



Submission by the Northern Territory Government to the Joint Select Committee on Northern Australia Inquiry into the Development of Northern Australia February 2014

The Northern Territory Government welcomes the opportunity to lodge this submission to the Joint Select Committee on Northern Australia's Inquiry into the Development of Northern Australia. The circumstances in and outside of Australia have never been so in favour of the long overdue development of Northern Australia.

Unlocking Northern Australia's potential requires strong leadership and a long-term commitment to implementing the policies and initiatives that will be identified through this parliamentary inquiry and the Australian Government's White Paper process. The development of Northern Australia requires a national effort through partnerships between the Australian Government, State and Territory Governments, the private and non-government sectors, and the Australian community.

In the critical area of policy, the Northern Territory Government strongly supports the Australian Government's 2030 Vision for Developing Northern Australia in which it is stated that a '*coordinated approach to policy implementation by the various governments and tiers of bureaucracy involved in governing the North is a key ingredient to achieving stronger growth for the region.*' In the context of northern development, this submission outlines:

- a case for developing Northern Australia
- the need for the Northern Territory to be a priority in this development
- enablers for accelerating development
- areas where the Australian Government can assist (in terms of policy direction and funding) to stimulate an acceleration in the development of Northern Australia.

Any framework for Northern Australia must take into account regions which are extensively linked to Northern Australia. For example Darwin, as the capital city of the Northern Territory, services the entire Northern Territory population, including Alice Springs. Using the Tropic of Capricorn may be a useful guide for defining Northern Australia, but will miss some of these essential links if it is used as a definitive rule.

A case for developing Northern Australia

Developing Northern Australia will:

- **increase national prosperity and help ensure Australia's position among the world's top economies**
- **increase future government revenues and reduce welfare expenditure - which can be reinvested to improve services, infrastructure and quality of life for all of Australia**
- **require bold innovative action along with significant investment to unlock and rapidly accelerate development of Northern Australia so all of Australia can realise the benefits**
- **require sustained effort over a number of years to develop the full potential of Northern Australia.**

The Northern Territory Government views this Inquiry as not just being about Northern Australia itself. This is a nation-building exercise that will deliver benefits for all of Australia. Unlocking and developing the full potential of Northern Australia will boost Australia's prosperity - increasing exports, employment, national Gross Domestic Product, terms of trade and ensure we protect Australia's position among the world's top economies. Bold and innovative action is urgently needed in the next few years to accelerate development of Northern Australia or risk Australia slipping out of the world's top twenty economies.

Increased economic activity in Northern Australia will increase government revenues, particularly through expanding company and personal income tax bases, the primary sources of Australian Government taxation revenue. This will help offset the reduction in taxation revenues projected with Australia's ageing population and the need to consider increasing tax rates or introducing new taxes. Strong, sustainable future government revenues are critical to providing improved social services and infrastructure throughout all of Australia, for the benefit of all Australians. Coupled with reduced welfare expenditure, developing Northern Australia is good news for all Australian citizens and taxpayers.

Situated between booming Asian economies and Australia's already developed south, Northern Australia's position alone gives it a decisive geographical advantage over the rest of Australia in terms of connectivity to Asia. However, there is more to it than a favourable geographical position. With its natural resources, large undeveloped land mass and its pro-development attitude, Northern Australia is positioned to increasingly contribute to Australia's prosperity.

The north has many natural advantages relating to agriculture, mining, energy and tourism. As well as its naturally occurring advantages, the north is already pursuing emerging service industries in areas such as international education, tropical health and defence support. The strong defence presence in the north also plays an important role in the security and development of the nation and its ongoing strategic importance cannot be emphasised enough.

The challenges are:

- much of Northern Australia faces economic and social challenges: a sparse population, infrastructure deficits, transport, utilities and service delivery costs and competition for skilled and unskilled labour
- current constraints also include land tenure arrangements, water resource development, and education attainment and low employment levels for Indigenous Australians living in remote locations
- lifestyle that encourages people from Australia and overseas to settle in the north.

The Northern Territory Government firmly believes there are solutions to these challenges.

