

We are writing to make comment on the White Paper on Developing Northern Australia – Terms of Reference.

The Chamber of Commerce Northern Territory – the “Voice of Territory business” – was established in 1957. It is the largest and most influential employer association in the Northern Territory, with a membership of over 1,300 businesses. We are a founding member of the Australian Chamber of Commerce and Industry and part of the national network of Chambers of Commerce and Industry.

An independent, not for profit and non government body, the Chamber provides a wide range of member services, including excellent networking and other business development opportunities, a strong platform to identify, advocate and influence key issues affecting members and the ability to represent member’s views at federal, territory and local government level. We maintain offices in Darwin, Alice Springs, Katherine and, Nhulunbuy.

Back in 1937, the Commonwealth commissioned the Payne-Fletcher board of enquiry into the development of the Northern Territory and many of their recommendations were successfully implemented after World War II, particularly in the pastoral sector. That was the last time that there was a planned approach to the issues surrounding Northern Australia and we have seen many policies developed and implemented over short time frames – inevitably destined for only partial success or in some cases total failure. Some examples include the intervention in Aboriginal communities, the live cattle export ban, disaster management and radioactive waste storage.

The Coalition have given an undertaking to prepare a White Paper addressing all of the issues needed to develop the North and it is important that the Northern Territory business community are involved in the discussions – we are all aware of the lack of understanding of local issues by Canberra!

It is worth noting that the definition of Northern Australia is generally taken to be those areas above the Tropic of Capricorn, however we welcome the line on the map taking a detour to include Alice Springs and some of the surrounding area.

The North of Australia has traditionally been viewed as frontier territory, but over the past few decades the area has provided much of the growth and wealth for the rest of Australia, there has been minimal return in terms of making it easier to do business in this part of the world. The background paper outlined some advantages the North of Australia possesses but are underutilised;

- *“significant natural advantages relating to agriculture, mineral and energy resources and tourism;*
- *geographic advantages from proximity to centres of economic activity – for example, the booming economies of South East Asia and Southern China are all within about three to five hours flying time from Darwin;*
- *geographic advantages from Northern Australia’s position in the Tropical region, which accounts for more than 40 per cent of the world’s population today and is projected to grow to 50 per cent by 2050;*
- *time zone advantages, relative to Europe or North America, from sharing a similar time zone to many Asian countries (which facilitates service industries in particular); and*
- *brand advantages associated with being part of Australia and its reputation for quality, safety and a pristine natural environment.*
- *Over 60 per cent of Australia’s water falls above the Tropic of Capricorn, in an area containing five to 17 million hectares of arable soil “*

The Northern Territory business community is largely comprised of small to micro businesses, fairly typical of most parts of Northern Australia, with more than 90% employing less than 20 staff. The size of businesses is attributable to the remoteness and small size of markets, rather than any lack of business ability or willingness to grow. The degree of separation between most businesses and major project proponents is an area that requires constant advocacy on behalf of the business community. It needs to be a key consideration in on-going policy development for the Northern Australian region.

Some of the key areas and issues that the Northern Territory Chamber believe are paramount to the development of a white paper surround availability and cost of skilled labour, regional involvement in the discussions, expansion of key urban zones in Northern Australia, development of economic infrastructure and promoting trade.

We should be focussed on a policy approach that drives down business costs and increases local business participation in major projects.

Comments in relation to the draft terms of reference;

1. produce a stocktake of northern Australia's natural, geographic and strategic assets, and the potential for further development of the region's minerals, energy, agricultural, tourism, defence and other industries, as well as a comprehensive assessment of risks and impediments to growth;

A stocktake that crosses State/Territory borders and looks holistically at the assets is an essential first step. There has been a large degree of negativity to the idea of a Northern food bowl, largely driven by ignorance of future market demands and anti-development sentiments.

