

MIDDLE ARM INDUSTRIAL PRECINCT

SUBMISSION TO THE SENATE STANDING COMMITTEES ON ENVIRONMENT AND COMMUNICATIONS

OCTOBER 2023

Introduction

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) welcomes the opportunity to make a submission to the Senate Standing Committee on Environment and Communications' Inquiry into the Middle Arm Industrial Precinct.

The Department's work connects and enriches every Australian community, underpins our economy and society, and empowers our regions, providing policy advice and delivering programs, projects and services in the infrastructure, transport, communications and the arts sectors, as well as supporting our regions, cities and territories.¹ The Department is also responsible for driving resilient and sustainable economic growth to secure a strong and sustainable future for Northern Australia through the implementation of *Our North, Our Future: White Paper on Developing Northern Australia*.

The Department is working alongside the Northern Territory (NT) Government to implement the Australian Government's commitment to provide \$1.5 billion in planned equity to support the development of the NT Government's Middle Arm Sustainable Development Precinct (Middle Arm) in Darwin, NT. The precinct is located on the Middle Arm Peninsula of Darwin Harbour and is being designed to take advantage of the location's geostrategic and natural advantages, including close proximity to international trading partners, world-class solar resources, and availability of critical minerals required for the manufacturing of renewable energy components.

As the project proponent, the NT Government is responsible for ensuring Middle Arm is 'investment ready' including the development of associated business cases, securing required regulatory and environmental approvals and negotiating with proposed proponents of the precinct. To date, the Department has not been a party to commercial negotiations regarding proposed proponents of Middle Arm. As the project proponent, the NT Government is also responsible for engagement with Traditional Owners, as part of its commitment to full and proper consultation with the NT community, including the Larrakia community.

¹ <https://www.infrastructure.gov.au/about-us>

Middle Arm Sustainable Development Precinct

In 2021, Infrastructure Australia (IA), the Australian Government's independent infrastructure advisor, placed the common user infrastructure at Middle Arm on the National Infrastructure Priority List, having assessed the NT Government's Stage 1 proposal for Middle Arm. IA found that the common-use marine infrastructure could increase the value of the mining and manufacturing sectors in the NT and Australia as a whole, and could help to catalyse growth across northern Australia and unlock developments across a range of industries. IA has recently considered the Stage 2 proposal – options identification - and published its assessment, which found that the Northern Territory Government has investigated a range of site options and common user infrastructure options to address the opportunity they identified at Stage 1, of which only the location of Middle Arm was deemed suitable.

The assessment also found that proportionate and timely investment in supporting infrastructure could uplift the value of exports from northern Australia to neighbouring and growing Asian regions. Infrastructure Australia noted that there are two preferred program packages to take forward to Stage 3 business case stage, these preferred program packages aim to activate a sustainable precinct that increases NT output, employment and value-added industries, also contributing to a carbon neutral economy. It also noted that government involvement was required to unlock private sector investment.

At the October 2022-23 Budget, the Australian Government committed \$1.9 billion in planned equity investment for the development of Middle Arm.² This investment comprises:

- \$1.5 billion to support common-user marine infrastructure such as specialist product wharves, modular offloading facilities for manufacturing, and dredging of the shipping channel of Middle Arm; and
- \$440 million to support Regional Logistics Hubs in Katherine, Alice Springs and Tennant Creek to connect these regions to Middle Arm and other export facilities.

The Australian Government's investment in common-user elements of Middle Arm is not targeted at one industry over another and offers opportunities for a range of sustainable industries including green hydrogen and renewable storage, as well as advanced manufacturing, carbon capture and storage, minerals processing and other land uses.

The Department notes that on 9 June 2023, the NT Government announced³ it had issued 12-month exclusivity agreements ('not to deal' commitments) with five proposed proponents seeking to access Middle Arm for uses including:

- green hydrogen production using solar energy;
- green hydrogen hub comprised of green hydrogen and green ammonia production and export;
- vanadium oxide production;
- lower CO2 emissions liquefied natural gas (LNG) export facility; and
- lithium-ferro-phosphate cathode manufacturing.

The Regional Logistics Hubs project – a supporting project to Middle Arm – will construct and/or upgrade Regional Logistic Hubs (in the Katherine, Tennant Creek, and Alice Springs regions),

² October 2022-23 Budget Paper No. 2, p. 163.

³ 9 June 2023 Media release: 'Building the Territory's Future at Middle Arm with cleaner energy and more jobs', Chief Minister for the Northern Territory <https://createsend.com/t/t-3F06A88F03EFB95E2540EF23F30FEDED>

strengthening and improving the efficiency of an integral supply chain in the NT. Each hub will cater to the region's key industries and opportunities by providing improved rail or road routes, and will improve access to shipping routes out of Darwin Harbour, including Middle Arm.

The increased rail network capacity will enable:

- industrial and economic development by supporting existing and developing projects across critical minerals, agriculture, renewable energy industries and more;
- regional development and capacity building by supporting community distribution and skills training facilities;
- improved environmental outcomes and reduced risk to communities by utilising optimal freight modes;
- increased resilience and connectivity of the national transport network;
- increased private sector investment; and
- enhanced food security, fuel security and the development of a circular economy.

While the NT Government continues to progress the planning of these projects, the Department is working with the NT Government on the design, analysis and evaluation of a fit-for-purpose governance structure and delivery vehicle to support the implementation of the Australian Government's planned equity investments into these projects.

Investment analysis and governance planning for Middle Arm are still in the early stages. The Department will continue to work with the NT Government to develop options for consideration by Government to implement its equity commitments to these projects in accordance with the Commonwealth Investment Framework (RMG308) and other requirements of the Budget Process Operational Rules.