

Northern Australia Advisory Group

Final Advice to the Strategic Partnership

Preamble

The Northern Australia Advisory Group is pleased to submit our final advice to the Northern Australia Strategic Partnership on the development of northern Australia. The advice builds on our preliminary views provided to the Partnership on 1 October 2014 and subsequent discussions with key stakeholders.

The Advisory Group has also considered the Joint Select Committee on Northern Australia's *Pivot North: Inquiry into the Development of Northern Australia: Final Report*. The Group acknowledges the significant work and community engagement undertaken by the Joint Select Committee and is broadly supportive of the recommendations in its report. We have singled out a number of recommendations below that we particularly agree upon. We recognise that the Australian Government's White Paper on Developing Northern Australia will take into account the recommendations of both the Joint Select Committee and the Advisory Group.

The Advisory Group also received a briefing on the Indigenous Jobs and Training Review (the Forrest Review) and supports the goal to strengthen Indigenous economic development. We recognise that in empowering Indigenous communities by facilitating employment and wealth creation, we must also get the social infrastructure right—health and schooling. This advice provides further detail on Indigenous empowerment below.

The Advisory Group also believes that the time is right to revisit a range of land tenure issues (including land tenure itself), which is principally the responsibility of the States and Territories. Some of our recommendations relating to tenure may be considered controversial, some might say revolutionary. In particular, we support developing the relationship between landowners and the mining industry to enable land owners to share in the economic gains generated through mining activity. Public opinion and sentiment has clearly moved nationally and it is timely that the issue be part of an informed public conversation in the White Paper. It is not unreasonable for land owners to share in the upside of successful mining on their properties and to have a say in what occurs on their land.

Our brief

Our challenge was to come up with ideas about how to best harness the opportunities for economic growth north of the Tropic of Capricorn without compromising an enviable lifestyle and fragile environment that all Australians can and do enjoy.

The Strategic Partnership for Northern Australia—comprising the Prime Minister, Premiers of Western Australia (WA) and Queensland (QLD), and the Chief Minister the Northern Territory (NT)—has been established to provide national leadership in developing strategies to support the growth of northern Australia which align with the national interest. If the exercise caters to sectional regional interests then there will be no meaningful partnership. We did not proceed on the assumption that there would be unanimity between the Strategic Partnership and points of difference are acknowledged. For example there are significant differing opinions over the merit of Fly-in Fly-Out workforces (FIFO), the impact on tourism and the ongoing sustainability of communities they work in. Also we have not had an opportunity to consult with the new Queensland Government given the timing of the election, forming of the minority Government and the approaching deadline to complete our advice.

Some of our recommendations are policy tweaks, others recommend recasting existing policies and new strategies that reflect a commitment to the north beyond the political cycle. At first blush the policy tweaks cost Government little in recurrent and capital expenditure which is likely to be an attractive option in the current fiscal climate.

Importantly Australians as a collective must believe in a narrative on the north, stripped bare of the romanticism we hear from time to time. For example, in our lifetime we are not destined to be Asia's food bowl. The north, however, does present significant opportunities that are currently being missed. As we pose the question below: 'What are we doing about tapping into the Asian middle class projected at 3.2 billion people by 2030 with food consumption doubling by 2050?'—we should consider how we position the north to respond to this demand. Further there is a real appetite for foreign investment in the northern agriculture sector that will quickly dissipate if not nurtured and handled carefully. Existing and potential investors in Asia highlight that successive Australian Governments have, at times, sent mixed messages.

Overall our recommendations are framed in the context of what we believe benefits the nation through strengthening our national security and self-sufficiency. Also a number of our recommendations have the capacity to make a sustainable contribution to Closing the Gap. Some of our recommendations support dual objectives, for example constructing better all-weather roads will improve access for industry as well as for the delivery of better and more affordable health and education services, especially in remote areas.