Integral to the sustained development of Northern Australia is increased prosperity in remote and Indigenous communities across the north. A recent Reconciliation Australia report stated that the economic benefits of closing the gap in Indigenous employment outcomes would benefit Australia's GDP by \$24 billion by 2031, with the biggest gains to be made in the north.

World Bank and other international research demonstrates that sustained growth increases prosperity and lifts living standards for all. Increased investment in services to and in remote communities is essential to sustained socioeconomic growth. The long term social wellbeing of remote and regional communities relies on sustainable economic growth. This growth will, in the longer term, contribute to the national economy through greater private sector economic activity and increased labour force participation, lessening the need for welfare programs in remote and Indigenous communities. The Northern Territory Government has initiated innovative ways of unlocking and supporting economic development in remote and Indigenous communities to increase the social and economic participation of Territorians living in communities.

The Northern Territory Government:

- is working to unlock the development potential of the Territory and stands ready to work with the Australian Government, other state governments, the community, business and industry, and trade and investment partners to accelerate development across all of Northern Australia
- believes that bold, innovative, urgent action and significant investment is required to unlock and accelerate the development of Northern Australia during the current term of the Australian Government
- will work with the Australian, Queensland and Western Australian Governments to fast-track infrastructure projects to unlock and accelerate the development of Northern Australia.

The Australian Government is urged to:

- begin making significant investments now to unlock the economic potential of Northern Australia as the Australian Government will be the primary beneficiary of future increased revenues and reduced welfare expenditure
- work with the Northern Territory Government to urgently establish the policy and funding environment necessary to support job creation, economic participation and reduce welfare reliance
- ensure that its increased investments to develop Northern Australia are excluded from the GST distribution process so that the intent of the funding is not eroded through Commonwealth Grants Commission assessments.

The need for the Northern Territory to be a priority in this development

The Northern Territory:

- **is committed to the cooperative development of Northern Australia**
- **is centrally positioned to deliver national benefits. It is Asia's front door to Australia with quicker air and shipping times to Asia's massive population and markets**
- **is, with its proximity to Asia's rapidly growing economies, in a strong position to capitalise on the growing demand for raw materials, energy, food, skilled labour, training services, travel and other goods and services**
- **has already built strong enduring relationships within Asia and is already attracting and hosting world leading economic development projects**
- **has considerable untapped resources and undeveloped areas, and therefore has room for growth without compromising urban areas, arable land or environmentally sensitive areas**
- **is committed to piloting innovative approaches to unlocking and accelerating development potential.**

In a clear demonstration of its commitment to northern development, the Northern Territory recently created the ministerial portfolio for Northern Australia Development, which is held by the Honourable Adam Giles MLA, Chief Minister. The Northern Territory remains the only state or territory to do so.

The Northern Territory Government has a clear and inclusive focus on developing, attracting and maintaining economic opportunities across a broad range of private business and industry sectors. This has already been clearly demonstrated in the Conoco and INPEX Ichthys LNG project developments, not to mention the recent commencement of major mining operations. The Territory is already attracting and hosting world class major projects.

The Northern Territory Government is committed to accelerating the development of the entire Northern Territory. Drawing the Northern Australia development area border at the Tropic of Capricorn, just north of Alice Springs will alienate and isolate Alice Springs and part of the surrounding Central Australia region. These areas are a key part of the Northern Territory, both economically and socially. Alice Springs is the second largest centre outside of the greater Darwin-Palmerston region and provides key services to a hinterland that extends to at least 500 kilometres. Alice Springs, as a key transshipment point on the AustralAsia rail line, provides logistics for freight flows. It provides logistics, services and transport for key mining and other ventures, which either use the railway, or plan to do so in future. The Northern Australia development agenda must include the whole of the Northern Territory, spanning Central Australia, Barkly, Arnhem, Groote Eylandt, Big Rivers, Tiwi Islands and the Top End regions.

