

Introduction

Background

- 1.1 The Joint Select Committee on Northern Australia (the Committee) was created by a resolution of appointment passed by the House of Representatives on 21 November 2013¹ and passed with amendment by the Senate on 4 December 2013.²
- 1.2 Amendment in the Senate resulted in a change of reporting dates for the Committee to the Parliament for the interim report from 30 June 2014 to 30 May 2014 or as soon as possible after that date. The tabling of the final report was changed from 6 September to 6 July.³ Additional terms of reference were included in the amendment:
 - the requirement for the committee to make recommendations on taxation matters in reference to the regulatory and economic environment (of Northern Australia); and
 - the requirement to make recommendations ‘for a white paper which would detail government action needed to be taken to implement the committee’s recommendations, setting out how the recommendations were to be implemented, by which government entity they were to be implemented, a timetable for implementation and how and when any government funding would be sourced’.⁴

1 Commonwealth of the Parliament of Australia, *House of Representatives Votes and Proceedings No. 7*, 21 November 2013, p. 129.

2 Commonwealth of the Parliament of Australia, *Senate Journal No. 6*, 4 December 2013, p. 224.

3 Commonwealth of the Parliament of Australia, *Senate Journal No. 6*, 4 December 2013, p. 224.

4 Commonwealth of the Parliament of Australia, *Senate Journal No. 6*, 4 December 2013, p. 224.

- 1.3 Following an amendment to its terms of reference, the Committee's final reporting date was changed to 1 September 2014.⁵ The new reporting date allowed the Committee to complete its hearing program which had been disrupted by Cyclone Ita, and enabled additional hearings to be held in Canberra and Darwin.
- 1.4 In late August, the Committee's resolution of appointment was again amended so that it would be able to present its final report to the Parliament on 4 September 2014, and to continue for the life of the Parliament. After it presents its final report, the Committee would be empowered to:
- monitor issues relevant to the development and implementation of the government's white paper, and
 - consider any related issues as may be referred to it by either House of the Parliament or a Minister.⁶
- 1.5 The Committee tabled its interim report on 16 June 2014. A copy of the report can be found at: www.aph.gov.au/jscna.

Committee's Role

Previous Reviews

- 1.6 In 1947, the Northern Australian Development Committee published a major report on the *Development of Northern Australia*.⁷ The report described Northern Australia as 'one of the largest under-developed areas in the world', and stated that 'there are extensive regions where the natural resources are capable of supporting a considerably increased population'.⁸
- 1.7 Lack of progress in the development of Northern Australia was attributed 'in the first instance to the natural disadvantages such as the isolation from main industrial and administrative centres of settlement in the south, the marked seasonal nature of the rainfall and other characteristics of the tropical environment'. It was also 'due to the lack of continuity in the

5 Commonwealth of the Parliament of Australia, *House of Representatives Votes and Proceedings No. 52*, 25 June 2014, p. 637; *Senate Journal No. 37*, 26 June 2014, p. 1039.

6 Commonwealth of the Parliament of Australia, *House of Representatives Votes and Proceedings No. 60*, 27 August 2014, p. 761; *Senate Journal No. 48*, 28 August 2014, p. 1346.

7 H. C. Coombs, *Development of Northern Australia*, Report of the Northern Australian Development Committee, Canberra, 1947.

8 H. C. Coombs, *Development of Northern Australia*, Report of the Northern Australian Development Committee, Canberra, 1947, p. iii.

- developmental policies and the inability and/or the unwillingness of Governments to make available the finance required to provide transport facilities, public utilities and developmental works which are essential if settlement is to progress beyond the pioneering stage'.⁹
- 1.8 The report stated that, 'the development of these areas represents a challenge to the people and an obligation on the State and Commonwealth Governments of Australia'.¹⁰
- 1.9 More recent approaches to economic development in Northern Australia have focussed on:
- Commonwealth/State co-operation;
 - a review of taxation;
 - promoting exports;
 - developing infrastructure;
 - improving land use and land access;
 - reducing transport costs; and
 - recognising regional variation in the development of policy.¹¹
- 1.10 In 1994, the Committee on Darwin produced a report for government that also contained views relevant to Northern Australian as a whole. The Committee stated that:
- Darwin cannot presume that its proximity to East Asia is sufficient in itself ... it must compete internationally.¹²
- 1.11 It also noted the need for population growth and for reliance on government spending 'to give way to economic growth generated by the private sector'.¹³
- 1.12 In 2007, the Australian Government established the Northern Australia Land and Water Taskforce (the Taskforce), 'to examine the longer term, strategic potential for further land and water development in northern

9 H. C. Coombs, *Development of Northern Australia*, Report of the Northern Australian Development Committee, Canberra, 1947, p. iii.

