



Department of Foreign Affairs and Trade

Northern Australia and Australia's Economic Diplomacy

Submission to the Joint Select Committee on Northern Australia

March 2014

Table of contents

1. Executive summary	3
2. Overview of northern Australia	4
3. Lifting northern Australia’s profile in the world	5
4. Strengthening northern Australia’s trade and investment with the world	8
<i>Snapshot A – The Korea-Australia Free Trade Agreement (KAFTA)</i>	9
<i>Snapshot B – Northern Australia’s tourism sector</i>	11
<i>Snapshot C – Northern Australia’s resources sector</i>	13
<i>Snapshot D – Regional partners’ views on costs of doing business in Australia</i>	15
5. Enhancing northern Australia’s people-to-people links with the world	16
<i>Snapshot E – Northern Australia’s tertiary education sector</i>	17
6. Northern Australia’s contribution to helping our regional neighbours	18
<i>Snapshot F – Addressing tuberculosis in the Torres Strait</i>	19
<i>Snapshot G – Seasonal Worker Programme</i>	21
7. DFAT and the Northern Australia White Paper process	22

1. Executive summary

This submission outlines the work of the Department of Foreign Affairs and Trade (DFAT) and its portfolio partners – Austrade, the Export Finance and Insurance Corporation (EFIC) and the Australian Centre for International Agricultural Research (ACIAR) – in the Indo-Pacific region. It highlights their contribution to Australia's economic diplomacy agenda and importance to the continuing long term development of northern Australia as a key driver of the Australian economy. The submission views northern Australia in the context of Australia's broader foreign, trade and development relationships with the rest of the world, illustrating how the DFAT portfolio's activities overseas can directly benefit the economic interests of northern Australia. It also provides snapshots of some of the economic sectors and issues of relevance to northern Australia, highlighting the international dimension and the Australian Government's role.

Northern Australia's close geographic proximity to the Indo-Pacific makes it uniquely placed to leverage the region's transformational growth over the coming decades. DFAT has dedicated considerable resources and diplomatic attention to Australia's six core bilateral relationships in the Indo-Pacific region – China, Japan, the United States, the Republic of Korea, India and Indonesia – recognising that Australia's prosperity, including that of northern Australia, is tied to our key regional partners. The Pacific also remains a perennial priority for DFAT, with Australia's engagement centred on a desire for security, stability and prosperity shared through the region.

The Government's trade policy is central to maximising economic opportunity for northern Australia. Both bilateral free trade agreements (FTA's) and regional agreements, such as the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership, underpin Australia's interest in expanding global free trade. The recent conclusion of a free trade agreement with the Republic of Korea, for example, gives Australian exporters significantly improved market access to Australia's third-largest export market, our fourth-largest trading partner, and an economy with an above-average growth outlook. The Government's work to promote Australia as a destination for investment and attracting foreign direct investment is led by Austrade and focused on five national priorities: agribusiness and food, resources and energy, economic and social infrastructure, tourism infrastructure, and advanced manufacturing, services and technologies.

To sustain a lasting connection with the growing Indo-Pacific region and its economic opportunities, northern Australia must encourage and maintain stronger people-to-people links with neighbouring countries. DFAT works closely with Australia's partners in the region to foster these vital people-to-people and institutional links. The New Colombo Plan, for example, is intended to be transformational, deepening relationships with the region, both at the individual level and through expanding university, business and other links.

Australia's aid programme works in the national interest to extend Australia's influence and build stability and prosperity in the Indo-Pacific region by supporting economic growth and poverty reduction. Australia is committed to playing a strong role in responding to disease threats in the region – such as malaria, tuberculosis and HIV/AIDS – which can create huge economic burdens on developing countries. As educational institutions in northern Australia strengthen their research and training capabilities, there is an opportunity, through partnerships, to build the capacity within health institutions in developing countries.

Through the Northern Australia White Paper process, the Government has committed to set out a clear, well-defined and timely policy platform for promoting the development of northern Australia to 2030. DFAT stands ready to assist through its economic diplomacy agenda, bringing together its foreign, trade, development and other international economic activities to deliver greater prosperity for northern Australia, our region and the world.

2. Overview of northern Australia

Northern Australia is broadly defined as the parts of Australia north of the Tropic of Capricorn, spanning Western Australia, the Northern Territory and Queensland, including Alice Springs. It is an area of approximately three million square kilometres with a growing population of around one million. The region has a significant array of natural resources, including valuable minerals, agriculture, energy, tourism and environmental assets, which form a substantial share of Australia's trade with the rest of the world.

Australia's trade activity is focused largely on the Asia-Pacific region, with over 70 per cent of transactions taking place with member economies of the Asia-Pacific Economic Cooperation (APEC) group. China, Japan, the United States and the Republic of Korea are Australia's top four trading partners, and the United States, Japan and Singapore are among the top five foreign investors in Australia. The opportunity for further expansion in trade and investment will be underpinned by increased demand resulting from the extraordinary growth expected in the Asia-Pacific's middle class through to 2030.

Northern Australia's close geographic proximity to the Asia-Pacific region makes it uniquely placed to take advantage of this trade and investment growth trajectory. Australia's northern states enjoy direct flight connections to major Asian cities, including Tokyo, Singapore, Denpasar and Manila. Darwin is closer to Jakarta than Sydney and closer to Singapore than Melbourne. The closest major city to Darwin is Dili, the capital of Timor-Leste. Cairns is only a 90-minute direct flight away from Port Moresby, the capital of Papua New Guinea.

Australia's trade in goods and services reached a new high in 2013, with two-way trade growing to \$645 billion (from \$624 billion in 2012). Minerals and fuels, especially iron ore and coal, play a vital role in Australia's economic success, making up around half of the nation's exports (\$157 billion in 2013). Northern Australia¹ is a key driver of this export sector – in 2013, northern Australia was responsible for over two-thirds of Australia's minerals and fuels exports.

The northern Australian economy also attracts significant foreign investment, with the majority of foreign direct investment in Australia's mining industry in 2012 (totalling \$206 billion) focused on the northern states. A variety of new areas for investment also exist, such as innovative international partnerships between indigenous-owned companies that offer economic, cultural and social policy benefits. For example, NANA Development Corporation, a \$1.8 billion company owned by the Inupiaq Eskimos in the United States, is exploring joint venture opportunities with Karlka, an Australian company owned by the Nyiyaparli people of Western Australia, to provide oil and gas, mining and government procurement services in northern Australia.

The promotion of northern Australia as a trade and investment destination is being progressed at all levels of government. Austrade has approximately 40 offices within the tropical region, representing 44 per cent of its international network. The Northern Territory Government has announced its intention to open an office in Jakarta. The City of Darwin has developed sister-city links with Dili (Timor-Leste), Ambon (Indonesia) and Haikou (China). Western Australia has long had a presence in Indonesia, having established a sister state relationship with East Java and a trade office in Jakarta. Further afield, the Queensland Government's Trade and Investment office in Santiago, which covers all of Latin America, is yet another example of how northern Australia is being represented overseas.