The Northern Territory has two international airports, Australia's northern-most railhead and deep water ports. Most of Asia's huge population lives within a five hour flight of Darwin. Shipping times to Asian ports from the Darwin Port are significantly faster than from other Australian ports. Asia comprises around 60 per cent of the world's population. By 2025, it is projected that the region will account for almost half the world's output. It is no accident the Northern Territory Government has for some time been growing/pursuing business connections with Asia. The Northern Territory's proximity to Asia's rapidly growing economies puts the Territory in a strong position to capitalise on Asia's growing demand for raw materials, energy, infrastructure, food security, skilled labour and travel as well as other goods and services, and to attract international investors who want to capitalise on supplying that demand from Northern Australia.

Through proximity, cultural ties and well established trade links, the Northern Territory is an Australian leader in its relationship with Indonesia, which is a valuable precursor to expanding trade to this populous and increasingly wealthy nation. Also by virtue of its proximity and cultural links, residents of the multiculturally diverse Northern Territory have a well-developed and positive Asian perspective with strong networks into Asia.

It is equally important that maintaining the unique lifestyle of the Territory remains a priority as the pace of development quickens. The Northern Territory Government is fully aware of the adverse social impacts that can come with rapid economic development and will take all possible steps to maintain the quality of life enjoyed by Territorians.

In the Northern Territory, rapid growth began in the last decade thanks to major public and private sector investments. A key rail-port link from Adelaide to Darwin jump-started the development process. Now major gas and other private investments are filling out the picture. These are logical developments given that the Territory sits centre-north in the continent, with Australia's northern-most port and railhead – enabling other northern states to connect to that infrastructure.

Connection options include the long proposed rail line from Mt Isa to Tennant Creek to connect north-western Queensland with the AustralAsia line to Darwin, and a rail link from Western Australia's Kimberley region, including Ord River, to Katherine, to also connect with the AustralAsia line to Darwin. Sealed all-weather road networks will complement rail connections across Northern Australia to unlock potential and enable development. With improved transport and freight connections, the supply of goods and services will flow two-ways, with those same corridors supplying the necessary goods, equipment and services for mining, energy, agriculture and pastoral expansion in Queensland and Western Australia.

With its considerable undeveloped area, it is possible to select development sites within the Territory without compromising environmentally sensitive areas. For example, a bulk commodities port near Darwin could be built using best practice to minimise environmental impact and would not require shipping to pass through environmentally sensitive areas. Further, with its abundant unused land, economic development in the Northern Territory need not compromise existing urban areas or see arable land taken out of production. Having such scope for greenfield development, coupled with a pro-development government, is an undeniable attraction to investment.

Across Army, Navy and Air Force, the Northern Territory is home to 10 per cent of Australia's permanent Defence personnel. The Territory holds over 70 per cent of Abrams Main Battle Tanks, Tiger Armed Reconnaissance Helicopters, Armidale Class Patrol Boats, plus a squadron of FA18 Hornets.

Defence involvement exists in two ways – its traditional role of sovereign protection and also in the more contemporary role of assistance in times of natural and humanitarian disaster as a means of strengthening ties with our closest neighbours and assisting them in maintaining regional security. Given its advantageous geographical and strategic position, and the increasing capacity and range of maintenance and supply services, the Australian Government is urged to accelerate the deployment of defence personnel and equipment to the Northern Territory and to encourage foreign governments to take advantage of the Northern Territory's location, capacity and military training facilities.

The Northern Territory offers unparalleled flexibility for collaboration with the Australian Government on innovative approaches to accelerating development. Accelerating development within the Northern Territory will benefit all of Australia and no possible approach should be discounted before being fully explored – including taxation, migration and regulatory arrangements; economic development areas; welfare and labour force participation and relocation incentives. The current size of the Territory, its level of development, and geographic separation from the rest of Australia means we can try things in the Northern Territory that cannot be done in other states or cannot be done on a larger scale until the approach has been proven.

The Australian Government is urged to:

- include the entire Northern Territory within its Northern Australia development area
- work with the Northern Territory, Queensland and Western Australian governments to increase transport and freight corridor connections across Northern Australia that will integrate supply chains and optimise the use of Darwin as Australia's northern-most port to Asia
- increase deployment of defence personnel and equipment to the Northern Territory and encourage other governments to also take advantage of the Northern Territory's location, capacity and facilities
- partner with the Northern Territory to explore and pilot innovative approaches to accelerating economic development within the Territory.