Our key considerations

Northern Australia is defined as the parts of Australia north of the Tropic of Capricorn, plus the entire NT (thus including Alice Springs and the surrounding areas). We have also included the adjoining islands—east and west—where tourism is paramount as well as the Cocos and Christmas Islands who support viable communities. In relation to the latter, we received a submission in support of re-opening the Christmas Island casino. Islands occupied by Indigenous communities fall within our broader considerations and recommendations. We note however, that those communities and industries on the cusp (or just below) the Tropic are often critical to northern development. We have remained mindful of the broader context, as framing recommendations against an arbitrary line across Australia is at times impractical.

Importantly we have resisted the temptation to come up with a ‘grab bag’ of projects that reflect individual interests or regional boundaries. Instead we are recommending policies that could be embraced across the political divide and survive past the electoral cycle. For example, we have considered questions like:

- ‘Why is the live cattle trade seasonal?’
- ‘What are we doing about tapping into the Asian middle class projected to be at 3.2 billion people by 2030 with food consumption doubling by 2050?’
- ‘Why does one of the richest mineral provinces in Australia from Arnhem Land to the Gulf have no substantial infrastructure to assist getting product to market?’
- ‘Why does a gas rich country like Australia not have a national gas pipeline grid?’, and
- ‘What might be needed for northern Australia to realise the opportunities in the growth of the surrounding tropical economies and changes in demography?’

This is not an exclusive list but rather a sample of the issues that exercised our collective deliberations. We are recommending policies and specific actions in response to these questions. In this way we hope to help establish clear and unambiguous policy settings with achievable goals for the Strategic Partnership that might attract a level of bi-partisan support.

We also emphasise that the real challenge to developing the north lies in what we don’t know. We urge a commitment to draw together what we know about northern Australia and call for valid and reliable spatial information on issues including geology, topography, land use, land tenure, demographics and climate as a critical platform for informing policies to enable northern development. Presently, universities, government agencies (including CSIRO, Australian Institute of Marine Science and Geoscience Australia), organisations such as the Regional Australia Institute and private sector organisations individually collect and own separate data collections. It’s time to bring the information together under a single co-ordinating entity. With this in mind, the Advisory Group recommends a data hub in the north as a source of information about northern Australia. This data hub would focus, in the first instance, on agriculture, essential infrastructure-related information and

expand to include business, economic and demographic information. We make a firm recommendation about such a facility under our advice on Business, Trade and Investment.

The Advisory Group's final advice is a mere 17 pages. It represents carefully considered options and proposals. The advice has been kept brief for a reason—it is not beyond anyone to take the 20 minutes to read. It was not for us to cost, test the viability or navigate the overlapping policy from other agencies of Government. That is a task for others in Government. Some ideas might be dismissed off hand but we stand by them—we all live in the north and experience firsthand the vastness of our country and the challenges that come from living and working in remote Australia.

We have grouped our advice under the themes of the Green Paper as the Government has flagged these as the major areas for further consideration.

Discussion and recommendations

1. Land

Secure land tenure, such as through freehold and long term leasing, is a fundamental building block of economic development. Secure property rights support investor confidence, encourage employment and underpin productivity. Current land tenure arrangements—along with inefficient and complex native title processes—hamper investment and the economic development of the north and Indigenous communities in particular. Land tenure reform can empower Indigenous communities to create more jobs and reduce the reliance on welfare. Senior Indigenous leaders have spoken widely and publicly of the 'poison' of welfare and these issues were ventilated at length during the Prime Minister's stay in Arnhem Land in 2014. Land tenure reform is critically important and urgent across the northern jurisdictions, and is a means for breaking dependence on welfare by connecting Indigenous Australians with opportunities for greater economic participation.

Land recommendations:

- 1.1. As a matter of urgency, encourage all jurisdictions to undertake land tenure reforms to increase certainty for all stakeholders (including investors), increase flexibility of land use options, and allow borrowing against land for Indigenous communities.

This is consistent with the Joint Select Committee Report Recommendation 40, which states: *'The Committee recommends that the Australian Government pursue, through the Northern Australia Strategic Partnership, the harmonisation and simplification of land tenure arrangements in the jurisdictions across Northern Australia. The Committee acknowledges the unique nature of the statutory inalienable freehold title under the Aboriginal Land Rights (Northern Territory) Act 1976 and that it is particular to the Northern Territory. The Committee also acknowledges the limited*

range of rights in land that are derived from the Native Title Act 1993. The Committee recommends that governments and business work constructively with Aboriginal and Torres Strait Islander people and organisations such as land councils and native title representative bodies or prescribed bodies corporate to maximise the economic development and employment opportunities on Aboriginal land and/or land over which there is native title.'