10 H. C. Coombs, *Development of Northern Australia*, Report of the Northern Australian Development Committee, Canberra, 1947, p. iii.

11 Percy Harris, 'A Strategy for Promoting the Economic Growth of Northern Australia, Report to the Commonwealth Government', Centre for Applied Economic Research and Analysis, JCU, Townsville, July 1992, pp. ix-xi.

12 The Committee on Darwin, *Report of the Committee on Darwin*, Australian Government Printing Service, Canberra, 1995.

13 The Committee on Darwin, *Report of the Committee on Darwin*, Australian Government Printing Service, Canberra, 1995, p. xvii.

- Australia'. Particular emphasis was placed 'on the identification of the capacity of the north to play a role in future agricultural development'.¹⁴
- 1.13 The Taskforce took submissions and held meetings with residents and experts across Northern Australia.
- 1.14 In 2008, the new Australian Government reconstituted the Taskforce and altered its terms of reference 'to consider the broad range of sustainable development opportunities for northern Australia that are based on water resource availability', and to:
- ... consider the potential impact of such development on the underlying water balance and water quality, and on the natural environment, existing water users and the broader community.¹⁵
- 1.15 The Taskforce initiated the *Northern Australia Land and Water Science Review*, which synthesised existing information to explore a range of development alternatives and land use change activities, and their impacts on a selection of critical sustainability factors – especially water and its relationship with broader land management. The Review was managed by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and drew on the contributions of over 80 technical specialists, community members and industry representatives from many institutions. The Review was released in October 2009.¹⁶
- 1.16 The Taskforce reported in December 2009, making 15 recommendations targeted at sustainable use of land and water resources, improved land tenure arrangements and better co-ordination between governments.¹⁷
- 1.17 In response to the report of the Taskforce, the Northern Australia Sustainable Futures Program was established in 2010. The program has focused on addressing key challenges in regional development in co-operation with the Australian, Queensland, Western Australian and the Northern Territory governments. In addition, the Northern Australia Ministerial Forum was established in collaboration with the governments of Western Australia, Queensland and the Northern Territory.
- 1.18 The Office of Northern Development was established by the then Australian Government at the end of 1991 and continued until 1996. In March 2008, the Office of Northern Australia (ONA) was re-established within the Department of Infrastructure and Regional Development. The
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14 Northern Australia Land and Water Taskforce, *Midterm Report*, February 2009, p. 2.

15 Northern Australia Land and Water Taskforce, *Midterm Report*, February 2009, p. 7.

16 Northern Australia Land and Water Science Review, October 2009.

17 Northern Australia Land and Water Taskforce, *Sustainable Development of Northern Australia*, December 2009, pp. 3–4.

role of the ONA is to provide advice to the Australian Government on sustainable economic development issues in, or affecting, Northern Australia, and to broker solutions to improve co-ordination between governments, businesses and communities.

- 1.19 The ONA has co-ordinated the Northern Australia Beef Industry Action Agenda, which has included research on mosaic irrigation for the Northern Australian beef industry released in March 2014;¹⁸ and the North Queensland Irrigated Agriculture Strategy, which produced assessments of the Gilbert and Flinders rivers catchments in December 2013.¹⁹
- 1.20 Other significant reports include:
- *Land Tenure in Northern Australia: Opportunities and Challenges for Investment* (June 2013);²⁰
 - *The Emerging Carbon Economy for Northern Australia: Challenges and Opportunities* (November 2012);²¹
 - *Governance Challenges for Northern Australia* (September 2013);²² and
 - *Rethinking the Future of Northern Australia's Regions: More than Mines, Dams and Development Dreams* (November 2013).²³
- 1.21 Most recently, the House of Representatives Standing Committee on Regional Australia examined the impact of fly-in, fly-out work practices on regional Australia in its report *Cancer of the Bush or Salvation for Our Cities?*²⁴

2030 Vision for Developing Northern Australia

- 1.22 This inquiry is consistent with an overall policy commitment by the Australian Government, set out in the Coalition's *2030 Vision for Developing Northern Australia*. The 2030 Vision, released in June 2013, drew attention to Australia's geographic position between 'the two great regions of global economic and population growth – the Asian region and