¹ Statistically defined by ports in Western Australia (Broome, Port Hedland, Derby, Wyndham, Port Walcott, Dampier, Barrow Island, Cape Culver), Northern Territory (Darwin) and Queensland (Cairns, Karumba, Weipa, Cairns Airport, Thursday Island, Lucinda, Townsville, Townsville Airport, Abbot Point, Mackay, Hay Point, Gladstone, Bundaberg)

The Government has committed to consider inviting neighbouring Asian, Pacific and Indian Ocean partners to talk regularly to maximise opportunities in northern Australia, as well as further strengthen Australia's trade ties and investment relationships to grow a stronger economy, which will in turn encourage further economic development in northern Australia. DFAT will play an important role in this effort through its new economic diplomacy agenda, which will focus Australia's international engagement to deliver greater prosperity for Australia, our region and the world.

3. Lifting northern Australia's profile in the world

There are a wide range of opportunities to engage with Australia's regional neighbours on issues of importance to northern Australia. DFAT is the lead agency managing Australia's international presence, with a network of 95 overseas posts on five continents and over 4,200 staff located in Canberra, state and territory offices and overseas posts. DFAT will also lead the Government's new economic diplomacy agenda, which brings together Australia's foreign, trade, development and other international economic activities and is guided by four key objectives:

- **Trade** – Pursue trade liberalisation through bilateral, regional and global trade agreements that open up new markets for Australian exporters and sustain a strong, rules-based architecture for global trade.
- **Growth** – Support global growth, including by using Australia's aid programme and other measures to promote economic reform and infrastructure, and through regional and global economic cooperation fora.
- **Investment** – Promote investment into Australia and Australian investment internationally.
- **Business** – Advance the interests of Australian business overseas, the development of a stronger private sector in our region, and promote Australian tourism.

Northern Australia stands to benefit from the Government's policies and DFAT's activities overseas. DFAT officers are highly skilled at their work, which includes developing and implementing foreign, trade and development policy, negotiating international agreements, delivering an effective aid programme, and providing high quality consular assistance. This business is often conducted in one of the 29 foreign languages in which DFAT staff are proficient.

DFAT has dedicated considerable resources and diplomatic attention to Australia's six core bilateral relationships² – China, Japan, the United States, the Republic of Korea, India and Indonesia – recognising that Australia's prosperity is tied to that of our key partners.

Highlights of DFAT's work on these relationships include:

- Laying the groundwork for the enhanced bilateral consultation arrangements with **China**. Australia now has an annual leaders-level meeting and ministerial-level economic, and foreign and strategic, dialogues. Australia joins the United States, Russia, Germany and Britain as the only countries to have similar arrangements with China. DFAT also leads FTA negotiations with Australia's most significant trading partner, accounting for 21 per cent of Australia's total trade in 2012-13.
- Further strengthening Australia's already comprehensive relationship with **Japan**, our most mature in Asia, agreeing to a joint vision for security and defence at the fourth annual '2+2' dialogue between foreign and defence ministers in September 2012. DFAT

² Ranked in order of total trade value with Australia

has also narrowed negotiations on an FTA, the conclusion of which would bring significant economic benefits to northern Australia through increased access to Australia's second largest trading partner.

- Sustaining high-level engagement with the **United States**. The Australia–United States Ministerial (AUSMIN) consultations – co-organised with the Department of Defence – provide a regular, high-level opportunity to engage with Australia's largest source of foreign investment (around \$618 billion invested in 2012) and Australia's third largest two-way trading partner in goods and services (worth around \$54 billion in 2012-13). This regular, high-level engagement is particularly important in understanding the United States' rebalance to Asia and its implications for northern Australia.
- With the **Republic of Korea**, setting up the first '2+2' meeting (held July 2013), the first such meeting the Republic of Korea has held with any country apart from the United States. Negotiations on an FTA were concluded in December 2013, which gives Australian exporters significantly improved market access to Australia's third-largest export market, our fourth-largest trading partner, and an economy with an above-average growth outlook.
- Continuing to build Australia's strategic partnership with **India** by supporting the Joint Ministerial Commission and progressing negotiations on a comprehensive economic cooperation agreement. India is Australia's fifth largest export market with significant opportunities for further growth in key areas such as resources and energy, education, agriculture, IT and infrastructure.
- Engaging more closely with **Indonesia** through the Annual Leaders' Meeting and the Foreign and Defence Ministers' Meeting. Starting negotiations on the Indonesia–Australia Comprehensive Economic Partnership Agreement is also a significant milestone, given that Indonesia is Australia's 12th largest trading partner (worth \$14.2 billion in 2012-13) and one of Australia's most important beef and live cattle markets.

Australia's immediate neighbourhood, the Pacific, remains a perennial priority for DFAT. Working closely with New Zealand, Australia's engagement is centred on a desire for security, stability and prosperity shared through the region. Highlights include:

- Supporting the conclusion of the United Nations Integrated Mission in **Timor-Leste** (UNMIT) and withdrawing the Australian-led International Stabilisation Force, marking an important milestone in the progress of this new nation, which is one of northern Australia's closest geographic neighbours. Australia is Timor-Leste's largest development assistance partner and we are expanding into new areas of cooperation, including through the participation of Timorese workers in Australia's Seasonal Worker Programme and in the shared management and development of oil and gas resources in the Timor Sea.
- Leading Australia's participation in the **Pacific Agreement on Closer Economic Relations** (PACER) Plus negotiations, which have expanded and intensified, and assisting with the implementation of the **Seasonal Worker Programme** (*see Snapshot G*).
- Following national elections in **Papua New Guinea**, DFAT led Australia's intensive engagement to provide a framework for our modern and dynamic partnership. The most recent initiative to strengthen economic and social ties, agreed at the 2013 Australia-PNG Ministerial Forum, encourages stronger relationships between Australia's and PNG's businesses, entrepreneurs and students. The Government will provide \$1 million over three years for the initiative that will be hosted by Australia's Lowy Institute and PNG partner organisations.

Regional institutions are of enduring importance for Australia. With this in mind, DFAT has focused its diplomatic efforts on the **Asia-Pacific Economic Cooperation** (APEC) forum, **East Asia Summit** (EAS) and **Association of South East Asian Nations** (ASEAN). APEC is a key forum for practical collaboration with regional economies in support of trade and investment openness, structural reform and regulatory cooperation. The forum has a substantial ongoing work programme on financial, trade and human security issues and is hosted and chaired each year by a different APEC economy. Papua New Guinea is designated to host APEC in 2018 and this could provide economic opportunities for northern Australia.

The EAS is another important vehicle for driving financial and economic integration, building confidence, and nurturing a culture of collaboration on security issues. DFAT has supported ministerial and leaders' discussions in the EAS and the ASEAN Regional Forum on regional security issues, including on the South China Sea, the Korean peninsula, and non-proliferation. The appointment of Australia's first resident Ambassador to ASEAN was also announced in 2013.

