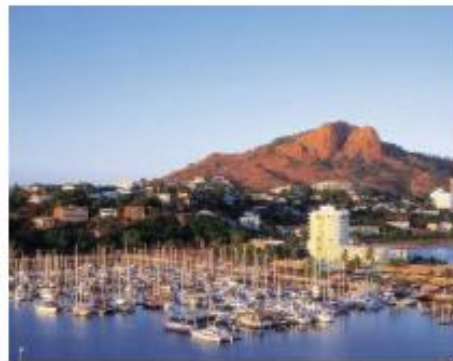




**SUBMISSION TO THE JOINT SELECT COMMITTEE**



**NORTHERN AUSTRALIA**



## Submission to the Joint Select Committee for Northern Australia

The current focus on Northern Australia as the next frontier is to be commended. The Federal Government is accurate in its assertion that Northern Australia is underdeveloped and underutilised.

It is also accurate that a more productive and effective Northern Australia is essential to the nation as a whole.

As a nation we have espoused the opportunities that lie in developing the North for at least the past 60 years<sup>1</sup>, while the discrepancy if anything, grows. Northern Australia continues to be characterised by a low average development density.

Northern Australia should become as important as Southern Australia. Not a vote catching policy, but a natural way of engaging directly with the world, particularly Asia. Cattle export bans may ease the conscience of inner-Melbourne residents but what about the livelihoods – of both of suppliers and consumers - dependent on the Northern Beef Industry?

Investment in our infrastructure is key - but it must be investment which will deliver benefit for generations ahead. We need to increase our export capabilities - protect our shipping channels, enhance our freight network, prevent encroachment of our nationally significant transport places. Improve our international contacts directly, not just through Canberra, Sydney or Brisbane.

We must have the right people in the right positions - people with vision, with the right attitude, with passion, with the drive for what is best for the region.

### **Lands of opportunity**

Northern Australia is a space so vast and sparse our Asian and European counterparts find it hard to contemplate. It contains comparatively extremely high concentrations of many of the world's current and future critical mineral resources, is well endowed with arable land for agricultural and a wonderful natural environment. Yet despite all this opportunity, we remain vastly underdeveloped – in population, investment, infrastructure, governance. Why? And more importantly how do we rectify?

First and foremost Northern Australia needs a big vision of the future: who do we want to be, how do we want to live, what are we prepared to give to achieve it, what will need to change. The right policy and effective implementation is essential along with political will, strong leadership and action rather than rhetoric. A Northern Australia development agenda must be a long-term commitment; Northern Australia must demonstrate the capacity for good decision making. We are not demonstrating that capacity yet.

Many of the reforms required to transform Northern Australia are applicable and appropriate for the nation as a whole. Examples include:

- Restructuring of the Federation – Federal and State relations, huge and inefficient bureaucracies and duplication of processes impact heavily on Northern Australia and require urgent reform.
- Prioritisation of Australia's most significant productive infrastructure – ports, rail, road, energy, water – on the national agenda.

### **A big vision**

An overarching vision of the future must underpin all planning, policy, investment, infrastructure and funding decisions. Major projects without the context of an overarching vision – without consideration of the impact on communities, infrastructure, skills, the environment, our international reputation – are precarious.

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1. Northern Australia : task for a nation; Australian Institute of Political Science. Summer School Canberra, A.C.T.) 1954; [Conference Proceedings : 1954]

To deliver a big vision will require a community based acknowledgment of the need for change and a nation-wide conversation. Recommendations for the fundamental principles of the vision include:

- Sustainability in growth and development
- Jobs and wealth through a commercial approach
- A focus on the global market
- Local empowerment, capacity and mutual respect between communities and regulators

***The highest priority for the North is the growth of jobs and wealth; a greater contribution to national prosperity.***

- The growth of jobs and wealth is elemental to optimal environmental, social and living standards.
- New and improved rules for investment, environmental and other approvals, access regimes and ownership are required. Principles for investment, access and ownership must centre on commercial terms for existing and future economic infrastructure; public funding applying to social infrastructure; and a firm expectation for recycling of infrastructure funding on a locational basis.
- Long term plans must be developed indicating where investment might build facilities; reserving places for industry and freight; delivering certainty in offsets and other policies; and using these policies to leave an enduring positive legacy. Opportunities must be identified and prioritised; delivering an essential pipeline of development projects.

***The private sector must drive development of the North, and account to the community for economic, social and environmental prosperity.***

- Development of the North must not disadvantage the South. The shackles on Australia's area of opportunity must be removed so wealth and prosperity can be built. This in no way equates to a transfer from the South.
- Northern Australia must build on existing comparative advantages to become home to world class cities with population, infrastructure, employment, health and education opportunities comparable to Australia's best; the world's best.
- Development must be measurable, consistent, accountable and transparent on economic, social and environmental results. Funding programs, government organisations and initiatives must be streamlined; non-performance must have consequences.

***New strong and direct links in sustainable development must be forged with international partners including Indonesia, Papua New Guinea and major export markets.***

- Local stakeholders and leaders are best positioned to facilitate strong links with international counterparts and outcomes for in projects.
- The exchange of students, researchers, business and government employees with Indonesia, Papua New Guinea and other close partner countries should be encouraged.
- An investment prospectus for commercial opportunities in the region; consistent with the infrastructure audit, investment pipeline and input from our partner countries should be developed. Commercially viable opportunities should be supported by rigorous cost-benefit analysis.