- 1.2. Examine the relationship between land owners and miners so that a partnership can be secured to make for more harmonious interaction and exploitation of resources with all landowners sharing in the economic upside (not dissimilar to what can be obtained under the *Aboriginal Land Rights Act 1976* (NT)). Australia is ready for this discussion. All States and Territories have a critical interest in the outcome of such a national conversation as they hold the legislative 'key' to meeting the expectations of their land owning citizens and at the same time encouraging the resource sector to continue their important contribution to our national wealth creation.
- 1.3. The time taken to settle native title claims (including the backlog of claims) is a serious impediment to some developments. Importantly many Indigenous claimants are frustrated and disappointed by delays as we risk a whole generation never realizing the benefit of their entitlements. We recommend that the Commonwealth re-assess the resources available to progress claims as a matter of urgency. We further recommend that the processes and procedures of native title claims be better resourced and where appropriate processes and procedures be streamlined.

2. Infrastructure

Economic infrastructure (particularly for transport, energy, water and communications) is needed to encourage and enable investment and employment in the north. Often, basic infrastructure taken for granted in the south is missing in the north, or in a poor state of repair. Such infrastructure invariably comes at a greater cost. Prioritising infrastructure to service current (rather than future) users will mean that northern Australia will always be playing 'catch up' to the more populous southern states. Notwithstanding that the north does not have the population base of the south, its greater productivity (at times), in relative terms, should be factored into decisions.

Northern Australia should be promoted as Australia's bridge to Asia and as part of the booming Tropics. For example since the 1990s the Northern Territory has promoted Darwin as 'The Gateway to Asia'. If Australia is to capitalise on the Asian economies and developments across the Tropics more broadly, it is in the national interest to ensure that our capabilities in the north (including infrastructure) are not a bottleneck to growth and connectivity.

In our collective experience, the unique economic, social, climatic and geographic conditions in the north are often ignored in cost benefit analyses. Regrettably at times even the most basic assessments are often not undertaken for potential projects in northern Australia. The

Commonwealth Grants Commission has grown expert in such analysis and should be relied on more extensively to make the case and examine costs for infrastructure projects. While different assumptions need to be used, the investment in infrastructure still needs to be strategic, robust and well-coordinated. Australia needs a forward plan for infrastructure projects across the north, supported by proper and fit-for-purpose analysis.

Social infrastructure, such as health and education facilities, is also essential to raise the standard of living, allow Indigenous Australians to engage in the workforce, and attract and retain people in the north. The economic and social agendas cannot be separated as success will only occur when they are brought together.

Infrastructure recommendations:

- 2.1. The Government, in collaboration with the northern jurisdictions, should put in place mechanisms by which strategic ‘game-changing’ and ‘nation building’ infrastructure investments in the north can be identified and funded by the public and private sector, including examining ways to better assess the infrastructure needs in the north. There is a place for Public Private Partnerships (PPPs) in developing the north. Further joint Commonwealth-State funding models in infrastructure development are essential where government investment is required to de-risk commercial projects. Governments can also act as a catalyst for private sector investment. An example is the Macarthur River Mine where the Keating and Perron/Stone Governments came together under the ‘One Nation’ economic program to encourage and facilitate the largest zinc and lead mine in the southern hemisphere, opened in 1995.
- 2.2. We endorse the use of tools such as the CSIRO’s Transport Network Strategic Investment Tool (TRANSIT)—originally developed to improve cattle industry logistics—to provide transparent and robust information for decision making across all types of infrastructure. Such tools capture information from users to identify priority areas across the infrastructure network, making sure that the investment is targeted to where it is most needed.
- 2.3. Infrastructure considerations also need to ensure that supply chains can sustain industries all year round—that is, that industries such as agriculture, mining and tourism are not constrained as a seasonal trade by roads that are cut or damaged by the wet season rains.
- 2.4. Governments can improve assessment processes for infrastructure investment in northern Australia to consider the potential of projects to contribute to community development and economic and population growth (such as requiring Infrastructure Australia to consider the nation building task of northern Australia when making assessments and expanding its charter to specifically include northern Australia).

