

S U B M I S S I O N T



Inquiry into Infrastructure and the Development of Australia's Regional Areas

CONTENTS:

1. Chairperson's Introduction
2. Infrastructure Needs
3. Infrastructure and Employment Development
4. Key Players and Coordination
5. National Benefits

APPENDICES:

- A.1 NT Area Consultative Committee Membership
- A.2 NTACC Geographical Coverage
- A.3 Useful Contact Details
- A.4 NTACC Strategic Regional Plan
- A.5 ACCI & ACC Northern Australia Skills Shortages Report

HOUSE OF
REPRESENTATIVES

STANDING
COMMITTEE ON
PRIMARY
INDUSTRIES

**AND
REGIONAL
SERVICES**

1. Chairperson's Introduction

The vision of the Northern Territory Area Consultative Committee (NTACC) is "to facilitate sustainable regional employment and training opportunities and improved living standards for all Territorians."

The committee operates within the framework of a National Charter determined by the Commonwealth Government, and its own Strategic Regional Plan, *Jobs for Territorians* (Appendix A.4).

NTACC is responsible for the largest area of all ACC's, the entire Northern Territory; a landmass of 1,346,200 square kilometres, representing about one sixth of the Australian continent (Appendix A.2).

The population of the NT is approximately 195,101 people, and population growth is projected to continue to increase at a rate greater than the national average by the year 2041 to between 260,000 and 325,000 people.

A comparatively higher proportion of the NT population identify as Indigenous Australians. Over twenty seven percent of the NT population are of Aboriginal or Torres Strait Islander descent, compared with two per cent for the whole of Australian.

Jobs for Territorians identifies key considerations affecting the pace and nature of economic and employment development in the Northern Territory including: distance; remoteness; small population and markets; the need to attract labour to the region; and the need for considerable investment in capital infrastructure.

The Government has asked ACCs to give priority to regional coordination and seek to develop the relationships necessary to make some progress in this area during 1998 and 1999. It is within this context that NTACC has prepared this submission to the Inquiry into Infrastructure and the Development of Australia's Regional Areas

The submission is the result of extensive consultations with government, industry, and the community regarding the regional development needs of the Northern Territory.

The picture painted by these consultations is of expanding opportunities created by consistently strong economic and population growth over the past decade. As a result the Northern Territory has an unemployment rate of around 4%, the lowest of any state or territory in Australia.

Industry and the Northern Territory Government have worked hard to integrate the Northern Territory economy with Asia. Despite recent economic turbulence in Asia, the Northern Territory has been proactive in encouraging corporations to set up their Asian bases in Darwin, as a gateway to the region.

Another significant economic driver has been the Defence Force Build-Up which has brought thousands of personnel to the Northern Territory in recent years. This has created a robust demand for housing and associated industries, and strengthened the economy.

Mining continues to be a key driver of the economy, and there are presently major projects to the value of \$20,000 million either committed, in progress, or in the late stages of development.

The Northern Territory is becoming a more urban and attractive place to live and work, offering a relaxed lifestyle which most Territorians would say is second to none.

Ensuring the region has the necessary infrastructure to take advantage of these conditions to strengthen its economic base, generate jobs, and ensure there is an integrated economy making best use of its natural advantages, is a key challenge.

I commend the submission to the Inquiry.

John Paterson
Chairperson

30 April 1999.

2. Infrastructure Needs

- Terms of Reference:**
- *deficiencies in infrastructure which currently impede development in Australia's regional areas;*
 - *factors that would enhance development in these areas, including the provision of infrastructure such as energy, transport, telecommunications, water supplies, and facilities that deliver educational, health and financial services;*

Throughout the Northern Territory employment and economic development will not occur without improved **housing, health and educational infrastructure**.

Additional to the regional centres of Darwin, Nhulunbuy, Katherine, Tennant Creek, and Alice Springs there are approximately 85 remote communities (mainly Indigenous) in the NT with a population of between 200 and 2000. There are approximately another 350 remote Indigenous communities with smaller populations ranging up to 200. All are distinct geographically and culturally, and have legitimate and pressing needs for assistance to support economic and employment development.

The term infrastructure is divided into **physical and social infrastructure**. In relation to urban development, most households have an expectation of access to a wide range of services such as water, sewerage, electricity, sealed roads, schools, health or medical facilities, telecommunication technology, public open space, public transport and childcare.

While these are useful distinctions, they can be further prioritised into **essential and non essential infrastructure**. Remote communities seek a basic level of essential infrastructure to enable a community to function and its inhabitants to achieve a reasonable basic level of well being and development opportunities (be it access to training which will lead to real jobs or ability to establish local services not necessarily reliant on the importation of skilled itinerant staff).