As the **G20** President, Australia is leading G20 work to lift economic growth, deliver better employment outcomes and make the global economy better able to deal with future shocks. Stronger growth and a more resilient global economy will benefit Australia, including northern Australia. In February 2014, G20 members committed to identify domestic actions that would lift our collective GDP by more than two per cent (or around \$2 trillion) above the current trajectory over the next five years. Actions under national comprehensive growth strategies will aim to increase investment in infrastructure, drive growth in trade, improve competition and increase employment opportunities. In consultation with agencies, DFAT is providing policy advice to the Government on trade, development and food security to deliver practical, concrete outcomes. We have also escalated our advocacy efforts with G20 countries and a range of international organisations to build support for the G20's 2014 agenda and the benefits of governments undertaking domestic reforms to drive economic growth.

The northern Australian mineral and resources trade requires secure sea routes, including through the Indian Ocean. Australia became Chair of the **Indian Ocean Rim Association** (IORA) for two years from November 2013. Australia supports work in IORA to facilitate trade and investment among IORA member states. IORA can play a modest part in strengthening regional economic integration, by harnessing greater business interest and helping to foster business networks and in building capacity in areas such as trade policy and customs administration, thus advancing Australia's own economic interests. IORA also supports trade by playing a part in strengthening maritime security in the Indian Ocean.

The Government has committed to consider consulting regularly with our Asian, Pacific and Indian Ocean partners to maximise partnership opportunities with northern Australia, as well as consider establishing a greater consular presence for Australians overseas. DFAT has the ability to place northern Australian issues on the agendas of Australia's engagement with our most important bilateral and regional partners. DFAT has also recently completed a diplomatic footprint review, in consultation with Austrade, which is currently with the Foreign Minister for consideration. Through the prism of economic diplomacy, northern Australia can leverage the region's transformational growth over the coming decades to strengthen its economic development, increase trade and create jobs.

4. Strengthening northern Australia's trade and investment with the world

The Government is committed to effective implementation of existing trade agreements and the conclusion of trade agreement negotiations in which Australia is participating. The coordination of targeted and regular trade missions is also a priority. DFAT, in cooperation with Austrade, EFIC and other government agencies, pursues these objectives through a wide range of bilateral, regional and multilateral trade activities, which will result in tangible trade and investment benefits for northern Australia.

DFAT is committed to advancing global trade reform and liberalisation for the benefit of all Australian businesses, including those in northern Australia. We work through multilateral, plurilateral, regional and bilateral channels to open new markets, consolidate access to existing markets and facilitate more efficient and transparent trading practices both within and between countries.

With a relatively small but open economy, northern Australia relies heavily on international trade. Its principal industries, including minerals and energy, agricultural commodities, live animals and tourism, are highly export-oriented. In the Northern Territory for example, trade accounts for a relatively high proportion of its Gross State Product (GSP), with exports of goods and services accounting for over 33 per cent of GSP in 2011-12 (compared to around 21 per cent nationally) and a major contributor to its economic growth. As a major trading and exporting region, the Northern Territory has benefitted from substantial liberalisation of world trade.

Bilateral and regional trade agenda

Northern Australia benefits from seven FTAs that are currently in force with New Zealand, Singapore, Thailand, the United States, Chile, ASEAN (with New Zealand) and Malaysia. The countries covered by these FTAs account for 28 per cent of Australia's total trade. Australia is also engaged in eight FTA negotiations – four bilateral FTA negotiations with China, Japan, India and Indonesia, and four plurilateral FTA negotiations in the Trans-Pacific Partnership Agreement (TPP), the Gulf Cooperation Council (GCC), the Pacific Trade and Economic Agreement (PACER Plus) and the Regional Comprehensive Economic Partnership agreement (RCEP). The countries covered by these negotiations account for a further 40 per cent of Australia's trade. In December 2013, Australia successfully concluded FTA negotiations with the Republic of Korea (*see Snapshot A*).

Northern Australia is a significant producer of numerous key resources and energy products like natural gas, coal, copper, aluminium, gold, crude petroleum, uranium, ores and concentrates (e.g. aluminium, iron, lead, manganese and zinc). The region also produces a range of agricultural products including live animals, beef, hides and skins, wheat, sugar and tropical horticulture. These export sectors are at the forefront of DFAT's priorities in its FTA negotiations with regional partners.

Significant tariffs still exist in our major markets in North Asia, which also levy very high tariffs, up to 550 per cent, on Australia's agricultural exports. China and Japan have already concluded FTAs, or are negotiating FTAs, with our competitors. Without our own FTAs with these countries, Australia will face higher market access barriers than our competitors, which could eventually shut Australia out of these lucrative markets. Two-way investment and services trade with Japan and China would also be enhanced by the conclusion of bilateral FTAs. Facilitating investments in Australia is a priority for both Japan and China but FTA negotiations with both countries are ongoing.

Snapshot A – The Korea-Australia Free Trade Agreement (KAFTA)

Negotiations on a FTA with the Republic of Korea (Korea) were concluded in December 2013. KAFTA gives Australian exporters significantly improved market access in goods and services. It eliminates very high tariffs on a wide range of Australian goods exports of importance to the northern Australian economy and creates new market openings for services. It substantially improves investment protections and will integrate Korea further with Australia's open and stable economy. KAFTA also protects Australia's competitive position in the Korean market, as Korea is already giving preferential access to our major competitors, including the United States, European Union, Chile and ASEAN countries.

Major **agricultural products** exported from Australia's northern states and territories include beef, wheat and sugar. KAFTA includes a strong trade liberalisation outcome for agriculture, which is a good outcome for Australian agricultural producers. Under KAFTA, the following Korean tariffs will be eliminated:

- 40 per cent tariff on beef (over 15 years)
- 1.8 per cent tariff on wheat (when the agreement enters into force)
- 3 per cent tariff on sugar (when the agreement enters into force)
- 1-5 per cent tariff on hides and skins of cattle, sheep and kangaroo (when the agreement enters into force)
- 30 per cent tariff on macadamia nuts (in 5 years)
- 30 per cent tariff on mangoes (in 10 years)

Northern Australia is also a significant producer of numerous key **resources and energy products** like natural gas, coal, copper, aluminium, gold, crude petroleum, uranium, ores and concentrates (e.g. aluminium, iron, lead, manganese and zinc). Korea applies tariffs of up to eight per cent on a range of priority resources products. Under KAFTA, Korea will eliminate tariffs for all resources products within 10 years. Many resources products such as aluminium will benefit from immediate tariff elimination, while other products such as crude petroleum will have tariffs eliminated over short phase-out periods.