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- 2.5. The Commonwealth should designate Highway 1 as a federal road—noting that the condition of the collective highways, roads and tracks that pass for Highway 1 on the map need to be addressed urgently. For example, Highway 1 from Cairns to Daly Waters and Perth to Port Hedland are the only sections of Highway 1 that are not federal roads and part of the National Highways, and the Gulf of Carpentaria section from Normanton to Borroloola is the only part of Highway 1 that remains unsealed despite its importance as a beef road, a major mineral precinct access road and major tourism route (the Savannah Way).
- 2.6. The key urban centres of northern Australia should be viewed as part of a connected national infrastructure grid—and not simply at the end of the line (as Kununurra, Cairns and Darwin are at times depicted). We recommend priority be given within infrastructure planning to connections that run east-west as well as north-south as part of a continuous road and rail network.
- 2.7. In terms of commitment to specific major infrastructure projects, we recommend the Strategic Partnership agree to establish an infrastructure pipeline which includes the Arnhem Link Road (Stage 1: Darwin to Maningrida. Stage 2: Maningrida to Gove), link the Bruce and Hann highways, upgrade the Tanami Road from Alice Springs to Halls Creek, link the Savannah Way to the Bruce Highway, weather proof Top End beef roads essential to the live cattle trade year round, river discharge gauging stations and installation of weather radar, and abattoirs and stockyards at the northern ports. We also recommend upgrades to sections of the Gregory Development Road and Kennedy Highway, including heightening of bridge levels by way of flood mitigation.

This is not an exclusive list but rather a selection of projects that the Group believe should be considered as part of a national infrastructure agenda that extends beyond the political cycle and has bi-partisan support. We further expand on a number of these projects below.

- 2.8. Invest in critical, efficient port infrastructure linked by road and rail that in turn facilitates the exploitation of our vast resource potential (notwithstanding the current down-turn). For example the three northern jurisdictions have mineral-rich deposits and areas of potential agricultural production that will only ever be accessed with the right infrastructure. The Government should reconsider limits on proposed expansion of specific ports on the north eastern seaboard (for example Ports North – Cairns), noting that environmental and World Heritage considerations need to be balanced against growth—and a meaningful way forward needs to be found.
- 2.9. Ensure that investment in health and education infrastructure is demand-driven and based on the entire catchment serviced. This responsibility should vest with the two states and the Northern Territory, or the Commonwealth as appropriate (for example, in higher education and research).
- 2.10. The States and Northern Territory should fully fund the education and health plans of the major service centres of northern Australia—which will help improve the health and education outcomes for those living in regional and remote Australia as well as Indigenous Australians.

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- 2.11. Promote an Australian gas market that operates freely and efficiently from exploration to domestic delivery, including gas pipelines to provide a national grid that delivers affordable domestic energy. Such an initiative benefits not only the NT and QLD but also the eastern seaboard and communities in proximity to the pipeline.
- 2.12. Continue to provide disaster recovery support for the north but implement 'betterment provisions' in National Disaster Reconstruction and Recovery Arrangements to improve infrastructure standards. Infrastructure in the north should be built to be resilient to natural disasters such as cyclones and floods—rather than rebuilding or repairing infrastructure to the same standards and then repeating this cycle ad infinitum. Building a road to a better standard and/or in a better location (so it isn't as easily damaged or flooded) makes economic sense.

3. Business, trade and investment

Ideally the commercial development of northern Australia should be driven by the private sector making the most of the north's comparative advantages. The role of governments is primarily to remove the obstacles to doing business in the north and pro-actively act as a catalyst.

The Advisory Group is particularly mindful that adequate telecommunications infrastructure, and access to digital connectivity, needs to be available to support investment and business growth in the north. It remains a perplexing fact that Australia does not have nation-wide mobile phone coverage. As commendable as the NBN project is, when it comes to telecommunication infrastructure we run the risk of a nation divided. Real, nationwide reliable mobile phone coverage would have a dramatic effect on remote communities (including those in close proximity to major northern population centres).