Enablers for accelerating development

INFRASTRUCTURE

To unlock the developmental potential of Northern Australia it must be accepted that:

- **commonly used cost benefit formulas applied by Australian Government agencies to proposed infrastructure allocation are often at odds with the development approach needed for longer term nation building. The existing approach, in reality, tends to stifle new development infrastructure rather than support it. This approach needs to change if Australian Government agencies are to play a positive role in developing Northern Australia.**
- **increased Australian Government and private sector infrastructure investment is vital to support the Northern Territory Government in its planning. The Northern Territory is currently considering packaging its infrastructure to attract private investment while recognising the importance of retaining strategic economic and social infrastructure.**
- **knowledge infrastructure, including research and development institutes and programs, are essential to fully understand the development potential of Northern Australia and to apply that knowledge to support ongoing development.**

Significant and ongoing major economic, social and knowledge infrastructure investment from a range of sources is fundamental to the further development of Northern Australia. The development of Northern Australia will unlock potential and currently untapped economic growth, particularly in regional economies. Increasing private sector investment is critical to getting more projects underway, as is a policy environment that supports such investment.

Significant existing projects in the Territory, such as the existing onshore LNG processing projects, provide competitive synergies to attract related projects. There is real potential to share established supply, transport, logistics, supply chain corridors. Darwin provides a seaport many steaming days closer to Asia, with an established rail and road transport corridor through the centre of Australia. There is capacity to expand rail and road networks. The greater Darwin-Palmerston region has the infrastructure and services of modern cities, including quality education and health services, with the potential to accommodate further population growth. The Territory's other regional centres have significant room for growth and expansion to support development.

Apart from its primary reason for construction, developing major infrastructure will have a range of other development benefits. For example, a sealed road built to service the Ord Stage 3 agricultural development would open up opportunities in the energy and tourism sectors. Sealing the Central Arnhem Road to provide all-weather access between Nhulunbuy and Katherine will open up tourism, agricultural, forestry, pastoral and mining opportunities for remote communities, as well as increase exports through the deep water port at Nhulunbuy. Any improved transport links through remote regions will play a significant part in the development and advancement of the regions through which they pass.

Sustained investment in economic enabling infrastructure is the key to unlocking the development potential of regional communities. The level of infrastructure investment required is beyond the means of the Northern Territory Government and we recognise that innovative ways of leveraging Australian Government and private sector investment will be necessary if we are to achieve ambitious nation building outcomes. The Northern Territory Government has commenced consideration of ways in which it is able to package government owned infrastructure and assets to attract private sector funds and promote sustained private sector investment. We recognise the importance of strategic economic and social infrastructure assets remaining within Government ownership and control, however opportunities for these assets to be used to stimulate or facilitate critical economic development investment must be considered. The Northern Territory Government also recognises that its small size and current stage of economic development means that it needs to rely on partnership and support from the Australian Government.

Energy and minerals research, exploration and production is providing increased economic development opportunities for the Northern Territory. Offshore oil producing fields, including Laminaria-Corallina, Kitan and Montara, Central Australian oil and gas fields at Mereenie and Palm Valley are examples. The value of the Territory's 'raw' energy production is estimated at \$4.2 billion in 2012-13, with a further \$1.7 billion from processing gas to LNG. Energy projects offer significant service and supply opportunities for local businesses, which meet scale and quality requirements and are price competitive. This creates considerable economic opportunities, as evidenced by the \$5 billion spent with locally based businesses during construction of the INPEX Ichthys LNG project. Beyond the construction phase, local service and supply for these projects will continue for decades.

The significant offshore gas fields on the Territory's doorstep and massive onshore gas and oil potential mean the Northern Territory could secure Australia's domestic energy security with the development of a national gas grid connecting the Territory's gas pipeline to eastern and southern states.