***Northern Australia stakeholders and leaders must be empowered and supported in building capacity to deliver for the nation.***

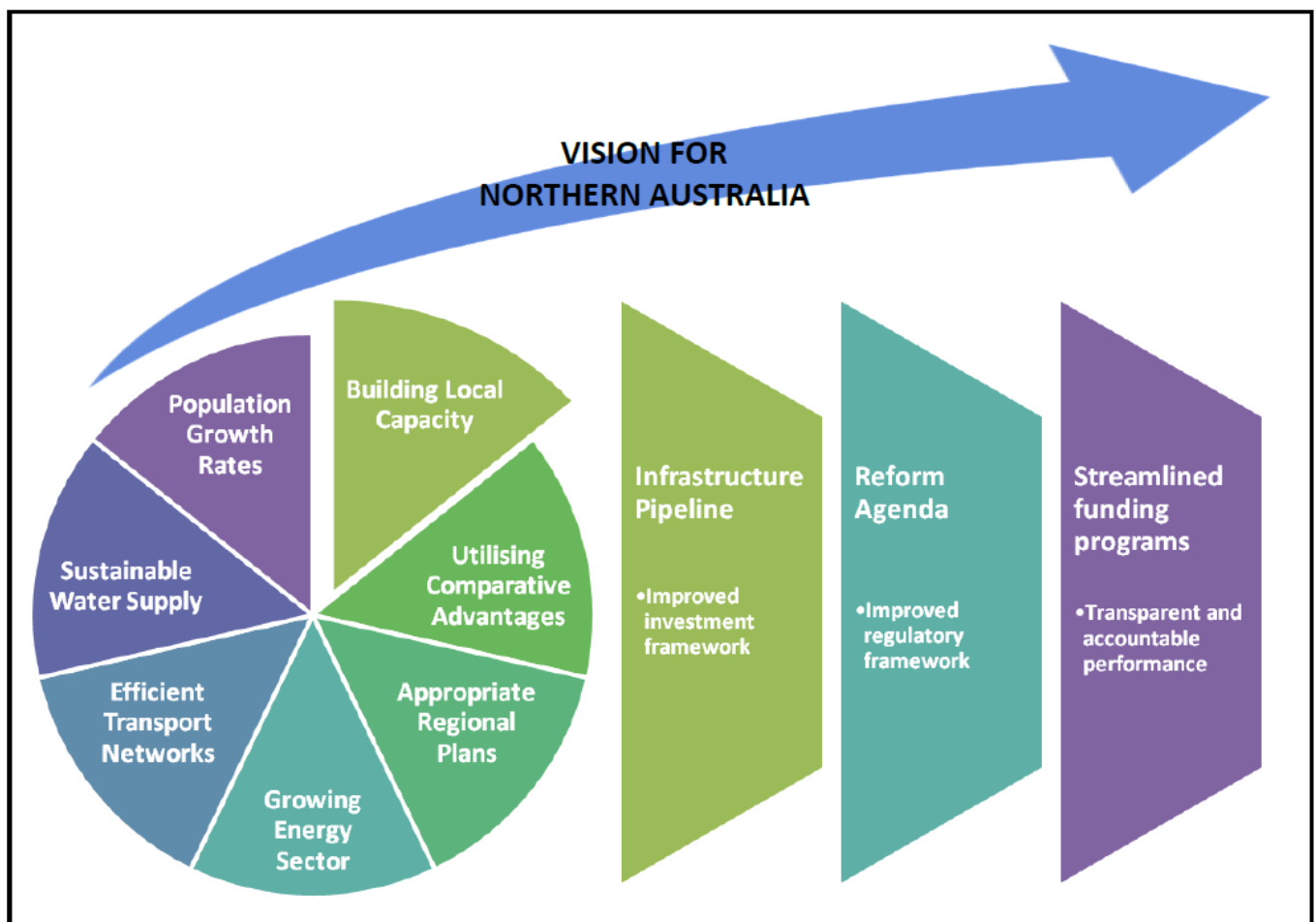
- Achieving the potential of the North's comparative advantages cannot occur without people, skills and labour. Population levels and growth rate targets must be set with local governments supported in the capacity to provide basic infrastructure including water, sewerage and land release. Funding must be linked to outcomes.

Population will only decentralise with the incentives of quality employment and social factors including health care, education and recreation.

- The exchange of students, researchers, business and government employees between Northern Australia and the South must be encouraged delivering understanding of Northern considerations to those from the South and building ability in those from the North.
- National directions and movements must strongly consider Northern interests. This has not been seen in some instances in recent years and has undermined the trust and respect between local stakeholders and southern (national) regulators. Examples include:
  - Conservation movements which impact on the economic viability and livelihoods of northern Australians without proper consideration or understanding of northern reality – i.e. Wild Rivers Legislation, tree-clearing constraints, resistance to cattle grazing in National Parks.
  - The decision to stop live cattle exports with the livelihoods of Northern graziers crucified.
  - Many policies cannot be effectively determined or administered in a one-size-fits-all approach such as 457 working visas.

Political and bureaucratic sectors must appropriately respond when called on as necessary and reasonable to remove imposed roadblocks to the Northern development agenda.

The solution for Northern Australia to achieve its potential, and create a greater contribution to national prosperity is not a project funding proposal, a vested interest, or a state agenda but a puzzle with a number of essential and interconnected priorities requiring a long term approach and a significant reform agenda.



**Recommendation:**

- Northern Australia's future must be underpinned by a big-picture vision which prioritises economic fundamentals, a commercial approach, an international perspective and enhanced local capacity.

## Terms of Reference

### ***Examine the potential for development of the region's mineral, energy, agricultural, tourism, defence and other industries***

Australia has an abundance of mineral and energy reserves, not only in the major global commodities of today – iron ore, coal, gold, natural gas, petroleum, aluminium, copper – but also those that are critically important to high tech industries, or the global commodities of the future – chromium, cobalt, copper, nickel, platinum group elements, rare-earth elements and zirconium.<sup>2</sup>

In almost all cases, a large proportion of these reserves are located in Northern Australia. This is an amazing opportunity; but one Australia is not yet fully capitalising on.