Housing infrastructure deficiencies in remote communities are well documented and are highlighted in the ATSiC 1993 "Community Housing and Infrastructure Needs Survey":

- 311 communities have a non complying water supply;
- 119 communities have an inadequately maintained water supply;
- 64% of communities had less than 50% of their internal roads sealed;
- 136 homeland centres do not have a mainstream sewerage system;
- 58 communities have sewerage and septic systems that do not work satisfactorily;

Commonwealth and NT programs have been addressing these deficiencies but many still remain.

Poor **telecommunications** infrastructure is a key inhibitor to regional development. Due to distance and remoteness, telephone conferencing is the most economical way of including smaller communities on wider regional deliberations and processes. However the present telecommunications infrastructure does not make this possible with all communities.

The Regional Telecommunications Infrastructure Fund (RTIF) has the potential to enhance health, education and employment outcomes which are hampered by distance and remoteness. RTIF will invest approximately \$15 million in the Northern Territory over the next 3 years which could be enhanced by: closer coordination, cooperation and consultation with other programs; and greater community involvement in decision making.

Approximately 1% of Australians are Territorians living in 15% of the land mass. This sparse population makes **transport links** in the NT and Northern Australia critical. Roads, barge landings and airstrips are essential links for isolated communities to access services such as health education employment opportunities, training, recreational and cultural activities.

The Northern Territory's main **road infrastructure** is good. However highway upgrades are required, for example:

- East-West Highway linking Queensland, NT and WA;
- Borroloola (NT) to Doomadgee (QLD) Highway;
- Tanami Highway, linking Alice Springs with mining in the North-West;
- Central Arnhem Highway, linking Nhulunbuy to Katherine.

Additionally, the arterial road infrastructure needs to be upgraded to gravel and/or bitumen. During the Northern Territory's "wet season" many tracks are impassable isolating remote communities for weeks and months at a time. This has a major impact on the social and economic development of hundreds of remote indigenous communities in particular in the area of health, education, employment and training. With the majority of indigenous people living in remote communities, the road infrastructure is crucial to this sector and thus to the overall economic development of the region.

There is also an economic impact on commerce and in particular the tourism and live cattle export industries.

The economic and employment benefits of the construction of the Alice Springs to Darwin Railway will be significant. Improved **rail infrastructure** and the opening of the \$80 million **East Arm Port in Darwin** will create significant international trade opportunities for Australia. The port and railway projects will generate substantial savings for exporters and importers by greatly reducing shipping times into and out of Australia.

Power, water and road access are needed when opening new agricultural land. Only in recent years have water supplies started to be evaluated in terms of sustainable quality and quantity. There is considerable interest in horticultural ventures throughout the Northern Territory which have the potential to provide economic benefits and jobs for Indigenous people in small communities where there is otherwise no industry and few employment opportunities. For example, horticultural development at Utopia and McLaren Creek has the potential to generate substantial economic activity. However development is contingent upon the available water supply being qualified and quantified and road access being provided.

A key impediment to economic development in remote communities is **skills shortages**. Skills shortages exist across a broad range of occupations and industries in the Northern Territory. While unemployment remains high in many other regions of Australia, it has not proved to be an easy task to attract skilled people to live and work in the Northern Territory. NTACC collaborated with the Australian Chamber of Commerce and Industry on a major report into Skills Shortages in Northern Australia. The report is attached for the Inquiry's reference (Appendix A.5).

Infrastructure and resources are innate and unproductive without the interaction of human resources. Skills are the infrastructure upon which the economy is built, and education and training are a key to developing the NTs

human resources and consequently, the pace and nature of economic development. The continued development of education and training infrastructure is essential.

The **cost of living** is also a strong inhibitor in attempts to attract skilled personnel to Northern Territory regional centres and remote communities. Freight costs contribute significantly to the cost of grocery items, in particular fresh fruit and vegetables. The cost of housing is also relatively high.

The **taxation system** exacerbates this issue rather than enhancing the ability of local employers to attract skilled personnel. The taxation system needs to be reviewed to minimise the impact of **Fringe Benefits Tax** on employers wishing to offer incentives to attract and retain skilled personnel. The incentive offered to skilled personnel in remote areas through the **zone rebate** system has also been diluted over time.

Enhancements to the taxation system, as a means to address skills shortages throughout Northern Australia, are urgently required.

3. **Infrastructure and Employment Development**

- Terms of Reference:**
- *the potential for development in regional areas;*
 - *the extent to which infrastructure development would generate employment in regional Australia;*

Remoteness and distance give rise to a range of impediments which cause traditional market forces to fail in remote Australia:

- prohibitive transport costs;
- shortage of skilled personnel;
- inadequate telecommunications infrastructure;
- poor access to financial and business services;
- inadequate transport infrastructure;
- absence of a range of industries common to rural communities;
- expense of research and development;
- expense of attracting investors.