Geological research indicates the possibility of abundant unconventional oil and gas reserves waiting to be discovered in the Territory. The Northern Territory's potential reserves of unconventional gas have been estimated to be around 240 trillion cubic feet spread across six onshore basins, although most of these reserves remain unproven.

The Northern Territory is also a mineral rich province. It is under-explored yet boasts existing world class projects. Mining is a major industry in the Territory with the value of production estimated at \$2.4 billion in 2012-13. There are 12 operating mines in the Territory producing gold, iron ore, bauxite, manganese and silver/lead/zinc, and over 40 discovered but yet to be developed deposits. While most of the Territory's currently mined resources will be depleted by 2030, the Territory remains fundamentally under-explored and offers remarkable potential.

An impediment is the high risk attached to exploration, particularly where there is insufficient existing geological or exploration data. Public investment is required to accelerate completion of pre commercial precompetitive geoscience research across all of Northern Australia to fully understand the potential and facilitate commercial exploration and development investment. Another impediment is deficiencies in transport infrastructure and connectivity. New road, rail and port development is needed to open up remote areas for exploration, and to enable resources to be affordably transported to export markets. The nature of land tenure also can be a challenge.

Agribusiness in the Territory has been constrained by infrastructure deficits and the natural characteristics of the environment. Significantly more research is needed, as is action to address the factors that constrain farming, beef, horticultural and aquaculture. These factors include market, supply chain and land and water planning issues. Public investment is required to accelerate pre commercial precompetitive soils, water, vegetation and marine resources research to fully understand the development potential of food, fibre and forestry industries throughout Northern Australia and to facilitate private sector development. Global food demand will soar in coming decades, particularly in the Asian region where strong population and industrial growth continues to impinge on arable land.

Realisation of the Ord Stage 3 proposal also represents a major agricultural development opportunity for the Territory. The Australian Government is urged to support the development of Ord Stage 3 and further research in farming, beef, horticultural and aquaculture industries.

A promising Northern Territory Government initiative is the recent change to the *Pastoral Land Act NT* that allows for the diversification of pastoral leases. This will set the scene for pastoralists to diversify land use and provide opportunities to profitably develop a range of non-pastoral industries such as tourism, agriculture, forestry and horticulture.

The Territory insists that any additional funding from the Australian Government that is aimed at addressing infrastructure deficiencies and lifting service standards, particularly for Indigenous Territorians, should be excluded from the GST distribution process to ensure that the intent of the funding is not eroded through the Commonwealth Grants Commission's assessments.

Trade focussed physical infrastructure is vital for sustainable development in the north, and private investment is the best way to provide it. Good physical trade infrastructure, including rail and ports, should enable trade to take place at lower cost. The extended AustralAsia railway line from Adelaide to Darwin boosted Darwin's role as a trade focal point.

We need to collectively explore how we can make better use of existing infrastructure throughout Northern Australia and how we can increase access to, and use of, these to enable growth. For example, the Australian Government can change cabotage rules for air and cruise ship services to increase the number of tourist and business visitors to Northern Australia airports and seaports. This will increase visitor numbers to stimulate economic growth in Northern Australia. More frequent air services will improve Northern Australia's connections within and outside Australia, making it easier to get to and from work, do business, study or play.

Another challenge to increasing international air services into Northern Australia is access to alternative airports within a reasonable flying distance which have emergency services available to international standards. Sometimes a flight may need to be diverted to an alternative airport. If the back-up alternative airport is far away, then the airline needs to reduce the number of passengers it carries to carry more fuel – and after a certain distance it becomes uneconomical for the carrier to fly that route. The Australian Government can overcome this impediment by fully funding the provision of emergency services to international standards at selected Northern Australian Royal Australian Air Force airbases.

Knowledge infrastructure is critical to fully understanding and supporting the development of Northern Australia. Northern Australia is already home to a range of organisations and institutions undertaking research and development including CSIRO, the Australian Institute of Marine Science, universities, and state and territory government agencies. We can leverage from this existing base to build a critical mass of strategic, targeted world leading knowledge infrastructure across Northern Australia that unlocks and supports domestic development as well as exporting the knowledge itself in the form of services. The Australian Government has a critical role to play as the primary investor in scientific research and tertiary education.