The fact that Northern Australia has abundant energy sources – coal, natural gas – yet our industry is largely dependent on diesel, compounded by distance and ineffective land transport networks; defies rational explanation. A key to unlocking the potential of the North will be to remove impediments to capitalising on one of Northern Australia's natural endowments and comparative strengths to achieve competitively priced energy. This competitively priced energy must not only become a major component to exports but also underpin sustainable industry in the region – mining, transport, agriculture, tourism, construction.

Energy and water are the lifeblood of Northern Australia's potential. Development of "the next frontier" simply cannot occur without sustainable, secure and appropriately priced energy and water. Minerals, agriculture, tourism, defence, export industries simply will not locate, expand or flourish without access to and confidence in these two fundamentals which unfortunately are not yet adequate in Northern Australia.

#### **CASE STUDY – NORTH AND NORTHWEST QUEENSLAND SUSTAINABLE RESOURCE FEASIBILITY STUDIES**

In late 2013, the Commonwealth Government awarded \$2.5 million in funding to Townsville Enterprise to manage the above studies. The priorities of the studies were to assess the feasibility of a base-load power station, an electricity transmission line and an integrated agriculture project. These studies have encompassed a vast array of technical analysis including financial modelling, energy transmission locational losses, water storage options and more. The full details and findings of the project will be released in consultation with the Commonwealth Department of Infrastructure however, they do unequivocally demonstrate:

- Suitable land and water exist in the region to support large-scale irrigated agriculture
- Dams and water transport infrastructure are crucial
- Current high delivered costs of energy in North Queensland are significant imposts to the State Government in terms of Community Service Obligation payments
- Current high delivered costs of energy in North Queensland acts as a significant disincentive to business investment
- Current high delivered costs of energy provide a significant project opportunity
- New low cost base-load coal generation will bring down energy prices in the region
- Governments can assist such projects in a manner not necessarily associated with delivering funding, such as policy levers. For example if the next base-load power generation license is approved in the South of Queensland it will amplify the disincentive to business investment in the North of the State. If however, the next base load power generation license is determined to be located north of Collinsville (North Queensland) it will deliver the required capacity but also reduce transmission losses and delivered prices in the order of tens of millions of dollars per annum.

<sup>2</sup> Skirrow, R.G., Huston, D.L., Mernagh, T.P., Thorne, J.P., Dulfer, H., & Senior, A.B. 2013. *Critical Commodities for a high-tech world: Australia's potential to supply global demand*. Geoscience Australia, Canberra.

### Recommendation:

- **It must be understood and acknowledged Northern Australia's future is largely dependent on appropriate and cost-effective supply of energy and water. Water allocation, storage and usage must be at levels which sustain development. Energy must become a comparative advantage for the region by utilising natural endowments. Technically robust projects which deliver enhanced capacity in these fundamentals must be prioritised.**

The existing principal industries of Northern Australia - mining, grazing and tourism - combined with a low population implies a high reliance on trade. As the national population ages in coming years, the ratio of taxpayers to dependents will change, impacting on economic development. The stimulus for economic growth will not come from population growth as it has in the past, and internal demand will not suffice for the level of economic development Australia wants. External demand must contribute, growth in productivity is required. Exports are the key to this external demand and external stimulus. Therefore in coming years, exports will become increasingly important to Australia's standard of living. Our infrastructure and investments must reflect this reality; particularly in Northern Australia where infrastructure supporting economic activity is currently acutely absent.

### Recommendation:

- **Productive transport infrastructure – ports, rail and freight roads – are essential to sustaining and growing Australia's export capacity and thus, standard of living. Prioritisation of these assets – operation and investment - will at least partially determine the success or otherwise of Northern Australia's mining, energy, agriculture, construction and other industries.**
- **Local personnel capacity to manage existing key assets and to develop and progress new key assets must be enhanced. Northern Australia's managers of assets and projects must be exposed to best practice and held accountable to benchmark indicators.**

### Impediment/s:

- **Planning** - There is currently no overarching plan for developing Northern Australia's resources or protecting the future opportunity to do so.
- **Infrastructure** – Infrastructure presence and performance in the North is clearly under par including ports, rail lines and road networks. There is currently no overarching plan for infrastructure development and construction. There is a significant lack of local capacity in terms of infrastructure planning, infrastructure management, and project finance fundamentals.
- **Regulatory Framework** - Timeframes and costs continue to escalate to the point where Australia is becoming internationally uncompetitive.<sup>3</sup>
- **Investment Framework** – Private and international investment must be supported and prioritised in Northern Australia.

### Infrastructure:

Infrastructure investments in Northern Australia simply must be based on a sound decision framework underpinned by robust economic analysis. Historically, popular support is given to projects the community wants rather than what the country needs. Examples abound where roads are built on networks where freight is almost solely moved by rail; where a cruise ship terminal is funded while billions of dollars of exports are struggling for berthing capacity. Poor investment decisions in infrastructure in Northern Australia, if they occurred, would be a very expensive and painful path for the nation's development agenda. Strong leadership must prevail if Northern Australia is going to rectify its current status of underdevelopment and underutilisation. Infrastructure is the key enabler to development of the region's mineral and energy sectors.

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<sup>3</sup> Business Council of Australia. 2013. *Securing Investment in Australia's Future: Report of the Project Costs Task Force.*

This issue is intrinsically linked to local capacity. Operation of existing infrastructure in Northern Australia is of a very poor standard.<sup>4</sup> The Mount Isa to Townsville rail line – which connects one of the most prospective mineral regions in the world to its trade gateway – experiences derailments at a frequency which simply would not be tolerated in other regions of Australia. Given this line carries passengers as well as freight, it is a glaring safety risk. Yet it continues to operate – with sections of maximum speed below 10 kilometres per hour, closures for weeks at a time due to seasonal weather conditions and derailments, every year.