Improving the labour market

Labour numbers and skills shortages are impediments to development in the north. If Australia has a skills shortage then the north has a skills crisis.

Labour market recommendations:

- 3.1. Critical to Indigenous engagement in the workforce is to include them in the economic equation. That is as employees, investors and business owners. We must first improve upon the existing social infrastructure including health and education and work to promote better lifestyle choices. Employment demands a healthy work force.

For this reason, we support recommendations of the Forrest Review, including the implementation of the 'Healthy Welfare Card'. Income management in Cape York (and other

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areas) is helping people meet their basic needs, while also building their capacity to understand and manage their primary obligations. Extending this will help build capacity among Indigenous Australians to participate in the economic opportunities presented by the White Paper, by building healthier and more resilient communities.

- 3.2. Training must be linked to specific employment opportunities and the opportunity for Indigenous people to utilize their own land and participate equally on commercial terms. Such measures will set Australia on the right path in 'Closing the Gap'. This underscores the importance of resolving outstanding native title claims and addressing broader land tenure issues. This is incremental and intergenerational. We will never build Indigenous employment until such time as health and appropriate skill sets are addressed.
- 3.3. The Advisory Group recognises the importance of and reliance on foreign workers in the north. To support this workforce, the Advisory Group recommends expanding the existing visa programmes, and creating new visa categories, to grow the employment market where local labour is not available. It is also recommended that the Government simplify and streamline the Temporary (Skilled) Workers Visa (sub-class 457) and other relevant visas (such as those under the Seasonal Worker Program), and introduce a new visa programme for foreign workers from the Asia-Pacific region. This will make it easier for businesses to source workers and meet demand. Existing and potential investors from the Asia Pacific region want a more flexible, multiple entry visa program for company executives to oversight and manage their investments.
- 3.4. Recent changes in the Pilbara relating to the mining sector involving specialist trades and workers have been well received and need to be expanded to include other remote areas and cover industries including tourism and pearling, not just the resource sector. When visas are being reviewed (for example the Significant Investor Visa Programme) incentives to invest in the north should be on offer.
- 3.5. The Advisory Group recommends refocussing inward migration to reward those applicants who will commit for a set period to remain and invest in the north. Inward migration from overseas is not just about numbers but is also about sourcing skilled labour. Recognising that northern Australia remains one of the most transitory regions in Australia, we must keep an open mind about options that support the development of different regions and be realistic about their benefits and challenges. FIFO workforces remain controversial and we discuss this issue further under our recommendations for strengthening education.
- 3.6. The Advisory Group recommends the Government incentivise the commercial activity that encourages Australians who are prepared to move and/or invest in the north. Incentives—for example, accelerated depreciation, fuel rebates and taxation incentives for industry—will create employment opportunities and fill vacancies in northern businesses, in turn generating industry and wealth for the benefit of all Australians.

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3.7. The Advisory Group further recommends that international comparisons, such as population growth initiatives in north America, be considered to inform growth of the labour market in the north. Australia doesn't need to re-invent the wheel and could draw on the experience from other countries, and indeed our own history, as to the key drivers for encouraging people to re-locate to the north.

Northern tourism

Tourism is a lead industry in the north and one of the largest employers. The private sector is key to increasing northern tourism. Government also has a role to play in promoting visitation and reducing disincentives to visit the north.