18 CSIRO, *Mosaic Irrigation for the Northern Australian Beef Industry – Synthesis Report*, March 2014.

19 CSIRO, *Agriculture Resource Assessment for the Gilbert Catchment: Overview Report*, December 2013.

20 CSIRO, *Land Tenure in Northern Australia: Opportunities and Challenges for Investment*, June 2013.

21 CSIRO, *The Emerging Carbon Economy for Northern Australia: Challenges and Opportunities*, November 2012.

22 Allan Dale, *Governance Challenges for Northern Australia*, The Cairns Institute, JCU, September 2013.

23 Regional Australia Institute, *Rethinking the Future of Northern Australia's Regions: More Than Mines, Dams and Development Dreams*, November 2013.

24 House of Representatives Standing Committee on Regional Australia, *Cancer of the Bush or Salvation for Our Cities?*, Parliament of Australia, Canberra, February 2013.

the Tropical region.’ The paper predicted that the rise of these regions would create significant opportunities for Northern Australia to capitalise on its strengths and unlock major economic value for the benefit of all Australians.²⁵

1.23 Further, the paper suggested that by 2030, Northern Australia could drive growth by:

- developing a food bowl, including premium produce, which could help to double Australia’s agricultural output;
- growing the tourist economy in the North to two million international tourists annually; and
- building an energy export industry worth \$150 billion to the economy, with a major focus on clean and efficient energy, providing major increases to resource exports.²⁶

1.24 Other opportunities in the North were identified, including:

- establishing world-class medical centres of excellence;
- creating an education hub with vocational and higher education campuses in selected areas; and
- growing Australia’s exports of technical skills in the resources and agriculture sectors.²⁷

1.25 To realise the worth of these opportunities, the paper suggested, a strong policy platform was needed for long-term sustainable development. This would include governance, population growth and streamlined land access legislation as well as improved infrastructure and water facilities.²⁸

1.26 A commitment of the 2030 Vision was the release of a White Paper on developing Northern Australia within 12 months of the 2013 Federal election.²⁹

White Paper Process

1.27 The Committee’s inquiry was conducted in tandem with the Government’s commitment to produce a White Paper on Northern Australia. The Northern Australia Taskforce, comprising cross-agency public servants, placed within the Prime Minister and Cabinet portfolio, was tasked with producing the Australian Governments’ White Paper.

25 *The Coalition’s 2030 Vision for Developing Northern Australia*, June 2013, p. 2.

26 *The Coalition’s 2030 Vision for Developing Northern Australia*, June 2013, p. 3.

27 *The Coalition’s 2030 Vision for Developing Northern Australia*, June 2013, p. 3.

28 *The Coalition’s 2030 Vision for Developing Northern Australia*, June 2013, p. 3.

29 *The Coalition’s 2030 Vision for Developing Northern Australia*, June 2013, p. 4.

- 1.28 A Secretaries Committee provides strategic oversight and facilitates co-operation across government departments. In addition, a Northern Australia Strategic Partnership has been formed consisting of the Prime Minister, Deputy Prime Minister, the Premiers of Queensland and Western Australia, and the Chief Minister of the Northern Territory. The Partnership recognises the need for a focused effort from all governments and provides national leadership on the development and implementation of the White Paper.³⁰
- 1.29 On 10 June 2014, the Government announced the formation of the Northern Australia Advisory Group to provide expert advice to the members of the Northern Australia Strategic Partnership.³¹
- 1.30 While the Government has already commenced looking at how to unlock the economic, social and environmental potential of Northern Australia through its White Paper process, the Committee expects that its findings and recommendations will contribute to the Government's policy development in this area.

The Green Paper

- 1.31 As part of the White Paper process, on 10 June 2014, the Government released its *Green Paper on Developing Northern Australia*. The Green Paper sought to 'facilitate feedback and further debate on the opportunities, risks, challenges and priority policy options to drive growth across the region', thereby ensuring that the White Paper 'provides a comprehensive, considered and clearly defined pathway for the longer term development of northern Australia'.³²
- 1.32 Submissions to the Developing Northern Australia White Paper Taskforce were invited from the public, with a deadline of 8 August 2014.
- 1.33 The Green Paper took into account the evidence the Committee had received through its submissions and hearings, and through this identified opportunities and barriers to development for Northern Australia. The

30 Hon. Tony Abbott MP, Prime Minister of Australia, Media Release, 28 February 2014, 'Northern Australia White Paper Underway', <www.pm.gov.au/media/2014-02-28/northern-australia-white-paper-underway-0> July 2014.