It will be very much more cost effective for Australia if Northern Australia learns to utilise its existing infrastructure effectively before we outlay in significant capital expenditure.

#### **CASE STUDY – THE NATIONAL INFRASTRUCTURE PRIORITY LIST**

In May 2012 a 50 Year Freight Infrastructure Plan was launched in Mount Isa. Then Minister for Infrastructure and Transport, The Hon Anthony Albanese MP and Infrastructure Australia hailed the work as “absolute best practice in freight infrastructure planning.” The Plan was authored by Juturna Consulting and developed over an 18 month period incorporating port, road and rail infrastructure across an area the size of Victoria and Tasmania combined.

\$1.66 million in Commonwealth funding was awarded in order to progress recommendations of the report which primarily centred on supply chain coordination, adopting a more commercial manner of operations, defining capacity and eliminating restrictions in the supply chain; identifying projects appropriate for funding via the National Infrastructure Priority List to eliminate transport infrastructure bottlenecks. In the almost two years since this funding was awarded, a Steering Committee has been established, various consultants have been awarded projects to investigate and analyse. The net result of two years time lapse and \$1.66 million in Commonwealth funding is not one single deliverable in efficiency or bottleneck elimination.

In contrast, the Newcastle region was awarded \$500,000 in funding with the same intent; in the space of less than 6 months has resulted in 12 projects assessed via robust cost benefit analysis, with two transport infrastructure projects fully funded and another two included on the National Infrastructure Priority List.

Agriculture is another sector where Australia has immense potential – according to The World Bank the greatest area of arable land per person of any nation on Earth – 2.14 hectares of arable land per person, second is Kazakhstan with 1.45 and Canada with 1.25. Many places including Singapore, Kuwait and the Cayman Islands have zero.<sup>5</sup> This means the nation has four times the arable land of the United States, 68 times the arable land of Japan and 22 times the arable land of China. Further, the existing foundations of trust and strong trade relations, a reputation of agricultural quality and proximity to Asia are credentials unrivalled anywhere in the world to become the food bowl of Asia.

Yet, similar constraints face agriculture in Northern Australia as the mineral and energy sectors. Planning, infrastructure, regulation and investment constraints need restructure. Water capture, storage and usage must be increased to levels which sustain development. Each and every wet season parts of Northern Australia are inundated with flood levels which damage property and destroy lives; without capture and benefit to producers, farmers and the economy.

Regulatory arrangements must be developed with an understanding of the realities of the jurisdictions in which they are designed to operate in. This means regulation of agriculture must be workable on farms and properties across the north of Queensland, Northern Territory and Western Australia. This must be the priority rather than political or

<sup>4</sup> MITEZ 50 Year Freight Infrastructure Plan Final Report, May 2012, Juturna Consulting

<sup>5</sup> The World Bank, 2013 Data, *Agriculture and Rural Development*, [www.worldbank.org/](http://www.worldbank.org/)

bureaucratic notions in the southern capitals. Social and environmental campaigners from southern capitals rarely have insight into day to day realities of agriculture practices in Northern Australia. Intent from social or environment crusaders has not recently translated into workable realities for those impacted by decisions. Those whose livelihoods will be determined by the outcomes must have a significant degree of input into the process.

Australian Defence should logically be primarily located in, and focussed on Northern Australia. In terms of national security and geopolitical considerations, the South of our nation is positioned in a much more secluded position than the North. New Zealand is one of our closest allies; with the Indian Ocean, the Pacific Ocean and Antarctica covering the expanse of the region. Northern Australia however is in complete contrast. Border security, bio security and population density ratios amongst the lowest in the world considerations indicate Northern Australia should be the natural national line of defence. This is becoming increasingly feasible– the Canberra Class Amphibious Assault Ship (LHD), are the largest ships ever built for the Royal Australian Navy and equipped with one of the most capable and sophisticated air-land-sea amphibious deployment systems in the world. The LHD has been designed with the shallowest possible draft to allow operation in secondary ports and harbours.<sup>6</sup>

Tourism potential is largely linked to social amenity and liveability of regions. What makes a city or a region attractive to live is also, at least partially, what makes it an attractive place to visit. Social infrastructure – sporting facilities, recreation facilities, cultural fabric brings domestic and international travellers but also residents. Northern Australia must be supported to deliver regional equivalents of the Sydney Harbour Bridge, the Opera House, Brisbane’s Southbank Parklands, Melbourne’s cultural centre. Essential for local capacity are appropriate health and education facilities.

#### ***Provide recommendations to enhance trade and other investment links with the Asia-Pacific***

Foreign investment will be essential to development of Northern Australia. This must be encouraged through project specific, direct engagement with the regions. Government processes and departments must be, as far as possible while still retaining consistency and oversight, removed from these negotiations.

Steering Committees with agendas, action items, risk matrices, etc are often less than effective and less than efficient. Negotiations with potential investors must match agility with the private sector to the extent possible. Government department responses (timeframes, costs, processes) to international investment enquiries are often less than ideal.

The aforementioned big-picture vision for Northern Australia should evolve into an investment pipeline with opportunities for commercially viable investment projects. These projects should be captured in an “investment prospectus” targeting international and domestic sources of capital to be invested in projects which facilitate development of Northern Australia.

Trade delegations and representation internationally must accompany development of this Northern Australia investment prospectus.

This investment prospectus must include privatisation of existing assets well suited to capital recycling. Port and transport privatisation has a great precedence in Australia’s South – Port of Brisbane, South Australia’s seven ports and most recently Port Botany and Kembla in New South Wales. This private ownership increases the commercial incentive to deliver efficiency, benefitting industry with flow on effects to the regional economy and community. This improved operational structure is how privatisation of assets must be understood by the public – rather than as an unsavoury result of (previous) governmental financial mismanagement. The secondary benefit is the release of Governments with constrained budgets from future capital injection requirements.