Northern tourism recommendations:

- 3.8. Reform air services to make the north a more attractive destination. For example, by removing the departure tax and passenger movement charge for northern Australian airports, increasing the duty free allowance and allowing wide berth and freight planes.
- 3.9. Link infrastructure development with tourism outcomes. For example, upgrades to the Savannah Way (Highway 1) will vitally connect east and west to deliver tourism outcomes across the nation. Also the northern coast line is home to a number of large Indigenous communities and would similarly benefit from the access of amateur fishermen and general tourism visitation. Other opportunities for building year round access in northern Australia include, the Hann Highway, Tanami Road and the Arnhem Link Road (Stage 1: Darwin to Maningrida. Stage 2: Maningrida to Gove) from Nhulunbuy in Arnhem Land to help re-orientate the Gove Peninsula into a tourism hub in the aftermath of the Rio Tinto decision to close the bauxite refinery.
- 3.10. Revisit and streamline visa applications and forms for tourists, especially from China. It's currently easier for Chinese visitors to travel to the US or Europe than Australia. An improved, simpler process is consistent with Australia's recent Free Trade Agreements with China, Korea and Japan. In-bound tourism remains key to building and sustaining the tourism sector across the north.
- 3.11. Work with Tourism Australia and the respective tourism agencies of the Northern Territory, Queensland and Western Australia to showcase existing—and develop new—tourism products and destinations within northern Australia. This could include, for example, promoting iconic Australian drives (such as the Savannah Way), food tourism, signature outback walks and 'geoparks' as part of the 'northern story'.

Doing business in the north

Increasing accessibility to information and baseline data across the north is essential for its development—with the current absence of information constraining development and hampering decision-making. The Advisory Group considers that tax and cost incentives for investment are also key to attracting business investment in northern Australia.

Business recommendations:

- 3.12. It is strongly recommended that Governments look towards addressing problems with the application of the *Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)*, including streamlining the process and investigating how the triggers are applied to small developments and/or where there is an absence of data. This includes finalising the one-stop-shop arrangements for the *EPBC Act* to remove duplication and delays in approval processes for proposed projects. This is a big issue for many and at times counterproductive to development, employment and wealth creation. The one size fits all approach is failing the north.
- 3.13. Establish a spatial data facility for northern Australia, located in northern Australia, to improve availability of information and data across jurisdictions (including geology, topography, land use, biodiversity, land tenure, demography, economies and climate) to provide better certainty to investors. As flagged earlier, data collected in the north tends to be ad hoc and difficult to access. This makes it hard to assess the future economic potential of natural assets and for investors to get development approvals.
- 3.14. It is recommended the facility should engage relevant government agencies, including Geoscience Australia, and the Commonwealth's National Environmental Research Program's (NERP) Northern Australia Hub to help address information and data gaps for environmental approvals under the *EPBC Act*. As part of this, the facility should draw upon local landholder knowledge—such as the location and quality of productive soils, environmentally and culturally sensitive sites and flood risk areas—as this is relatively inexpensive and can provide a rapid information baseline for future detailed surveys. To start filling the gaps, it is recommended the Government look at ways to incentivise the gathering of pre-commercial feasibility data.
- 3.15. The Advisory Group also recommends an audit of charges, imposts, 'green' and 'red' tape be undertaken with a view to promote a more business friendly environment across all four jurisdictions. We recommend the Commonwealth contract (and, if possible, repatriate) to the three jurisdictions their functions where appropriate and cost effective.
- 3.16. In particular, unnecessary and outdated regulations should be reduced (for example, state and territory regulation of the aquaculture industry and the Australian Competition and Consumer

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Commission's approach in northern Australia, as it assumes a certain level of competition in a marketplace which the north does not have). Governments are encouraged to hold a combined 'repeal day' specific to northern Australia and urge industry to join them in repealing unnecessary regulation and red tape across the north.