There are considerable latent enterprise, efficient production possibilities, and viable project opportunities. However these will not come to the fore without catalytic support and assistance.

Assistance must be targeted at communities and regions where traditional market forces fail which will promote the development of the required infrastructure which will assist to alleviate the above mentioned impediments.

This will support substantial and sustainable employment outcomes throughout regional and remote Australia.

4. **Key Players and Regional Coordination**

- Terms of reference:**
- *the role of the different levels of government and the private sector in providing infrastructure in regional areas;*
 - *planning, coordination and cooperation in the provision of infrastructure in regional areas;*

It is important government recognise that rationalisation in the Northern Territory is a matter of distance, rather than population mass. So long as government programs continue to base funding allocations on population alone, small communities will face a continual struggle to establish and maintain the services they need.

Commonwealth Government

The Commonwealth's **Regional Assistance Program (RAP)**, is a valuable resource for remote communities in the Northern Territory. With the support of NTACC the program has assisted a range of communities with feasibility studies, business plans, skills audits and economic development plans. Most small remote communities have little industry, few jobs and very limited access to business expertise.

In Tennant Creek, for example, a regional hub for around 10,000 people throughout the Barkly Region (240,000 square km), there is only one accountant and no solicitor. Business relying on professional advice simply cannot access it locally.

In March this year the Minister for Employment Services, Tony Abbott MHR, announced funding approval under RAP for a **small business incubator without walls** for the Barkly Region, based in Tennant Creek. The project is a national pilot for this type of activity. There is significant national interest in the concept as there is no other model for delivering small business support services to remote Aboriginal communities, or for a population in such a remote location, spread across an area as large as the Barkly Region.

This is an important initiative for remote Australia which was facilitated by NTACC and supported with tripartite funding for three years by DEWRSB, ATSIC and the Northern Territory Department of Industries and Business.

NTACC recommends the Inquiry seek a briefing from Canberra Business Centres (Appendix A.3) who prepared the feasibility study and business plan for this pilot project.

For approximately 7,500 indigenous people ATSI's **Community Employment Development Program (CDEP)** it is the only opportunity they have to participate in conventional type employment. If the Northern Territory's CDEP participants were included in the official unemployment statistics, the Northern Territory's unemployment rate would be significantly increased from around 4%, to approximately 12%.

Greater focus on employment and training outcomes and economic development in remote Indigenous communities through CDEP has great potential to improve regional development. ATSI is focusing heavily upon the commercial potential of CDEP through funding projects under the CDEP Business Preparation Scheme and similar programs.

Greater integration between CDEP and other Government programs is essential to maximise resources and opportunities. Present administrative arrangements make this cumbersome. For example NTACC members cite first hand difficulties in coordinating projects funded by the Department of Employment, Workplace Relations, and Small Business and CDEP.

The **Rural Transaction Centres** program could be of significant assistance to remote communities. Care must be taken by the Department of Transport and Regional Services to ensure eligibility criteria and administrative procedures are appropriate to the needs of remote communities.

National Commitment to Improved Indigenous Outcomes

Under the National Commitment to Improved Outcomes in the Delivery of Programs and Services for Aboriginal Peoples and Torres Strait Islanders, signed by the COAG in 1992, the role of all levels of government in providing infrastructure and programs was defined. The Commitment required all governments to commit to holistic planning and focusing on special developmental needs of Indigenous people.

The Indigenous Housing Authority of the Northern Territory (IHANT) bilateral agreement was the first evidence of the National Commitment being taken seriously. However some NTACC members have expressed concern there has not been a great deal of evidence of further implementation of this commitment.

NTACC recommends that the Inquiry investigate this issue and the outcomes being achieved as a result of the National Commitment.

Northern Territory Government

The Northern Territory Government is the leading agency for resource development in the Northern Territory. Two initiatives of possible interest to the inquiry are:

- The Council for Regional Development NT: a peak body comprising Chairs of the Regional Economic Development Committees of: East Arnhem, Katherine, Tennant Creek and Alice Springs (*Appendix A.3*).
- The Northern Territory Government's recently established Office for Resource Development (*Appendix A.3*).

Local Government

Local Government in the NT is made up of 69 local governing bodies comprising 6 municipalities, 31 Community Government Councils, 30 Incorporated Associations and 2 special purpose towns.

79% of the NT's population resides within municipalities. Local Government incorporates only 5% of the land mass of the NT. Rates are collected from only 2% of the local government area, although a number of other mechanisms for contribution to services are made in many remote Aboriginal Communities.