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<sup>6</sup> Royal Australian Navy, Amphibious Assault Ship (LHD), <http://www.navy.gov.au/fleet/ships-boats-craft/lhd>



More commercially oriented trade gateways – ports – have a large impact on Australia’s international reputation as an investment destination.

Capital recycling must be evenhanded on a locational basis i.e. North Queensland assets cannot be sold with the proceeds funding South East Queensland commuter tunnels. If a North Queensland port is sold, the proceeds should be reinvested into prioritised infrastructure investments which will propel the liveability and productivity of the region into the future.

International education programs must be encouraged. Northern Australians, due to isolation, education standards, cultural norms, lack of exposure can be more inwardly focused. This is enhanced in today’s fast evolving digital economy where regions of the North are even lacking (cost-effective) access to basic telecommunication infrastructure.

#### **Recommendation:**

- **The Northern Australia Infrastructure Audit must inform a Northern Australia Investment Prospectus. This investment prospectus must target foreign and domestic sources of private capital for commercially viable projects.**
- **This investment prospectus must include assets which are most suited for long term lease (privatisation). Proceeds must be re-invested on a locationally reasonable basis.**
- **Commercially oriented individuals should be engaged to enhance trade links and investment projects with our major trading partners. These individuals should not become part of a bureaucratic government department, but should be charged with stringent Key Performance Targets to develop investment into Northern Australian projects. Engagement terms must be attractive enough to encourage a high-calibre of individual with proven success in international trade, business development, infrastructure and long-term involvement in Northern Australia.**

#### ***Provide recommendations to establish a conducive regulatory, taxation and economic environment***

The starting point for development of Northern Australia must be national consistency. Calls for regional development zones, regional taxation rebates and regional consumer indexes must be countered with the context of Federation. Regulatory, taxation and economic settings which enhance rather than dissipate the discrepancies between North and South will create further inefficiencies and distortion elsewhere in the market.

The target must be national consistency – consistency in population, infrastructure, employment levels, education levels, health care, economic outcomes and liveability. To achieve consistency Northern Australia will need to achieve a much higher rate of growth.

In practical terms, a lower rate of tax or a locational tax benefit will not entice a great migration to the North. Over time, what will allow Northern Australia to more fully achieve its potential is living standards which are on a par with the South.

Budgetary expenditure must also more closely approach consistency. Infrastructure spending over the next four year period allocates \$11.5 billion across the nation. Of this \$11.5 billion, only \$1.2 billion is allocated for the Northern half of the nation, with \$10.1 billion allocated to the Southern half and around \$200 million spread across local road projects and bridges renewal. This is assuming half of the expenditure allocated for the Bruce Highway occurs north of Gladstone.<sup>7</sup> Clearly this distribution of funding will not assist the North in a significant development agenda. A

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<sup>7</sup> Federal Budget Impact of Federal Coalition Policies, <http://lpaweb-static.s3.amazonaws.com/2013%2009%2005%20TABLE.pdf>

robust framework for infrastructure investment is essential which allows action to match rhetoric. Again, such action will need to be linked to a national conversation demonstrating that development of the North will benefit all Australians.

It may well be the case that the most credible cost benefit assessments were demonstrable for projects in the South of the nation. This may well indicate the need to assist local capacity building for Northern Australians. The opportunity for unleashing economic potential is evident in Northern Australia. The achievement of such potential is undoubtedly linked to infrastructure. It is highly likely one of the flaws of the status quo lays in Northern Australia's ability to identify, quantify and deliver projects which enhance national productivity.

The intent to strengthen the role of Infrastructure Australia has been clearly articulated.<sup>8</sup> The focus on infrastructure in delivering a more competitive Australia is commendable; as is the intent to embody independence, transparency and essential resources. As noted earlier circumstance, context, requirements, governance, and ability to implement differ between Northern Australia and the South. One example is a large focus of government expenditure and investment relates to reducing congestion in cities. This is simply not relevant to any region of Northern Australia.

#### **Recommendation:**

- **A Northern Office of Infrastructure Australia would enhance Infrastructure Australia's ability to deliver effective advice on infrastructure projects and policies nation-wide. The Northern Office would be a point for on the ground contact regarding Northern Australian implementation of national reforms. It would enable a better understanding of infrastructure proposals, a clearer assessment of delivery and outcomes and enable better relations and visibility with Northern Australia communities. It would strengthen contacts between regions with similar characteristics and compare and contrast results of reforms between regions and projects.**

#### ***Provide recommendations to address impediments to growth***

A number of impediments to growth and recommendations address such have been outlined earlier in this paper. The fundamental impediments for Northern Australia are:

- **Infrastructure**
  - Operation and management, funding, planning
  - Key infrastructure priorities relate to water, energy and transport
  - A key recommendation to address is a Northern Office of Infrastructure Australia
  - Essential is also regional planning with a long-term horizon – a minimum of 30 years. This planning must centre on the immovable or irreplaceable infrastructure and radiate certainty – planning, environment, regulatory – outwards. Thus long-term port plans with the associated land and sea connections are the imperative. Australia's natural deep water ports, and their ability to grow into the future must be protected. A number of the nation's most essential trade gateways are located in Northern Australia. Port Hedland and Gladstone represent percentage points of national GDP; Darwin is a strategic imperative. Yet these ports face unnecessary risks; Port Hedland – single channel risk; Gladstone – environmental fear campaign. The value of our natural harbours and deep water ports is often underestimated. Their ability to cater to a growing population and economy must be protected. As the global shipping industry grows, our physically well-endowed ports will become more efficient while those that require extensive maintenance dredging reclamation and other major cost imposts become less so. A greater number of smaller ports along Australia's coast will become less and less appropriate into the future.