KAFTA will provide Australian **services** exporters with outcomes equivalent to the best treatment Korea has agreed with any trading partner, on par with its agreements with the United States and Europe. This includes new market access for suppliers of legal, accounting, and telecommunications services and guaranteed open access across a broad range of other services, including financial and education services. KAFTA also improves opportunities and protections for Australian investors and investments in Korea and will also help attract more direct investment from Korea into Australia.

With one in five Australian jobs linked to trade, KAFTA will provide an important boost to Australia's economy. Economic modelling estimates goods liberalisation alone to be worth nearly \$5 billion in additional GDP to Australia between 2015 and 2030, resulting in an annual boost to the economy of around \$650 million after 15 years of operation. Our agriculture exports are modelled to increase by 73 per cent and manufacturing by 53 per cent by 2030 as a result of this FTA.

KAFTA fulfils the Government's commitment to conclude FTAs with major trading partners. This translates to more jobs and higher economic growth for Australia and demonstrates that Australia is open for business.

Trade barriers also affect exports to our major markets in Southeast Asia. The Government continues to work to improve access to these markets through its ongoing trade negotiating agenda in the region. This includes with Indonesia, under the Indonesia-Australia Comprehensive Economic Partnership, and with ASEAN, China, Japan, Korea, India and New Zealand under the RCEP agreement.

These negotiations will build on gains from Australia's FTA's currently in force with Southeast Asia, which are helping Australian exporters access new markets and expand trade in existing markets in the region. This includes in northern Australia, where exporters are well-placed to access these markets. Australia's FTAs also signal our openness to foreign investment, including that from Southeast Asia to northern Australia, as well as provide an opportunity for companies in northern Australia to link into regional supply chains.

Australia's FTAs with Southeast Asia have created, and will continue to create, opportunities for trade in goods with ASEAN member countries, including for exports from northern Australia. Tariff elimination and reductions have been achieved across a range of products important to northern Australia. This includes for the single largest merchandise export from northern Australian ports to Southeast Asia – crude petroleum oils and oils obtained from bituminous minerals (worth over \$1.9 billion in 2013). Similar gains have been made for northern Australia's other major exports to ASEAN countries, including live animals (\$358 million in 2013), bituminous coal (\$331 million) and unwrought refined copper cathodes and sections of cathodes (\$291 million). Importantly, Australia's FTAs with the region bind many existing tariff rates, thereby providing greater certainty for northern Australia's exporters.

Although more modest than progress with the goods trade, Australia's FTAs with Southeast Asia nevertheless provide a strong framework to assist Australian exports of services over time. This includes in areas where northern Australian providers potentially have strong capabilities, such as education services, mining services and tropical disease health care. For example, under the Malaysia-Australia FTA (MAFTA), northern Australia's education providers are permitted to establish a local presence in Malaysia, with up to 70 per cent ownership (increasing to 100 per cent in 2015 for providers of higher education services). Further, by facilitating regional trade, Australia's FTAs with ASEAN countries have the potential to benefit northern Australian transport and logistics providers, such as the Darwin Port Corporation. This offers further benefits for local businesses that provide services to the port.

DFAT also continues to progress negotiation of the Trans-Pacific Partnership (TPP). The TPP will cover all issues related to trade and investment relations between TPP countries, with the goal of providing new market access opportunities and building regional economic integration. A unique feature of the TPP is that it seeks to open markets for not only goods and services but also government procurement. The northern Australian economy is reliant on international trade and major government projects. FTAs such as the TPP, which place emphasis on international best practice procedures for providing transparency of laws, regulations, and practices regarding government procurement, will help develop northern Australian projects and address skill shortage problems. Other FTAs which include government procurement commitments are those with New Zealand, Singapore, the United States, Chile, and the Republic of Korea (agreement concluded but not yet entered into force).

Multilateral trade agenda

Through the various institutional mechanisms of the World Trade Organization (WTO), DFAT works to strengthen the organisation as the centre of the rules-based trading system. The aim is to ensure the WTO continues to uphold the existing rules for multilateral trade, as well as advance trade reform and liberalisation. This benefits the trade-reliant economies of northern Australia.

Snapshot B – Northern Australia’s tourism sector³

Northern Australia is home to seven World Heritage Sites with outstanding natural and scientific values: the Great Barrier Reef, the Wet Tropics of Queensland, Kakadu National Park, Uluru-Kata Tjuta National Park, the Ningaloo Coast, Purnululu National Park and the Riversleigh Australian Fossil Mammal Site. Kakadu National Park, Uluru-Kata Tjuta National Park and the Wet Tropics of Queensland are recognised for their cultural value.

Northern Australia is heavily reliant on tourism, but the region has not experienced the same growth in tourism as the rest of Australia in recent times. International visitors to northern Australia declined 11.5 per cent between 2003-4 and 2012-13 compared to national growth of 24.4 per cent. In 2012-13, the average international visitor to northern Australia stayed for 11.4 nights and spent \$1,114, which is below the national average of 36 nights and \$3,125 per international visitor.

Northern Australia has relied on visitation from traditional markets, which have remained flat or dropped over the last five years. These markets have similar demands and suit the current products available in northern Australia. But China and other emerging markets from Asia are now responsible for most of the growth seen in international arrivals in northern Australia. These new markets require northern tourism operators to update and adapt their product offerings to meet visitor expectations and take advantage of these growing markets.

Northern Australia is on the doorstep of Australia’s most important inbound tourism markets, most significant trading partners, and the world’s most important aviation hubs. Northern Australia has the opportunity to transition into being Australia’s tourism gateway to Asia, but competition for the international traveller has never been as high.

The Government’s northern Australia policy outlines an opportunity to grow international visitors by 33 per cent from the current level of 1.5 million to 2 million a year by 2030. Commonwealth and state Tourism Ministers have agreed to maintain a coordinated approach to a national tourism policy and to continue to cooperate through the *Tourism 2020* framework to address the industry’s supply-side weaknesses such as red tape, low investment, skills and labour shortages, and insufficient transport capacity.

Tourism policy collaboration will progress on the basis of four policy principles:

- Encourage high quality tourism experiences, including indigenous tourism.
- Limit the tax, red tape and other regulatory burden industry faces.
- Undertake coordinated and effective marketing campaigns to drive demand.
- Work with industry to support the development of tourism infrastructure that can drive demand.

Attracting foreign investment into Australian tourism infrastructure is a national priority. Austrade is leading the Government’s efforts to increase the availability, quality and choice of accommodation and tourism experiences in Australia in order to increase our share of international visitor expenditure, particularly from growing Asian markets.

³ Information courtesy of Austrade

DFAT promotes efforts to progress multilateral trade negotiations in the WTO. We played a key role in securing a package of outcomes for the December 2013 9th WTO Ministerial Conference, including an agreement on trade facilitation, outcomes on agriculture and a package of measures to assist least developed countries. Similarly, Australia is supporting ambitious and early implementation of the new WTO trade facilitation agreement by developing economies in APEC through economic cooperation and capacity building initiatives.