The Australian Government is urged to:

- work with the Northern Territory, Queensland and Western Australian governments on a coordinated, prioritised infrastructure plan to connect and accelerate the development of Northern Australia, including roads, railways and gas pipelines, and optimising the use of existing infrastructure assets
- partner with the Northern Territory Government to deliver and finance a new infrastructure agenda to stimulate and accelerate economic growth in the Territory, including:
 - prioritising investments in enabling infrastructure to unlock economic potential in regional economies
 - sealed all-weather road networks
 - development of a national gas pipeline grid
 - railway extensions.
- partner with jurisdictions to develop innovative funding models that encourage government and private investors funding streams for infrastructure investment
- explore ways, along with the Queensland and Western Australian governments, to export more commodities through Darwin port
- commit to the Ord Stage 3 major project through the provision of funding, assistance with private sector funding and land tenure reform
- change cabotage rules for air and cruise ship services to enable increased access to, and frequency of, services to Northern Australia
- invest in the provision of emergency services to international standards at Royal Australian Air Force bases in Northern Australia so they can be nominated as emergency alternative airports
- as the primary funder of scientific research and higher education institutions, partner with the Northern Territory, Queensland and Western Australian governments and research organisations to strategically build a critical mass of knowledge, science, research and development infrastructure to support development of Northern Australia.

HUMAN CAPITAL

In developing human capital:

- **decisive action is needed to address labour shortages, both skilled and unskilled, that will seriously inhibit development in Northern Australia.**
- **a new policy environment, including incentives, is required that provides support and flexibility to deliver the domestic and overseas skilled and unskilled labour needed to support development.**
- **growth potential must be unlocked to create real jobs for unemployed and underemployed people living in remote communities to improve their social and economic circumstances and reduce the reliance on welfare.**

An important early measure is the examination and mapping of skills that will be required to underpin Northern Australia development. Currently, much labour force data is not of a standard that allows informed decision making.

A new policy environment with programs providing the support and flexibility for domestic and overseas skilled and unskilled labour to work in Northern Australia is critical. A flexible labour force is necessary, particularly, but not limited to, working on seasonal horticulture activities. Greater flexibility in this policy area would increase productivity for Northern Australia and its regional neighbours and, importantly, enhance regional relationships.

A longer term challenge is to bring the large numbers of unemployed and underemployed Australian residents into the workforce. Incentives may include covering costs for unemployed families to relocate to the Northern Territory, but must also focus on local unemployment.

A recent Reconciliation Australia report states that the economic benefits of closing the gap in Indigenous employment outcomes would benefit Australia's GDP by \$24 billion by 2031. The Territory would benefit disproportionately to the rest of the country, reaching a figure 10 per cent larger than other jurisdictions due to the larger proportion of Indigenous residents and larger employment gaps. The report states that Australian governments would share a net gain of \$11.9 billion, with \$7.2 billion of that coming from an increase in general revenue. The remaining increase comes from a reduced health and welfare spend estimated to be \$4.7 billion.

Welfare reform is one tool that can be used to bring more Indigenous people into the workforce, along with education and 'wrap-around' approaches to placing and supporting people in training and subsequent employment. The Northern Territory Government's innovative *Sentenced to a Job Program* is partnering with local businesses to provide training and work to prisoners while they are in custody, so they are work ready and employable on release. Australian Government investment to increase in-custody training and education programs will further increase the domestic workforce, improve labour force participation, reduce recidivism and reduce welfare reliance.

The reduction and simplification of work health and safety requirements will support business and industry to grow in Northern Australia. While it is important to have a regulatory framework that supports safe workplaces, the requirements imposed by major (multi-national) firms unnecessarily complicate contracts and work arrangements for small to medium sized businesses, contractors and sub-contractors in the Territory and adds to the cost of doing business.

Another key cost for business is the current industrial relations system which discourages SMEs from increasing their workforce. The need for strict compliance with complex procedures and requirements adds to SME operational costs.