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<sup>8</sup> Real Solutions for all Australians Policy Document, <http://lpaweb-static.s3.amazonaws.com/13-09-05%20Coalition%202013%20Election%20Policy%20%E2%80%93%20Better%20Infrastructure%20Planning%20%E2%80%93%20policy%20document.pdf>

## CASE STUDY – GLADSTONE PORT

In the early 1960's the Port of Gladstone was little more than one berth catering to general cargo and live horse exports in a small regional community. Today it contributes 5.4% of Queensland's Gross State Product in total value add and exports commodities valued at \$10 billion. By 2020/21 it is estimated exports will be valued at \$33.4 billion. Contemporary Gladstone has an unemployment level well below the Queensland and Australian average and income levels well above the Queensland and Australian average.<sup>9</sup>

Gladstone is a crucible for large investment into energy, export and manufacturing infrastructure. It is a regional economy channelling billions of dollars of investment into projects which will propel the Australian economy, secure energy supply and become a future hub of the National Land Freight Network.

However Gladstone's future development faces challenges. This challenge is based on environmental campaigns beginning in 2010, growing to international significance by 2012.

The Gladstone region was prioritised in decades past as one of Australia's industrial cities. The Gladstone case presents a blueprint for facilitation of private investment and highlights the need for accounting for social, economic and environmental considerations to deliver certainty to industry and the community.

- **Population**

Population growth will only be markedly enhanced by making living standards of Northern Australia more closely aligned to those in the South. Any other approach will lead to greater market distortion. More likeness in living standards would also reduce the drain of the "best and brightest" to the Southern capitals chasing opportunity, enhancing local capacity in the medium to long term.

Increased living standards will revolve largely around quality employment prospects (linked to infrastructure), social infrastructure (linked to education and health care) and culture (linked to sporting, recreation and tourism).

Local government has a significant role in delivering population growth. Local governments will require support and assistance in terms of planning and funding local infrastructure – water, waste, roads, land release. Such development must be done in accordance with best practice to circumvent very costly future situations, such as ports encroached by urban development.

Targeted skilled migration must also be reconsidered. A careful and considered migration policy attracting productive immigrants must deliver skilled workers to Australia's underpopulated North.

- **Federal / State relations**

It is timely that the Northern Australia agenda is being considered at a similar time as the White Paper on Reform of the Federation. Northern Australia consists of three State governments with differing regulations, processes and responsibilities. The impact of not only three State governments, but with the exception of Darwin, the hub of these State governments vast distances from the North impedes the objective of efficiency.

- **Regulatory arrangements**

Regulatory imposts have continually increased well past the point of the intent of protecting safety, or other objectives. Building code regulations, transport industry regulations, mine site regulations, safety regulations are all areas which need a significant focus for the removal of regulatory red tape. Under no circumstance would anyone

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<sup>9</sup> Economic Impact of Gladstone, GHD, 2013

advocate a reduction in safety but many of the regulations add time and cost imposts without adding actual benefits.

Anecdotal evidence abounds of instances in which requirements and regulations result in process for the sake of process and not improved safety or operational outcomes.

- **Accountability**

Current accountability of performance of assets and organisations is largely lacking in Northern Australia. Funding program outcomes are often not measured. Major public project delivery time and cost budgets in many cases run significantly over expectations with no liability. Key assets including ports and rail lines are not measured against benchmarks or national standards.

**Recommendation:**

- **Consider the development trajectory of Gladstone as a case study into a Northern Australian community capitalising on comparative advantages to deliver sound social and economic benefits.**
- **Commonwealth funding should be linked to local governments which are demonstrably facilitating well-planned urban development and population growth rates determined to be appropriate.**
- **The fundamental priority for Northern Australia needs to be boldly and proudly stated as jobs, wealth, sustainable development and prosperity.**

***Provide recommendations to set conditions for private investment and innovation***

A number of recommendations to set conditions for private investment and innovation have been outlined earlier in this paper. Recommendations to facilitate private investment include:

- A Northern Australia Investment Prospectus informed by a big-picture vision for the region's future and the Northern Australia Infrastructure Audit.
- A clearly articulated regional policy that development of Northern Australia will prioritise jobs and wealth. The region will become more commercial and follow an industry lead development trajectory.
- Enhanced local capacity to manage infrastructure. In some cases this will involve privatisation of assets.
- Enhanced local capacity to identify, quantify and demonstrate projects which will enhance national productivity.
- A Northern Office of Infrastructure Australia. The role would focus on analysis rather than advocacy and would have a national focus applied to regional areas rather than a regional focus. A Northern Office would have a transparent and accountable approach with products available to all governments and industry.
- Government will play an essential role – by investing in nation building projects which are not otherwise commercially viable. This is often the case for multi-generational assets and ones which deliver benefits external to the initial market. Dams and irrigation are a clear example of this.
- Enhanced planning certainty for prioritised areas across Northern Australia building on existing comparative advantages. Gladstone and Port Hedland are naturally ideal harbours and must be prioritised and protected as such. Townsville is Northern Australia's largest city with a diverse economic base and naturally suited to become the commercial hub. Darwin is strategically essential in terms of defence and proximity to Asia. The area to the North of Western Australia can become a world-leading oil and gas precinct. This is not to suggest we should develop cities or towns with a lack of diversity but it does suggest we should capitalise on existing comparative advantages. There is no valid reason to doubt environmental priorities, tourism priorities, resource sector requirements and urban development can be achieved in accord if appropriate timeframes and proper consultation occurs.