31 Hon. Warren Truss MP, Minister for Infrastructure and Regional Development, Media Release 10 June 2014, 'Government Moving to Develop Northern Australia', <www.minister.infrastructure.gov.au/wt/releases/2014/june/wt084_2014.aspx> July 2014. The Chair of the Advisory Group is the Hon. Shane Stone AC QC, former Chief Minister of the Northern Territory. Other members are Mr Wayne Bergmann, Mr Jack Burton, Dr Ken Chapman, Professor Sandra Harding, Ms Noeline Ikin, Mr David Menzel, Mr Nicholas Paspaley AC, Mr Trent Twomey, Mr Ken Warriner AM and Mr Djawa Yunupingu.

32 Australian Government, *Green Paper on Developing Northern Australia*, Canberra, 2014, p. vi.

Green Paper set out six policy directions to develop Northern Australia, including:

- delivering economic infrastructure;
- improving land use and access;
- improving water access and management;
- promoting trade and investment, and strengthening the business environment;
- fostering education, research and innovation; and
- enhancing governance.³³

1.34 With the release of the Green Paper, the Committee has sought to incorporate, relevant information from the policy discussion paper in this Report. The Committee has undertaken this approach with a view to highlighting areas of proposed policy where it can add value, without duplication, to the work undertaken by the Government in preparation of its White Paper.

About the Inquiry

Objectives and Scope

1.35 The Committee has been tasked by the Parliament to consider policies for developing parts of Australia which lie north of the Tropic of Capricorn spanning Queensland, Western Australia, and the whole of the Northern Territory.³⁴

1.36 The terms of reference to the inquiry specifically asked the Committee to:

- examine the potential for development of the region's mineral, energy, agricultural, tourism, defence and other industries;
- provide recommendations to:
 - ⇒ enhance trade and other investment links with the Asia-Pacific;
 - ⇒ establish a conducive regulatory, taxation and economic environment;
 - ⇒ address impediments to growth; and
 - ⇒ set conditions for private investment and innovation; and

³³ Australian Government, *Green Paper on Developing Northern Australia*, Canberra, 2014, p. 43.

³⁴ The Committee has also received submissions from Central Australia (Alice Springs) which is just below the Tropic of Capricorn. The Committee subsequently decided to include the Alice Springs region within the scope of the inquiry.

- identify the critical economic and social infrastructure needed to support the long term growth of the region, and ways to support planning and investment in that infrastructure.
- 1.37 The Committee was also tasked to present to the Parliament its recommendation for a White Paper which would detail government action needed to be taken to implement the Committee's recommendations, setting out how the recommendations were to be implemented, by which government entity they were to be implemented, a timetable for implementation and how and when any government funding would be sourced.
- 1.38 The Committee was uniquely tasked by the Parliament to conduct its inquiry in parallel with the Government's Northern Australia White Paper process, and also identify a list of priority projects and actions, including costings and timetables for implementation – a role, usually and more appropriately undertaken by the Executive Government.
- 1.39 In regard to its terms of reference, the Committee has sought to identify a range of opportunities, projects and impediments that should be addressed to promote the economic development of Northern Australia. Where available, the costing of projects has been included in this report.

Inquiry Conduct

- 1.40 The Committee adopted the inquiry into the development of Northern Australia on 11 December 2013. Correspondence advising of the inquiry and inviting submissions were sent to a wide range of stakeholders, including Commonwealth, State and Territory Ministers (Western Australia, Queensland and the Northern Territory), local councils, peak bodies in business, agriculture, resources, the community sector and local government, Aboriginal and Torres Strait Islander groups, and universities.
- 1.41 The Committee received 352 submissions and 99 exhibits, which are listed at Appendixes A and B respectively. The Committee held 27 public hearings in the Australian Capital Territory, Northern Territory, Queensland and Western Australia. The Committee also conducted 15 days of inspections. A list of witnesses who appeared before the Committee and the public hearings held is at Appendix C.
- 1.42 Submissions and transcripts of evidence are available from the Committee website at: www.aph.gov.au/jscna
- 1.43 As part of the inquiry, the Committee has undertaken an extensive program of travel, comprising hearings and inspections in a range of locations across Northern Australia. Given its reporting timeframe, the

Committee has endeavoured to hear from as many people and visit as many places as practicable. Public hearings held and inspections undertaken are listed below:

Public Hearings Held	
Date	Place
21 March 2014 15 July 2014 25 August 2014	Canberra, ACT
31 March 2014	Mackay, Qld
1 April 2014	Bowen, Ayr, Qld
2 April 2014	Townsville, Qld
3 April 2014	Mount Isa, Qld
7 April 2014	Perth, WA
8 April 2014	Tom Price, WA
9 April 2014	Karratha, WA
10 April 2014	Port Hedland, WA
28 April 2014 29 April 2014	Cairns, Qld
30 April 2014	Thursday Island, NT
5 May 2014	Broome, WA
7 May 2014	Kununurra, WA
19 May 2014	Alice Springs, NT
20 May 2014 18 August 2014 19 August 2014	Darwin, NT
21 May 2014	Nhulunbuy, NT
22 May 2014	Katherine, NT
30 May 2014 20 June 2014	Brisbane, Qld
2 July 2014	Georgetown and Normanton Qld
3 July 2014	Weipa, Qld

Inspections Conducted	
Date	Place
1 April 2014	Airlie Beach, Qld - Abel Point Marina, Port of Airlie and Shingley beach. Bowen - Abbot Point Coal Terminal and Pacific Reef Fish
2 April 2014	Townsville, Qld - Townsville Port Authority and James Cook University – Macroalgal Biofuels and Bioproducts Project Site
3 April 2014	Mount Isa, Qld - Buchanan Park, Mt Isa Mines Surface Tour
8 April 2014	Paraburdoo, WA - local shopping centre and hospital
9 April 2014	Karratha, WA - Dampier Port Authority
10 April 2014	Port Hedland, WA - Port Hedland Port Authority and town environs
29 April 2014	Cairns, Qld - Mosquito Research Facility, Sir Robert Norman Building, James Cook University, Cairns Campus
1 May 2014	Cairns, Qld - Aerial inspection of the proposed Nullingga Dam site
6 May 2014	Broome, WA - Kimberley Training Institute, Aquaculture Centre, Broome Port Authority, GoGo Station, Fitzroy Crossing and Marninwarntikura Fitzroy Women’s Resource Centre Aboriginal Corporation
7 May 2014	Kununurra, WA - Port of Wyndham
8 May 2014	Kununurra, WA - Ord River Project, Lead and Zinc Mine Site and proposed sugar mill, TFS sandalwood plantation and nursery, Ewin Family Day Care Centre and Kununurra High School
19 May 2014	Alice Springs, NT - Remote Livestock Management System
21 May 2014	Borroloola, NT - Bing Bong Loading Facility
22 May 2014	Darwin, NT - ConocoPhillips Darwin Liquefied Natural Gas Plant
1 July 2014	Richmond, Qld - Flinders River and the O’Connell Creek Cropping Site, Commercial Farming in the Flinders and Gilbert Rivers – Silver Hills Farm. Georgetown, Qld - Kutchera Station, Etheridge Shire (Farming enterprise) and Forest Home Station, Etheridge Shire (Guar plantation)

Report Structure

- 1.44 This report is focussed on identifying the opportunities for, and impediments to, the economic development of Northern Australia. The report draws attention to the projects which have been identified in the evidence presented, highlighting priority actions for government through recommendations.
- 1.45 Chapter 2 examines opportunities for the development of Northern Australia. Most of these opportunities are based on private sector

investment in a range of industries, but the chapter also identifies scope for government action to promote economic growth and development in Northern Australia. The opportunities centre on the strengths of Northern Australia in resources, agriculture and tourism, but also include areas such as research and education, medicine and social amenity, with an increasing emphasis on developing expertise relevant to the growing populations of the world's tropical zone.

- 1.46 Chapter 3 addresses proposals for the development of the capital infrastructure necessary to achieve the opportunities outlined in Chapter 2 and to also overcome the impediments to development described in Chapter 4. The focus is on the development of roads, rail, ports, water infrastructure and power, but also highlights a number of more visionary proposals for infrastructure development, especially in rail and water. Chapter 3 also provides an overview of a number of agricultural development proposals in Northern Australia.
- 1.47 Chapter 4 examines the impediments to development in Northern Australia, particularly the need to grow the population and overcome gaps in economic and social infrastructure. Chapter 4 also highlights issues of affordability; problems surrounding taxation, land tenure and approvals processes; and the need for greater standardisation of governance and regulation across the North.
- 1.48 Chapter 5 contains the Committee's recommendations together with supporting comment. Chapter 5 begins with a series of priority recommendations which are designed to act as development enablers. The remaining recommendations are grouped according to the chapters in which topics are discussed.