2. set out agreed policy actions to:

- **harness opportunities which capitalise on the region's strengths, including ways to advance trade, cultural and investment links with the Asia Pacific region and provide a regulatory and economic environment that is conducive to business investment, competitiveness and competition.**

The proximity of Northern Australia to the fastest growing markets in the world means that opportunities exist now and in the future to build the region through a range of policy actions. These need to be two way partnerships, which build on the existing strengths in relationships with near neighbours such as Indonesia, Papua New Guinea and Singapore. The free flow of people and labour between these economies is critical and needs to be examined as part of the White Paper.

- **manage impediments to growth, including from regulatory frameworks, land access arrangements, environmental constraints, the lack of coordinated planning, participation of Indigenous people in the economy and access to markets, skills and services, and**
 - There needs to be sustainable population growth targets, taking into consideration factors such as water supply, food supply, housing, energy supply. Certainly new areas for housing development are required, in-filling and a move to medium density.
 - There is a need for encouragement (with industry) to settle places like Mount Isa, Cairns, Karratha, Kununurra, Katherine and Gove. A review of Zone Tax Rebates is well overdue, these rebates have become meaningless in the high cost centres of Northern Australia.

- The White Paper needs to recognise the growing requirement for a forward looking Industrial Waste management plan inclusive of allocated sites for the development of industrial waste management centres in regional cities as they grow.
 - The prohibitive cost of workers compensation for employers in smaller jurisdictions, where the premium pool is underfunded and premium increases
 - Cabotage arrangements to allow foreign airlines, who fly into Northern Australian cities, to sell fares on single sector domestic routes to another regional city, where these services do not exist eg Darwin to Uluru. This may help address the current lack of wide bodied aircraft flying internationally out of Darwin, which curtails potential exports of perishables. Containerised air freight now has to be exported via Southern states, adding considerably to transit times and handling.
 - Remove the disincentives for investors inherent in schemes such as portable long service leave for the construction industry.
- **create the right conditions for private sector investment, innovation, enterprise growth and business formation (including in and for Indigenous communities);**
- Federal tax or energy incentives for major investments in downstream gas and mineral manufacturing. Increase the write-offs for investment into infrastructure in the North (like the 150 % write-off for research & development) to perhaps 50 %.
 - There is a need for innovative migration arrangements in Northern Australia, including the Designated Area Migration Agreement and a Northern Australia investor visa similar to US investor visa (*\$US1 million (\$1.12m) fee and the obligation to create 10 jobs within two years*). Major industrial investments often require a complementary workforce establishment package to make them economically viable. A DAMA has the potential to remove several bureaucratic roadblocks in the migration process.
- 3. Identify the critical economic and social infrastructure needed to support the long-term growth of the region, and ways to incentivise public and private planning and investment in such infrastructure;**
- Freeing up land for further development, the labour shortage in the Northern Territory is largely due to the lack of affordable housing.
 - Return more of the substantial offshore gas royalties in regional incentives in areas such as apprenticeships and transport infrastructure,
 - The GasToGove issue has highlighted the essential difficulties of doing business in remote areas, more needs to be done with supporting infrastructure so business communities are able to diversify.
 - i. A gas pipeline into the national grid would markedly expand the potential markets for shale gas and encourage industry to develop in remote and regional areas.
 - ii. Critical infrastructure to enable resource developments to proceed eg. Bulk ore wharves, increased rail load bearing capacity, gas pipeline connection into national grid
 - The White Paper needs to review the eligibility for international students to apply for skilled visas. It should be easier for international students to stay and work in Northern Australia after completing their qualifications, particularly in industries and occupations with skill shortages.
- 4. include consideration of the policy options identified in the Coalition's 2030 Vision for Developing Northern Australia.**
- There should also be vigorous discussion in the region about harvesting our rainfall but that may have lesser significance in the more arid Central Australia. Good work must continue on water conservation, so we are smarter with water use, many

lessons can be learned about smart water use in our arid areas that will maximise the value of our existing rainfall catchments.

- We would like to see immediate action on some of the options outlined in the vision, in particular repealing the carbon tax and the mining tax. These have been significant disincentives for investment in Northern Australia.

We applaud the government for its commitment to develop the Northern Australia Development Plan and welcome a bipartisan approach to its negotiation. We look forward to Darwin becoming the logical capital of Northern Australia.

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