The Australian Government is urged to:

- work with the Northern Territory Government to develop a more efficient process for accessing seasonal workers, including seasonal workers from South East Asia, similar to the current Pacific Islander arrangements
- partner with the Northern Territory, Queensland and Western Australia governments to examine current labour force arrangements with a view to increasing opportunities for up-skilling and expansion of the local labour force and increasing interstate and intrastate air services to support greater labour mobility (including FIFO)
- work with jurisdictions to provide greater incentives to move into the workforce, including relocation or mobility incentives, and remove disincentives to employment
- increase investment in education, training and employment readiness programs to increase the domestic workforce and labour force participation.

POPULATION GROWTH AND LIFESTYLE

With sustained population growth critical to successful development in the north:

- **decisive action is needed to address labour shortages, both skilled and unskilled, with these issues currently representing a serious inhibitor to Northern Australia. Domestic migration policy along with financial incentives through taxation or other economic policy to encourage population growth is essential**
- **the Northern Territory is in the fortunate position of having large areas of land controlled by either the Northern Territory or Australian Government, which could be released to support residential, industrial and development**
- **the importance of quality lifestyle as a key population attractant cannot be overstated. It is critical that quality of life is an important consideration in policy direction**
- **access to quality health and education services is essential for long term population growth with education a key consideration for families and individuals considering relocation.**

Sustained population growth is critical for successful development in the north. Historically, population growth rates in the Darwin-Palmerston region rank amongst the highest of all jurisdictions, albeit from a small base. Policies are needed to attract residents and associated investment including consideration of tax zone or other financial incentive policies. There is an urgent need to develop sensible, integrated policies that encourage population growth. A quality lifestyle is a key population attractant. It is critical that quality of life is an important consideration in any policy direction.

Labour shortages, both skilled and unskilled, are currently a serious inhibitor to the development of Northern Australia. Migration policy has a role to play, along with financial incentives through taxation or other economic policy, to encourage population growth. Changes to Australian Government skilled and business migration and policies to encourage overseas business people and workers to migrate to Northern Australia are imperative.

Tourism is the Northern Territory's second largest economic sector and its biggest employer. In the year to 30 June 2013 the Territory recorded a 9 per cent increase in international holiday visitors. There were more than one million domestic visitors in 2012. Tourism is worth more than \$1.5 billion annually to the local economy. The opportunity exists to achieve a \$2.2 billion contribution to the Territory economy by 2020. This will not happen unless the growing shortage of workers to service the industry is addressed. In this context there is a need to review migration policy with a view to developing a regime that allows more skilled foreigners the opportunity to work in, and further develop, the tourism industry.

A strong education sector is essential for long term population growth, with education a key consideration for families and individuals. Education is also a key enabler for economic and social growth. This is also true for the health sector. With the Territory's proximity to Asia and existing experience in attracting and educating foreign students, the Territory is well placed to host increasing numbers of fee paying students.

Charles Darwin University (CDU) has seen a 25 per cent increase in enrolments over the past two years. In 2013 CDU recorded a 300 per cent increase in international student enrolments compared to 2006; a statistic in sharp contrast to the national trend. The number of international students now exceeds 1100 from 57 countries. Relationships with regional universities are strengthened through memorandum of understandings and cooperation agreements with China, Indonesia, Japan, Malaysia, Philippines, Timor-Leste and Vietnam. This young and dynamic university plays an important role in the region, extending access to education through remote and regional delivery. It drives tropical knowledge development and, more recently, oil and gas industry training and support.

The Northern Territory not only has the space to grow but plenty of capacity to accommodate key infrastructure to support affordable housing and residential and urban development, with fewer constraints than more highly populated areas of Australia. The Northern Territory is in the fortunate position of having large areas of land controlled by either the Northern Territory or Australian Government. Such land can be a valuable asset, but only if both governments see it as such. Acquiring Australian Government land is a protracted process that significantly inhibits the Territory Government's ability to acquire and release land to meet demand.