- Approval (environmental, leasing, etc) timeframes must match commercial reality. It is irrational to allow maximum 10 year dredging permits for a project with infrastructure requiring 30 year payback periods. It is irrational to expect resource projects with 10 year bankable mine lives to underwrite rail or port infrastructure which have a productive life of 30 or even 50 years.
- Government interventions and programs must be streamlined and measured. Vast amounts of Commonwealth Funding is delivered to Northern Australia. However it is delivered in a scattered and ad hoc manner ensuring no single agency can identify what is spent, much less how effective the outcomes.
- Commonwealth and local entities must have a large degree of engagement. Currently there is a degree of mismatch between Northern Australia requirements and Commonwealth involvement.
- There must also be an increased degree of engagement between local entities and foreign markets and private investors. This will enhance local capacity but also enhance awareness of potential projects and sectors in Northern Australia.

***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.***

- **Critical Economic Infrastructure:**
  - Energy, Water, Ports, Rail, Roads, Telecommunications
- **Critical Social Infrastructure:**
  - Education, Health, Leisure, Tourism
- **Ways to Support Planning:**
  - Long term horizon
  - Big picture vision for Northern Australia
  - Prioritised regions within Northern Australia capitalising on comparative advantages
  - Set population growth rate targets appropriate to these prioritised regions
  - Link Commonwealth funding to appropriate planning using nationally recognised best practice approaches
  - Modify Federal/State and political/bureaucratic roles to ensure process does not inhibit goals and local capacity
- **Ways to Support Investment:**
  - A Northern Australia Investment Prospectus
  - A Northern Office of Infrastructure Australia
  - Enhance local ability to identify, quantify and deliver projects which enhance national productivity. The focus must be to deliver what the country needs not what the community wants
  - Nation-wide improvement in the process to identify the right projects for funding
  - Remove bureaucratic process to the extent possible from negotiations between potential private investors
  - Accountability. Key assets must be prioritised. These assets must be monitored against key performance indicators. If rail lines are not meeting minimal operational or safety standards an organisation must be held accountable. If ports are not actively facilitating trade an organisation must be held accountable. If local areas are not releasing land in a manner which results at a reasonable timeframe and cost an organisation must be held accountable. If State legislation is not repealed and reduced an organisation must be held accountable. If water allocation and usage regulations are not operating in a manner which sustains development the relevant authority must be held accountable.
  - Foster Northern Australia priorities rather than regional parochialism. The regions within Northern Australia simply do not have economies of scale without collaboration.

## Summary

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The majority of Australians understand the great opportunity to our nation if the North more fully achieves its potential.

It will require significant changes and strong leadership. It will require significant reforms. It is achievable and it could change the course of the nation's development.

The single greatest priority must be to increase the consistency between Northern Australia and Southern Australia.

It will require much more than rhetoric. The opportunities have been espoused for decades.

Northern Australia is home to many world class institutions, operations, industries and innovations – the Sun Metals Zinc Refinery, the Port Hedland iron ore export port, Biological Carbon Capture and Sequestration technology amongst many others. As a nation we must capitalise on these successes.

In 1954, the Australian Institute of Political Science published “Northern Australia – A Task for a Nation” which outlined the potential for mining, cattle, agriculture. It bemoaned “too many reports by Royal Commissioners, researchers and investigation committees are gathering dust in pigeon holes”.

Not only did Albert Einstein teach us of gravity, the speed of light and physics, he also taught us the definition of insanity: doing the same thing over and over again and expecting different results.

What will be different this time about Northern Australia policy? Do we have the ability to deliver?

## Priorities

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The highest priority for the North is the growth of jobs and wealth; a greater contribution to national prosperity.

The private sector must drive development of the North, and account to the community for economic, social and environmental prosperity.

New strong and direct links in sustainable development must be forged with international partners including Indonesia, Papua New Guinea and major export markets.

Northern Australia stakeholders and leaders must be empowered and supported in building capacity to deliver for the nation.

## Recommendations

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- Northern Australia's future must be underpinned by a big-picture vision which prioritises economic fundamentals, a commercial approach, an international perspective and enhanced local capacity.
  - It must be acknowledged and understood Northern Australia's future is largely dependent on appropriate and cost-effective supply of energy and water. Water allocation, storage and usage must be at levels which sustain development. Energy must become a comparative advantage for the region by utilising natural endowments. Technically robust projects which deliver enhanced capacity in these fundamentals must be prioritised.
  - Productive transport infrastructure – ports, rail and freight roads – are essential to sustaining and growing Australia's export capacity and thus, standard of living. Prioritisation of these assets – operation and investment - will at least partially determine the success or otherwise of Northern Australia's mining, energy, agriculture, construction and other industries.
  - Local personnel capacity to manage existing key assets and to develop and progress new key assets must be enhanced. Northern Australia's managers of assets and projects must be exposed to best practice and held accountable to benchmark indicators.
  - The Northern Australia Infrastructure Audit must inform a Northern Australia Investment Prospectus. This investment prospectus must target foreign and domestic sources of private capital for commercially viable projects.
  - This investment prospectus must include assets which are most suited for long term lease (privatisation). Proceeds must be re-invested on a locationally reasonable basis.
  - Commercially oriented individuals should be engaged to enhance trade links and investment projects with our major trading partners. These individuals should not become part of a bureaucratic government department, but should be charged with stringent Key Performance Targets to develop investment into Northern Australian projects. Engagement terms must be attractive enough to encourage a high-calibre of individual with proven success in international trade, business development, infrastructure and long-term involvement in Northern Australia.
  - A Northern Office of Infrastructure Australia would enhance Infrastructure Australia's ability to deliver effective advice on infrastructure projects and policies nation-wide. The Northern Office would be a point for on the ground contact regarding Northern Australian implementation of national reforms. It would enable a better understanding of infrastructure proposals, a clearer assessment of delivery and outcomes and better relations and visibility with Northern Australia communities. It would strengthen contacts between regions with similar characteristics and compare and contrast results of reforms between regions and projects.
  - Consider the development trajectory of Gladstone as a case study into a Northern Australian community capitalising on comparative advantages to deliver sound social and economic benefits.
  - Commonwealth funding should be linked to local governments which are demonstrably facilitating well-planned urban development and population growth rates determined to be appropriate.
  - The fundamental priority for Northern Australia needs to be boldly and proudly stated as jobs, wealth, sustainable development and prosperity.
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♦ project management ♦ economics ♦ logistics ♦ infrastructure ♦ international trade ♦  
♦ strategic planning ♦ ports ♦ efficiency ♦ solutions for resources, agriculture and industry ♦