As Australia exports around 60 per cent of its total agricultural production, improved overseas market access for Australia's food and agricultural products remains a central priority in Australian trade negotiations. DFAT's engagement on agricultural trade policy issues in the WTO is broad and includes, for example, efforts to build a deeper understanding internationally of the role of open markets and trade in strengthening global food security. DFAT also supports Australia's role in the WTO as Chair of the Cairns Group coalition of agricultural exporting nations.

DFAT leads Australian efforts in the WTO in continuing to press for a return to meaningful global agricultural market access negotiations. In parallel with this, DFAT also leads Australia's engagement in the regular Committee on Agriculture processes to review and monitor other WTO members for compliance with the international trade rules, and also to address specific trade concerns. The value of this – and related engagement in formal WTO dispute settlement processes – was clearly demonstrated in Australia's successful legal challenge against the European Union for breaching its WTO export subsidy commitments on sugar, which was particularly important to north Queensland's sugar growing regions.

DFAT consults regularly to inform trade negotiation priorities. This includes extensive and broad engagement with the Australian agricultural industries, including those located in northern Australia such as the cattle and sugar sectors. DFAT encourages all agricultural sectors to continue to participate in the regular consultations process, including with regard to specific trade negotiation initiatives that are listed on the DFAT website.

In order to progress liberalisation in services, DFAT steers discussions on a Trade in Services Agreement (TiSA). Services represent a significant proportion of Australia's total economic and trade output, accounting for over 70 per cent of GDP and over 18 per cent of total trade in goods and services. DFAT is also playing an active role to expand the Information Technology Agreement (ITA) and to commence negotiations on environmental goods in the WTO. The negotiations on the ITA have focused to date on expanding the product coverage to eliminate tariffs on new IT products. The environmental goods negotiations will aim to eliminate tariffs on goods used to protect the environment and address climate change. An expanded ITA and the proposed environmental goods agreement will lead to lower costs, increased access to technology and enhanced market access opportunities for Australian industry, including in northern Australia.

Trade and investment promotion

Austrade contributes to Australia's economic prosperity by helping Australian businesses, education institutions, tourism operators, governments and citizens as they develop international markets, win foreign direct investment, promote international education and strengthen Australia's tourism industry.

Austrade achieves this by generating market information and insight, promoting Australian capabilities, developing policy, making connections through an extensive global network of contacts, leveraging the badge of government offshore and providing quality advice and services.

Snapshot C – Northern Australia’s resources sector⁴

Northern Australia has some of Australia’s most abundant **mineral** deposits, and there are significant opportunities arising from growing international demand in emerging markets. For example, thermal coal exports from northern Australia are likely to increase significantly, with India needing almost 200 million tonnes of imported coal per annum by 2017 (almost 20 per cent of global trade).

Foreign investment is critical to fund exploration, support existing projects and provide working capital. In 2012, there was over \$200 billion of foreign investment into Australia’s mining sector, illustrating its importance to the sector’s continued growth. Townsville is the main service centre for mining projects in the north-east and the north-west, with three mineral processing refineries and a trading port specialising in the export of base metals.

Northern Australia’s mineral riches have led to a thriving **mining equipment, technology and services (METS)** sector, particularly in Cairns, Townsville, Mackay and Rockhampton. There are approximately 200 METS companies located in northern Australia that supply resource projects in the region and internationally. These companies provide a range of services (including exploration, geological, environmental, safety, education and training, ICT, construction and logistics) as well as specialised manufacturing of mining consumables and equipment.

While globally competitive across many types of mining operations, northern Australia’s METS companies have a distinct niche in servicing mining operations in tropical or remote environments. With the slowdown in Australian mining investment and construction, companies are eager to identify overseas supply chain opportunities. There is substantial demand in nearby international markets, such as India, Papua New Guinea, ASEAN and the Pacific. Papua New Guinea and the Pacific are particularly significant given the direct shipping line from Townsville.

There are also niche opportunities for global METS companies to invest in northern Australia to supplement the local METS market, address identified local supply chain gaps, and introduce new technologies to Australia to reduce costs and increase productivity gains. Foreign investment can facilitate access to new projects and provide partnership or technology transfer opportunities with international companies with size, distribution and supply chain advantages.

Australia is one of the world’s largest producers of **liquefied natural gas (LNG)** and is expected to become the world’s largest exporter by 2020. With foreign players dominating the sector, the greatest opportunity for northern Australian companies is to supply equipment, technology and services into coal seam gas and LNG supply chains.

There are significant opportunities for continued high levels of foreign investment to fill supply chain gaps in conventional and unconventional gas projects – this will be critical to the sector’s continued growth. There are opportunities for multinationals, particularly in exploration, to develop unconventional oil resources. However, investors indicate that overlapping government regulations are constraining investment.

Resources and energy is one of the Government’s five investment priorities.

⁴ Information courtesy of Austrade

Austrade's operations in Australia are structured along sectoral lines with national sector teams in trade and investment, education and tourism who service the needs of businesses, government and stakeholders.

In addition to the national sector teams, Austrade services northern Australia primarily through an office in Darwin and TradeStart offices in Darwin, Rockhampton, Mackay and Cairns.⁵ The region is otherwise supported by state based offices in Brisbane and Perth. Austrade's international network has 83 points of service. Within the tropical region, Austrade has approximately 40 offices, representing 44 per cent of Austrade's international network that spans Mexico, Colombia, Peru, Chile, Argentina and Brazil; Nigeria; Saudi Arabia and the United Arab Emirates; India; ASEAN; and the Pacific.

Most Austrade in-market work aims to support Australian businesses develop international markets in agribusiness, food and beverage, mining equipment, technology and services (METS), advanced manufacturing and technology, education and training, and a range of service sectors including tourism.

Austrade's investment work is built on promoting Australia as a destination for investment and attracting foreign direct investment, particularly in five national priorities: agribusiness and food, resources and energy, economic and social infrastructure, tourism infrastructure, and advanced manufacturing, services and technologies. These align with the Government's policy priorities and Australia's competitive advantages. Each of these priority areas is relevant to the economic development of northern Australia. Foreign direct investment could be expected to be an important catalyst in providing the capital necessary for its development.

Export finance and insurance

As Australia's export credit agency, EFIC assists Australian-based businesses so that they can take advantage of commercial export and overseas investment opportunities. EFIC helps Australian businesses grow their international activities by providing tailored financial solutions when the private market faces constraints – this includes providing working capital for export, project finance, buyer finance by way of direct loans and guarantees, contract bonds and insurance against non-payment foreign exchange guarantees. EFIC can also support domestic subcontractors to Australian export projects.

EFIC has helped a number of exporters and projects benefitting northern Australia. For example, EFIC provided an export finance guarantee to enable Wellard Rural Exports, a leading Australian live export company with operations in northern Australia, to supply cattle and infrastructure to a large-scale dairy farm project led by the Government of Sri Lanka. This project will act as a pilot project for the subsequent development of larger-scale dairy production farms in other parts of Sri Lanka – with the potential to open a significant export market for Australian dairy cattle exporters.