The Australian Government is urged to:

- partner with the Northern Territory Government to explore and pilot changed arrangements to support population growth
- work with jurisdictions to develop and implement relocation incentives including, but not limited to, personal and business tax incentives to stimulate population growth and economic development
- work with the Northern Territory to unlock developable land currently held by Australian Government agencies to support residential and industrial development, including improving housing affordability and supply
- increase primary health care and aged care services to remedy current deficits and ensure future growth is commensurate with an increased and ageing population
- support an increase in the capacity and capability of education and training providers to continue to deliver quality education services Territory wide and increase the number of international students.

LAND AND WATER

The Northern Territory's land and water resources are critical to our development if there is:

- **considerably more private investment on Aboriginal land in partnership with Indigenous communities and their representative land councils**
- **scope to promote greater commercial use of land by reducing and streamlining the complexity and range of land tenure arrangements through administrative and legislative reform and fast tracking processes – thereby increasing the range of investment opportunities**
- **accelerated investigation and research into the Territory's soil, vegetation, water and marine resources to inform the identification of priority areas for development**
- **accelerated investment in geoscience, exploration incentives and facilitation of land access to stimulate energy and minerals exploration.**

Fifty per cent of the Territory's land mass and 85 per cent of its coastline is held under the *Aboriginal Land Rights Act 1976* (ALRA). Despite having secure tenure and receiving royalty income, after 38 years, people living on ALRA land are among Australia's most disadvantaged, and economic development on ALRA land is minimal. This is untenable, and a review of ALRA is warranted to ensure that, in addition to the continuation of the legacy of the traditional owners, it is also a vehicle for socioeconomic advancement—as it was always intended to be.

There is scope to promote greater commercial use of land by reducing the complexity and range of land tenure arrangements through administrative and legislative reform and fast tracking processes – thereby increasing the range of investment opportunities. This could include a means to enable Indigenous communities to leverage land assets to fund social and economic activities.

The Northern Territory Government is determined to facilitate private sector investment on Aboriginal land. In partnership with the Tiwi Land Council, the Northern Territory Government is consulting with Tiwi Traditional Owners and communities to investigate the leasing of a large area of land to the Northern Territory Government's Land Development Corporation for development. The land will then be subleased for commercial purposes with the Land Development Corporation, as landlord, providing greater clarity and certainty to investors. This will accelerate development of a more diversified Tiwi economy that is less reliant on public sector activity. Critical to this is the creation of jobs for Tiwi people. This is a model the Northern Territory Government, in partnership with Aboriginal communities, land councils, private enterprise and the Australian Government, wishes to replicate across the Territory.

The Australian Government is urged to:

- participate in the delivery of the Tiwi Island Partnership model with the Northern Territory and in partnership with the Northern Territory Government to explore how this model could be made available to other Indigenous communities to support the prosperity of Indigenous land owners through economic growth and employment
- partner with the Northern Territory, Queensland and Western Australian governments to invest in and accelerate the completion of investigations and research to fully understand Northern Australia's soil, vegetation, water and marine resources and development potential
- partner with the Northern Territory, Queensland and Western Australian Governments to invest in and accelerate the completion of precompetitive, pre-commercial geoscience research to fully understand Northern Australia's minerals, oil and gas development potential
- partner with the Northern Territory Government in investing in mining and gas exploration incentives and fast tracking of land access
- provide funding to support native title settlement and for compensation packages
- work with jurisdictions to enable economic growth land tenure and land use reforms that include:
 - resolving the at-times complex impediments to the economic use of Indigenous land
 - an audit of unnecessary bureaucracy and inflexibility in the area of land use controls and actions to sensibly minimise inflexibilities
 - harmonisation of land tenure arrangements between jurisdictions, at all levels, to give greater clarity and certainty to investors.

Conclusion

The Northern Territory Government considers this Inquiry to be the beginning of a national conversation and this submission explores a range of actions that are needed for Northern Australia and for the Northern Territory. The Northern Territory Government has already commenced work on these actions.

As the national conversation about the development of Northern Australia unfolds, there will be more ideas and priorities identified that require detailed consideration and action. The Northern Territory Government will work hard to ensure that we succeed in developing northern Australia for the benefit of all Australians.