- 3.17. The Strategic Partnership should assess cost-recovery models. For example, in the case of the delivery of biosecurity services, there should be an equalisation process so that businesses are not charged for travel time because officers are not located nearby. Overall we recommend a regulatory environment for the agricultural sector that is competitive with other jurisdictions.
- 3.18. Establish a special tax zone for the north for commercial entities generating employment and introduce tax incentives to attract investment in the north (for example, fuel rebates, accelerated depreciation, having regard to past schemes that dated back to the Fraser Coalition Government, and other incentives that reside with industry not individuals, such as tax deductions for seed-phase capital investment). Such a proposal is distinct from offering special tax breaks to individuals.
- 3.19. Adopt the Joint Select Committee's proposal regarding the zone tax offset, as well as looking at options to better target it (including to businesses and removing FIFO workers where their principal place of residence is not in a remote community).
- 3.20. Promote foreign investment that is fit for purpose to encourage greater capital flows to support development in northern Australia. This should include reviewing current processes to ensure there are no disincentives (that is, through the Foreign Investment Review Board requirements and processes). Such a recommendation requires certainty and consistency on foreign investment rules.
- 3.21. Remove the requirement for northern Australian employers to make superannuation contributions to temporary residents. Temporary residents are currently able to claim superannuation amounts accumulated through a departing Australia superannuation payment after they leave Australia, with no time limit on when they can claim. Such a proposal requires careful management so as not to favour the employment of temporary residents over Australians.
- 3.22. Investigate ways for Government procurement to drive regional growth and development, with the current procurement processes (and its 'red tape') being a barrier to small and medium enterprises (SMEs) bidding and winning tenders and other contracts. Options include a 'local content' rule or having ambitious targets for departments to achieve for use of local or Indigenous companies, as recommended by the Forrest Review. Key in achieving this outcome will be having 'champions' across governments to increase use of local and/or Indigenous SMEs.

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4. Water

More information is needed about the available water in the north to support investment in economically viable water infrastructure, regardless of its source (surface and groundwater) or use (urban and water dependent industries). Information will also support the development of water markets in priority catchments (which tend to be under-developed or non-existent in the north). To be effective, we recommend new water infrastructure developments must involve adjacent supporting infrastructure and services, such as roads, ports and clearly defined water rights and markets. New funding mechanisms are needed to leverage private sector investment in the construction and ongoing maintenance of water infrastructure.

Water recommendations:

- 4.1. Ensure that new water infrastructure developments are based on sound information and are accompanied by supporting infrastructure and water markets. We note the work done to date by the Ministerial Working Group on Dams and, building on that Report, potential water infrastructure developments that may warrant further examination include: Nullinga Dam, a second Darwin Dam and the Ord River Irrigation Scheme. This is not an exclusive list of potential projects but rather a selection of projects that the Advisory Group believes are worthy of consideration (for example, for their potential to drive development in the north and service a population centre or a future planned population centre).
- 4.2. Establish new commercial precincts of irrigated agriculture in the north.

5. Education, research and innovation

Educational attainment for the populations in the north is lower than the national average and well below rates in metropolitan areas and southern Australia. Further, as borne out by the experience of universities in northern Australia, when people/professionals are trained in the north, they tend to stay in the north.

The limited availability and uptake of education and training are obstacles to workforce participation, particularly in rural, remote and Indigenous communities. Attention is required in this space to ensure the long term development of the north.

The advancement of northern industries relies upon research and development, especially in the agriculture sector where existing technology, crop varieties and practices are specific to the south. Establishing a centre to link industry, research and innovation in northern agriculture is one method, among a number of others, to achieve this.

Additionally, given the growth of tropical economies around the world and the demand for products and services, northern Australia universities and businesses can develop an international reputation as leaders in tropical innovation, products and services and export their expertise to other tropical economies.

Education, research and innovation recommendations:

- 5.1. Recommend that we strive to improve primary, secondary and tertiary education and training outcomes for Australians living in the north, particularly for people in the pastoral, resource and tourism industries. This could include expanding the services of the School of the Air, distance education programmes and working collaboratively with the Isolated Children's Parents Association in WA, NT and QLD and like organisations to strategize better outcomes.
- 5.2. Enhance education and training opportunities in the north to better skill the local workforces. Approved or disapproved FIFO is a direct consequence of a lack of a skilled local work force. Whilst every contingency can never be anticipated - such as the very skilled welders working on the INPEX LNG plant—many other trades can be project ready. Ensuring the supply of skilled workers to meet demand requires a commitment from post-secondary facilities to better read the market and plan accordingly.
- 5.3. Increase funding overall for research, development and extension for northern Australia, including for forecasting of services and infrastructure needs.
- 5.4. Establish Australia's sixth Growth Centre in the North with a focus on northern agriculture in the first instance, to support collaborative research to further northern development.
- 5.5. Increase investment in northern universities to build the north's reputation as a centre of excellence in tropical, rural, remote and Indigenous expertise. Universities of the north warrant additional resources and a premium to fund research and teaching that will add to the skill-sets of those living and working in our part of Australia.
- 5.6. Examine the Joint Select Committee on Northern Australia's proposal to reduce the education loan (for example, Higher Education Contribution Scheme and Higher Education Loan Programme) for graduates who live and work in the north for an appropriate length of time post-graduation.