EFIC also played a key role in the US\$20 billion project financing for the Ichthys LNG Project in northern Australia – the largest project financing ever arranged. EFIC provided a US\$150 million loan to the project and played a critical “pathfinder” role in negotiating terms and conditions for the financing, which facilitated the participation of the other seven international export credit agencies involved in the project. EFIC's facility also helped ensure that Australian companies secured important construction contracts in relation to the offshore works.

The economic impact of the Ichthys project on northern Australia is significant. It includes major offshore gas and condensate facilities in the Browse Basin, a gas pipeline from the Gas

⁵ TradeStart is an initiative that delivers Austrade services through local public sector and industry organisations throughout Australia. TradeStart Advisers are well versed in the needs of exporters and skilled in matters of international trade.

Snapshot D – Regional partners’ views on costs of doing business in Australia

Under the Government’s economic diplomacy agenda, one of DFAT’s key objectives is to use its overseas network to promote investment into Australia and Australian investment internationally. Representatives of foreign companies and governments have raised the following issues with DFAT about Australia’s investment environment, many of which would have resonance in the northern Australia context. A selection of these issues from major trading partners include:

- **China** – Chinese investors have noted Australia’s foreign investment screening processes, lengthy timeframes for environmental, indigenous and regulatory approvals and labour issues (i.e. the high cost of labour, labour shortages, conditions around wage parity and English language requirements attached to the 457 visa programme) as barriers to additional investment. Infrastructure bottlenecks, including access to rail and ports, as well as difficulties in obtaining the necessary information to invest are also areas of concern.
- **Japan** – Japanese businesses have expressed interest in a stable taxation regime, deregulation of environmental, labour and immigration restrictions, and increased direct flights between major cities in Japan and Australia to facilitate further investment.
- **India** – Indian resources sector investors have expressed concerns about the production costs involved in the Australian resources sector, in the context of falling commodity prices and increasing competition from other markets, including the United States, Canada and Indonesia. Other concerns include the cost of labour and access to visas for temporary workers, as well as a lack of understanding about opportunities in the Australian market. The onerous nature of Australia’s regulatory approval process, particularly the sheer number of approvals required, is a strong disincentive.
- **Republic of Korea** – There is a view among businesses in the Republic of Korea that Australia has become an expensive place to invest. Korean companies seeking to expand their investments in Australia have encountered barriers such as access to essential transport infrastructure in regional areas.
- **Malaysia** – Malaysian investors have cited Australia’s high dollar and high labour and production costs as adversely impacting on the competitiveness of Australian goods overseas. Strictly enforced prudential rules and planning ‘red tape’ are also cited as issues of concern.

The Government has committed to working with northern states and territories to examine and act on unnecessary bureaucracy, green and red tape, such as reducing regulation and streamlining Commonwealth and state environmental approvals through a ‘one stop shop’ process.

DFAT intends to continue to approach key partner governments in the region as part of the consultation phase of Northern Australia White Paper process.

Field to Darwin and onshore processing facilities at Blaydin Point in Darwin Harbour. Over US\$17 billion in engineering, procurement and construction contracts have been awarded to Australian companies and there are significant opportunities for Australian subcontractors to supply the project. During the construction phase, Ichthys will generate over 4,000 jobs and, once operating, will be a significant source of export revenue for the Australian economy over the next 40 years. According to the major shareholder and operator, INPEX, the project will expand the national economy by up to \$3.5 billion annually and contribute up to 18 per cent of the Northern Territory's GSP during each year of the project.

5. Enhancing northern Australia's people-to-people links with the world

To sustain a lasting connection with the growing Indo-Pacific region and its economic opportunities, northern Australia must encourage and maintain stronger people-to-people links with neighbouring countries. DFAT works closely with Australia's partners in the region to foster these vital people-to-people and institutional links – bilaterally and regionally – in support of the Government's foreign, trade and development policy goals and to project a positive contemporary image of Australia.

New Colombo Plan

Under the Government's signature initiative in enhancing people-to-people links, the New Colombo Plan, Australian undergraduate students in northern Australia have new opportunities to undertake prestigious scholarships and to receive grants for study and internships/mentorships in the Indo-Pacific region.

The New Colombo Plan is intended to be transformational, deepening relationships with the region, both at the individual level and through expanding university, business and other links. Over time, the Government wants to see study in the Indo-Pacific region become a 'rite of passage' for Australian undergraduate students, and an endeavour that is highly valued across the Australian community.

In 2014, a pilot phase of the New Colombo Plan is taking place in Hong Kong, Indonesia, Japan and Singapore, which will provide around 40 scholarships for periods of study between one semester and a year and an innovative mobility grants scheme that will support some 700 Australian undergraduates across the country to undertake study in the region, ranging from short courses to semester-based study of up to one year. The New Colombo Plan will be more widely implemented across the Indo-Pacific region from 2015.

The programme is open to Australian undergraduates aged 18 to 28 at all Australian universities. Funding support for scholarship recipients includes host institution fees (where applicable), travel to and from the host location, a living stipend and insurance costs. An internship or mentorship experience is an integral component of the New Colombo Plan, helping ensure Australian students are work-ready and have professional connections in the region. An alumni system is also being developed to facilitate connections and ensure networks established through the New Colombo Plan are long-lasting.

With their history of engagement with Asia, Australia's northern-most universities, Charles Darwin University and James Cook University, are well-placed to benefit from the New Colombo Plan. The New Colombo Plan Secretariat in DFAT will continue to engage with universities on New Colombo Plan implementation and opportunities.

Both Charles Darwin University and James Cook University were successful in their applications for funding in the first round of New Colombo Plan mobility placements. Their students will be undertaking medical/clinical placements in Singapore and short-term legal studies in Indonesia respectively.

Snapshot E – Northern Australia’s tertiary education sector⁶

Northern Australia is serviced by six universities and approximately 50 TAFE institutions. **James Cook University (JCU)** is Australia’s leading tropical research university with an explicit (legislated) focus on research addressing the critical challenges facing natural and human systems in tropical regions. JCU has internationally recognised research strengths in the fields of environmental science and management, ecology, coral reef science, biology and biochemistry, plant and animal science, geosciences, tropical health and medicine, high speed wind engineering, indigenous knowledge, linguistics and tourism studies.

Charles Darwin University (CDU) is the only university operating in the Northern Territory and also offers several Vocational Education and Training (VET) training courses. Darwin provides a unique university experience, offering courses in both tropical and desert environments. Like JCU, CDU is renowned for its work in environmental science and management.