♦ Post nominals BEC, PGCLM, MAICD, CMILT ♦ Economist, Logician, Manager ♦  
♦ ABN 26 719 375 894 ♦ [www.traceylinesconsulting.com](http://www.traceylinesconsulting.com) ♦



## OVERVIEW

Australia's National Ports Leader of the Year for 2012 – Tracey Lines - currently provides specialist ports advice to Infrastructure Australia, and a wide range of business consultancy and advisory services to the private sector.

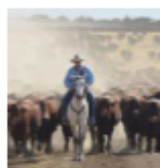
The association of Infrastructure Australia and Tracey Lines Consulting began with the development of a 50 Year Freight Infrastructure Plan for North and North West Queensland. The plan was authored by Juturna Consulting, chaired by Ms Lines and hailed by both Federal Infrastructure Minister the Hon Anthony Albanese MP and Infrastructure Australia as "absolute best practice in freight infrastructure planning." Developed over an 18 month period and incorporating port, road and rail infrastructure across an area the size of Victoria and Tasmania combined, the plan resulted in funding and progress in reform to improve the efficiency and capacity of the region's productive industries.

## CURRENTLY UNDERWAY

- Adviser to Infrastructure Australia on a variety of projects arising from the National Ports Strategy and National Land Freight Strategy. Infrastructure Australia is a statutory body which advises governments, investors and infrastructure owners on a wide range of issues impacting Australia's current and future infrastructure needs.
- Project Manager of the North and Northwest Queensland Sustainable Resource Feasibility Studies – funded by the Federal Government and implemented by Townsville Enterprise, the studies are to develop an investment pathway focusing on base-load power generation, high voltage transmission lines and an irrigated agricultural precinct. We will be working with a consortium led by GHD and including KPMG, AEC Group, ACIL Allen, ARC Developments, IES, Australian Water Management and the Sugar Research Institute to deliver the work.
- Various smaller scale projects including supply chain and logistics advice to mining companies; input into a range of commercial and investment decisions; community and stakeholder negotiation roles.

## ACHIEVEMENTS

- 2012 Announced by The Honourable Anthony Albanese MP, Federal Minister for Infrastructure and Transport as National Ports Leader of the Year in recognition of outstanding leadership in implementing Australia's first national port strategy for the Mount Isa to Townsville Supply Chain
- 2012 Chaired the development and release of the foundational MITEZ 50 Year Freight Infrastructure Plan under auspicing of Infrastructure Australia
- 2012 Professional Manager of the Year Finalist, Australian Institute of Management, Management Excellence Awards
- 2011 Headed an official trade delegation of nine senior North Queensland logistics professionals for 10 days through China
- 2011 Awarded International Chartered Institute of Logistics and Transport Young Professional of the Year
- 2011 Telstra Business Women's Awards State Finalist







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- ♦ ABN 26 719 375 894 ♦ [www.traceylinesconsulting.com](http://www.traceylinesconsulting.com) ♦

- 2010 Nominated as Port of Townsville Limited's Employee of the Year
- 2010 Awarded Australian Chartered Institute of Logistics and Transport Young Professional of the Year
- 2010 Awarded the Premier of Queensland's Townsville Export Champion

### POSITIONS

- Chair – MITEZ 50 Year Freight Infrastructure Plan
- Secretary – Executive Management Committee – Mount Isa to Townsville Economic Development Zone Inc (MITEZ), the peak economic development body for regional North Queensland
- Chair – North Queensland Section of the Chartered Institute of Logistics and Transport Australia
- Chair – International Chartered Institute of Logistics and Transport Young Professionals; a board of 12 members aged 35 years and under from 9 nations around the world
- Currently Board Member of the Queensland Transport and Logistics Council (QTLC)

### PORTS

#### Australia

- Townsville, Abbot Point, Darwin, Sydney, Newcastle/Hunter Valley, Adelaide

#### International

- Shanghai, Changshu (China), Hong Kong, Rotterdam (The Netherlands), Hamburg (Germany), Valencia (Spain), Felixstowe (United Kingdom), Motokea (Papua New Guinea)

### ASSOCIATIONS

- Member of the Australian Institute of Company Directors
- Chartered Member of the Chartered Institute of Logistics and Transport Australia
- Member of the International Association of Maritime Economists
- Member of the Office of Economic and Statistical Research Liaison Officer Network
- Mentor in the "Women Moving Forward" program provided jointly by CILTA and the Australian Logistics Council

### PUBLICATIONS

Lines, Tracey and Monypenny, Richard (2006) Industrial clustering. ISBN 978-0-9802833-1-0. Proceedings of the SEGRA 2006 Tenth National Conference: sustainable economic growth for regional Australia, 28-30 August 2006, Launceston, TAS, Australia

### ENDORSEMENT

"Tracey Lines' logistics and commercial acumen from pit to port surpasses any corporate or consultancy firm I have used to date. I can thoroughly recommend Tracey Lines Consulting to anyone facing logistical challenges."

John Green, Logistics Manager, Cudoco Limited, ASX 200 Listed Mineral Company

### REFEREES

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