6. Better coordination across and within governments

Government and non-government activities need to be better co-ordinated across the north, with greater engagement between the north and south, and between the north's major centres and the regional and remote areas that they service.

Governance recommendations:

- 6.1 Establish an Office for Northern Development, located in the north, and create a stronger Commonwealth presence in northern Australia to champion and deliver meaningful development opportunities and reforms. This includes strengthening and expanding the role of the Office of Northern Australia, making it an agency within the Department of the Prime Minister and Cabinet and empowering the agency to act with a direct reporting line to the Secretary of PM&C.
- 6.2 Relocate, establish or boost the Commonwealth presence in the north, especially those agencies that have a specific interest in the north (such as the Australian Border Force, the Department of Foreign Affairs and Trade's Pacific area, and Department of the Environment staff managing World Heritage areas). This is not an exclusive list but rather examples of those agencies that should have better representation in the north.
- 6.3 Continue to grow the permanent deployment of defence assets and associated infrastructure in northern Australia.
- 6.4 Encourage a 'can do' attitude across the four Governments and bureaucracies of working with northern industries to foster development and opportunities. At present, the culture and systems are overly cautious and risk averse with limited support or advice to businesses and entrepreneurs about how to better navigate government processes.
- 6.5 Investigate ways to change views and build understanding of northern Australia within the four Governments, including through graduate programs (for example, ensuring a proportion of graduates are from northern Australia, undertaking secondments and building relationships with particular communities). Commonwealth placements across departments in the North could be established as part of the officer's promotion process.
- 6.6 Implement mechanisms to embed a northern Australia focus across the business of governments, including an annual statement to Parliament from the Prime Minister. We also strongly recommend the four Governments ensure that Cabinet Submissions for whole-of-Government initiatives and policies are benchmarked against their impact on northern development in the same way as equal opportunity, Indigenous advancement and cultural diversity are brought to account in other policy areas.

6.7 The Advisory Group recognises that the north's major urban centres service huge areas—delivering services to the local Indigenous people, as well as providing outreach to regional and remote communities across the north. As such, the Advisory Group recommends that these major centres are adequately resourced to provide services to the real number of people in their catchment area, rather than just the immediate population.

6.8 Identify service delivery mechanisms that better suit remote and regional communities. A customised 'citizens' jury' approach for some services could be used for locals to engage in the development of government regulation or programmes.

6.9 The Strategic Review of Health and Medical Research (the McKeon Review) recommended Academic Health Centres be established to bring together research and healthcare delivery—and at least one of these should be regionally-based. The Advisory Group recommends that an Academic Health Centre be located in northern Australia to leverage on and further develop the north's expertise in tropical health, and address issues related to health service delivery to distributed regional populations. It also recommends that the Academic Health Centre partners with existing northern institutions—university and otherwise.

Final observations

It is clear that there are major opportunities for development in the north that are being missed. In particular, the demographic and other changes in countries to our north and west promise much and should be engaged.

The Strategic Partnership must 'own' and commit to the 'road map' as set out in the White Paper if it is to have any real import and impact. We can only encourage the White Paper to look beyond the political cycle and urge bi-partisan support where strategies and policies can be agreed upon

Developing the north is a project for all Australians—the nation needs to own the idea that it is in the national interest to grow the north in the way the country embraced the Snowy Mountains Scheme as essential infrastructure to grow the nation. Australians must believe in a narrative of northern development stripped bare of the romanticism of Outback and remote Australia. But perhaps more than that, we must demonstrate the importance of developing the north for the future prosperity of all Australians.

We suggest that the Strategic Partnership consider a series of launches of the White Paper, including a launch in southern Australia to ensure maximum coverage nationally, and thereafter in each of the jurisdictions across the north.

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