Grahame Morris](#) on +61 411 222 680, [David Alexander](#) on +61 457 400 524 or [Alexander Clark](#) on +61 418 894 040.**

**To stay up to date with the affairs of Coalition Governments and Oppositions around Australia, you can follow Barton Deakin on [Twitter](#) and [LinkedIn](#).**