CDU has strong **international linkages**, particularly with Indonesia and Timor-Leste. The Northern Territory Government and the Indonesian province of Kalimantan Timur have signed a Memorandum of Understanding (MoU) that supports and promotes CDU’s work with Indonesia to further increase the links between both governments and the university. CDU is engaged in more than 110 specific research and partnership programmes in areas such as marine ecology, agriculture and plant biosecurity, tropical health, tropical resource futures and livestock.

Both JCU and CDU have strong links with their Chinese counterparts. JCU has five joint venture programmes approved by China’s Ministry of Education and offers courses in English, business and accounting skills and information technology, in conjunction with universities in Beijing, Qingdao and Guangzhou. JCU and CDU also have a range of exchange and cooperation arrangements with Chinese universities and Confucius Institutes.

JCU and CDU attract significant numbers of **international students**, many of whom undertake programmes that specifically relate to the future development of the tropics. In 2013, there were almost 10,000 international student enrolments in universities and colleges within the region. JCU and CDU have doubled their international student enrolments over the last 10 years with a further 20 per cent increase over the last 12 months. This trend has seen total enrolments in the two institutions rise from less than 2,000 in 2003 to more than 4,200 in 2013. The global reach of these institutions has increased following growing international awareness of their research capabilities and reputation, particularly for targeted research areas.

In addition to northern Australia’s education and research potential in the fields of agriculture, mining and tourism, Australia is uniquely positioned as one of the few developed economies in the tropics with advanced capabilities in **tropical health and medicine** research. Building on this strength provides opportunities for northern Australia to attract international organisations to partner for research, product development and commercialisation. The region has the potential to be developed as a tropical medicine research, services and training hub, which may in turn seed new industries. The Government has committed \$42 million to support the expansion of JCU’s renowned Australian Institute of Tropical Health and Medicine.

⁶ Information courtesy of Austrade

Special Visits Programme

The Special Visits Programme (SVP) is designed to promote Australia's foreign, trade and development policy interests by bringing to Australia individuals who can contribute to a greater understanding of Australia's policies and institutions in their home countries. Selected participants are influential or potentially influential people who are likely to be future leaders in their field and who can contribute to increased international support for, and understanding of, Australia and our foreign, trade and development policy interests. They may be in government, business, academia or NGOs but should have their careers largely ahead of them and not already be familiar with Australia.

DFAT is responsible for the selection, funding and management of SVPs. A visitor's itinerary is developed based on policy priorities and the respective visitor's policy interests and available schedule. There have been 30 SVPs since July 2012, of which four (for visitors from India, the United States, Singapore and the Federated States of Micronesia) included northern Australia in their itineraries (Cairns, the Atherton Tablelands and Uluru). A further six SVPs planned in 2014 include northern Australian destinations (Mount Isa, the Pilbara region, the Great Barrier Reef, Mackay and Uluru). There is scope to increase the number of SVPs that include northern Australia, which would provide the opportunity to showcase the significant economic potential of northern Australia to future leaders and influencers in our region.

6. Northern Australia's contribution to helping our regional neighbours

Australia's aid programme

Australia's aid programme is an important tool through which Australia supports its economic diplomacy objectives. The aid programme works in the national interest to extend Australia's influence and build stability and prosperity in the Indo-Pacific region, particularly Southeast Asia and the Pacific, by supporting economic growth and poverty reduction. The aid programme will have a much stronger focus on promoting economic growth and private sector development than it has in the past. Recognising the links between human development and economic growth, the programme will also invest in human development, including education, health, and promoting gender equality and women's empowerment.

The Australian aid programme invests in **health** – particularly health systems – so that people can access basic health services and live healthy and productive lives. Australia is committed to playing a strong role in responding to disease threats in the region – such as malaria, tuberculosis and HIV/AIDS – which can create huge economic burdens on developing countries (*see Snapshot F*). We are also working with governments in our region to ensure growth is inclusive of the poorest and most disadvantaged, making sure particular consideration is given to improve people with disabilities, gender equality, those living in remote and rural communities and ethnic minorities.

A new strategic framework for Australia's aid programme is being considered through the 2014-15 budget process. Investments in health and medical research and training, including any new mechanisms for funding, will be considered through this process.

There are competitive mechanisms available to academic institutions and public sector organisations in northern Australia to access overseas development assistance funds. DFAT encourages the use of competitive mechanisms to ensure that funding is directed to the best investments that provide value for money. These mechanisms include the Australia Awards, which provide fellowships and scholarships to professionals and students from developing countries, and Government Partnerships for Development, which support knowledge and

Snapshot F – Addressing tuberculosis (TB) in the Torres Strait

With the Australian Government's support, the Papua New Guinea (PNG) Government is putting in place a comprehensive, best practice approach to detection and treatment of TB in Western Province, which borders the Torres Strait. DFAT's assistance has a direct impact on the prevalence of TB in the Torres Strait region and helps to address this important health priority for northern Australian state and territory governments.

PNG has the highest TB burden in the Pacific region with over 14,749 new cases diagnosed a year and a total prevalence rate of 534 per 100,000 people⁷. From January 2011 to December 2013, 92 cases of drug resistant TB were diagnosed in Western Province.

Australia has committed \$32.9 million over seven years to help the PNG Government to improve health services in Western Province, including detecting and treating TB. This includes \$11.8 million over four years for provision of TB specialist staff, training for community health workers and volunteer treatment supporters. Australian funding provides medical equipment, drugs, a sea ambulance, funding for high-level laboratory diagnosis in Australia of drug resistant TB and construction of a new TB and isolation ward, completed in July 2013.

Australia is also providing an additional \$20 million over five years. This includes up to \$10 million for the rehabilitation of the main provincial hospital in Daru and up to \$10 million for the rehabilitation of the Mabaduan Health Centre, which is less than five kilometres from Queensland's Saibai Island. A further \$1.1 million has been allocated for other health support such as new medical equipment and medical staff. In addition, Australia supports the Global Fund to Fight AIDS, TB and Malaria, which is investing USD30 million (2007-2014) in supporting the PNG Government to manage TB nationwide.

Australian support has helped PNG authorities to establish better surveillance, detection, diagnosis and treatment for TB. This provides a real and sustainable alternative to seeking treatment in Australia. Daru Hospital is now successfully identifying and treating more cases. As of the end of December 2013, a total of 1,409 patients have been diagnosed and started on treatment for TB in Western Province with Australian Government support, up from 880 in 2012 when the program of support commenced. Daru Hospital records show that TB mortality rates have been reduced in South Fly District – from 25 per cent in 2011 to just 5 per cent in 2013.

In November 2012, a team of five TB experts from the World Health Organization (WHO) conducted an independent assessment of programmatic management of drug-resistant TB in PNG. The report, finalised in June 2013, states there is clear progress in TB prevention and control in the South Fly district since the last WHO monitoring visit in October 2011. The review team found that in South Fly, infection control has been improved at Daru General Hospital, health staff have been trained, transport and communication improved, health facilities supervised and outreach activities implemented. Better diagnosis as a result of Australian-funded diagnostic machines has led to an increase in the number of patients identified with TB and multi drug resistant TB (MDR-TB). Importantly, MDR-TB patients have been promptly started on treatment with promising results so far, including a decline in deaths.

⁷ World Health Organization 2011

skills transfer through partnerships between Australian and developing country public sector organisations, including public universities.

A number of northern Australian institutions have secured funding for health and medical research and training through these mechanisms under the Australian aid programme in the past. For example:

- Charles Darwin University is working with Indonesian health authorities and local universities to support health systems in Indonesia, including by building the capacity of health officers to collect and map health data, and to improve the use of SMS tools to report health data from village midwives to clinics, and from clinics to district health.
- Royal Darwin Hospital has received funding to support the Sanglah Hospital in Bali, particularly in the areas of clinical governance and practice, and developing clinical leadership skills within the hospital.
- 251 Australia Awards scholarships (long-term awards) have been awarded to students from developing countries to study at James Cook University since 2009. 40 of these scholarships were for students to study in the field of health.

As institutions in northern Australia strengthen their research and training capabilities, there is an opportunity through such competitive mechanisms for northern Australia to further support our regional neighbours, including through partnerships that build the capacity within health institutions in developing countries and are driven by their needs.

Agricultural research

ACIAR facilitates the undertaking of agricultural research in developing country partners by working with the countries to identify their needs and priorities. These are matched with Australian research providers who identify the opportunities to extend their work to meet developing country needs in agricultural science and related disciplines. ACIAR also funds R&D to assess and enhance the policy environment affecting the adoption of the results of the research undertakings.

ACIAR commissions research groups and institutions, including universities, CSIRO and state departments of primary industry, private consultants and NGOs to carry out agricultural research projects in partnership with their counterparts in developing countries. In this context, the term 'agriculture' includes fisheries and forestry research.

Given its agricultural research funding, regional partnerships and management roles, ACIAR's activities have a bearing on some aspects of the Joint Select Committee's terms of reference. In particular, while ACIAR works primarily to help developing countries to help themselves through research adoption and research capacity building, it also uses the research to address agricultural problems in Australia when applicable. Independent evaluations have demonstrated that ACIAR projects provide important benefits for Australian agriculture. These mutual benefits mainly comprise new production technology, indirect and direct protection from pests and diseases, increased trade benefits and increased knowledge and capabilities of Australian researchers.

The potential benefits to northern Australia from these partnerships and collaborative research undertakings with regional countries in the Asia-Pacific are numerous. Northern Australian farmers operate in similar agro-ecological conditions to those prevailing in a number of regional countries and soil/climatic zones. The northern farm industries have certain natural comparative advantages in terms of future trade opportunities with Asia as well as possible exposure to some potential trans-boundary pests and diseases in the region. ACIAR programmes are indirectly assisting to realise these opportunities and reduce the threats.

Snapshot G – Seasonal Worker Programme⁸

The Seasonal Worker Programme (SWP) commenced 1 July 2012. It builds on the Pacific Seasonal Worker Pilot Scheme. Its objective is to contribute to the economic development of participating Pacific island countries and Timor-Leste.

The SWP has an ongoing programme in horticulture and a three year trial of seasonal labour mobility arrangements in the accommodation, aquaculture, cane and cotton sectors in selected locations across Australia. Workers have been placed in all states and territories (other than in the ACT). In northern Australia, workers have been placed in and around Broome, Western Australia; Humpty Doo and Katherine, Northern Territory; and Lakeland, Innisfail, Mareeba and Bowen, north Queensland.

Up to 12,000 places are available to employers to 30 June 2016, who may recruit from nine partner countries (Timor-Leste, Nauru, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu). Places are capped each year and figures are reflective of the modest incline in participation.

The SWP allows workers from participating countries to undertake between 14 weeks and six months' work with Australian employers who can demonstrate an unmet demand for low-skilled labour. Take-up of the programme is demand-driven by Australian employers who are able to choose which of the participating countries they recruit from.

SWP visa grants by country from 1 July 2012 to 31 December 2013

Country	Visas
Tonga	1647
Vanuatu	286
Samoa	79
Solomon Islands	44
Timor-Leste	37
Kiribati	36
Papua New Guinea	34
Nauru	10
Tuvalu	10
Total	2183

⁸ Information courtesy of the Department of Employment

Recent and current projects with benefit potential to northern Australia include sandalwood industry development, irrigation efficiency options (Ord), banana skipper disease in PNG, policies addressing land use and tenure systems, capacity building for individuals and institutions, and professional linkages and research networks.

While ACIAR programmes are not always specifically focussed on northern Australia or other parts of the country, some projects have involved partnerships with Australian indigenous communities, mainly in the fisheries and forestry programmes. For example, ACIAR has previously involved the Balkanu Cape York Aboriginal Development Corporation in northern Queensland (on woodland resource management) and the Kimberly Aquaculture Corporation in Western Australia (on trochus aquaculture).

Recent and current project linkages involving indigenous Australian interests cover the development of aquaculture-based livelihoods in the Pacific islands region and tropical Australia, trochus hatchery productivity in Broome, self-managed woodlands-tropical savannah woodlands in Aurukun, cattle quality improvement in the Northern Territory and Indonesia, and indigenous vegetables.

Further work with northern Australian agencies in collaboration with Asia-Pacific partners will be actively assessed in future alongside the research priorities and capabilities of developing countries and Australia. For example, it is anticipated that more emphasis will be given to researching the latent potential of vegetables in the diets, trade and agricultural management systems in Asia-Pacific developing countries and northern Australia alongside wider market and industry development opportunities. Agricultural water usage and security is another ongoing topic of joint concern. The involvement of northern Australian research institutions in future ACIAR capacity building activities will continue.

7. DFAT and the Northern Australia White Paper process

The Government has committed to develop a White Paper on Northern Australia, which sets out a clear, well-defined and timely policy platform for promoting the development of the region to 2030, with a strong focus on economic development, trade and job creation.

In addition to this submission to the Joint Select Committee on Northern Australia, DFAT has provided the following contributions to the White Paper process, led by the Department of the Prime Minister and Cabinet (PM&C):

- Seconded a DFAT officer to work on the PM&C Northern Australia White Paper Taskforce.
- Submitted preliminary input to support the White Paper's analysis of major trends, opportunities and barriers affecting northern Australia's development, in consultation with Austrade, relevant posts, divisions and state and territory offices.
- Shared recently published material, including Asian Century White Paper country strategies and the 2012 *Feeding the Future* joint Australia-China report on strengthening investment and technological cooperation in agriculture.
- Advised on countries' perceptions of impediments to foreign investment in Australia.
- Provided ad hoc advice as requested, such as on relevant government programmes that impact northern Australia.

DFAT stands ready to assist further through its resources in Australia and overseas, as well as through its economic diplomacy agenda, which brings together our foreign, trade, development and other international economic activities to deliver greater prosperity for Australia, our region and the world.