Average population of Community Government Councils and Associations is approximately 500, ranging from Wallace Rockhole in the Alice Springs region with a pop. of 150, to 1753 at Kardu Numida (Ports Keats) in the Daly River region.

Local Government in the NT is very inclusive of Aboriginal people with a large number of elected members and staff. There are 634 Aboriginal elected members that represent the community and make decisions on a range of local government and non local government functions. Of the 61 Community Government Councils and Associations, 54 are on Aboriginal land which is not rateable. There are service charges levied for water, house rental, sewerage and other services. The level of service fees is dependent on the socioeconomic position of the individual community.

These councils also provide agency services for and on behalf of Commonwealth and NT Government departments - eg Centrelink, medical clinics, correctional services, Power and Water, etc.

Funding sources to support local government services come from Commonwealth Grants Commission (FAGS), NT Government operational grants and service delivery agreement contracts (which it has been argued do not meet the full costs of the service).

Community Government is more flexible than Municipal as it is understood that remote councils fulfil a broader role than the traditional third sphere of government. The involvement by remote Councils in such activities as the local store, resource centres, arts and crafts centres, womens centres, child and aged care is often provided as a substitute for the Commonwealth and NT departments, and the private sector - all on the grounds that economies of scale are not achievable in each community.

The diminishing funds base to local government in the NT since 1991 has meant that local government - and particularly remote local government - has had to concentrate its efforts on the essential elements of maintaining whatever has been necessary to the individual community's survival and cohesion resulting in great swings in priorities and demands at the local level. The level of available funds is not the only cause of establishing priorities. Indeed the availability or otherwise of key staff who are able to work in a cross cultural environment has been an ongoing challenge to most remote communities and the fulfilment of community plans.

In recent years the Local Government Association of the NT has pursued an agenda of Local Government Reform which recognises the difficulties of a diminishing pool of funds for each council (due partly to a two tiered approach to horizontal fiscal equalisation) and an increasing pool of Councils. There is a recognition that for the future local government resource utilisation has to be smarter while still recognising the challenges of maintaining the integrity of the "community of interest". The Reform process provides an opportunity for municipal and remote councils to establish service provision agreements where units of expertise are developed for delivery to a group of councils, where matching of existing skills within communities forms the core of new service delivery units within each council area, and non-skilled areas or non-cost effective services currently being undertaken are contracted out to other councils where expertise exists or is being developed as part of a business plan for that area.

Local government has control and maintenance responsibility for 39% (12,250 km) of the NT road network. Community Government and Association councils manage and control 8891 km of this network of which 8592 km is unsealed ranging from formed gravel roads to flat bladed tracks. The \$8 million per annum allocated to local government is inadequate.

Regional Coordination

The Government has asked Area Consultative Committees to take a greater role in the coordination of regional activities. However it should be borne in mind that ACCs have a strong labour market focus, and infrastructure issues are not always directly related to core ACC business.

The Northern Territory was one of the few Australian regions not to establish a Regional Economic Development Organisation. There is an established need for a **local coordinating body** which is owned and managed by the stakeholders which will:

- respond to the unevenness of national economic development processes;
- facilitate local resource use and attract economic activity to the NT;
- provide knowledge in infrastructure planning to improve local outcomes;
- facilitate and coordinate the interaction of business, government and the community;
- identify and communicate economic opportunities and problems to business, government and the community;
- establish priorities for change that will improve the operation of the local economy;
- influence government priorities in industrial, social and community policy and/or infrastructure spending to favour local activities.

NTACC currently comprises representation from all appropriate stakeholders. With the appropriate resources the Committee would be well placed to fulfil this role.

5. National Benefits

Terms of: • *the benefit to the national economy of developing regional*
reference: *infrastructure.*

The Northern Territory is one of Australia's fastest growing regions. It has significant potential for future development due to the numerous industries planned (oil, gas, transport etc) and will provide significant return to the national economy on any regional infrastructure development investment by the Commonwealth.

Aboriginal people have never been more aware and committed to the development of a strong independent economic base for their communities in order to preserve culture and traditional practices (ceremonies, quality of life through fishing, etc.) and provide the same future opportunities for their children as other Australians.

As Australia works towards the challenges of the next century it is important for governments to recognise the significant differentiation in access to infrastructure, services, and opportunities that currently exists between large commercial centres on the east coast and regional Australia. Television communication presents Australian lifestyles within a socioeconomic context that many individuals from remote areas have no experience. Unless as a society we are able to meet the increasing expectations of those Australians, the "urban drift" will continue, displacing development opportunities on small communities and creating social and economic problems for higher population centres.

APPENDIX A.1

NT Area Consultative Committee Membership

Paul Ah Chee	Aboriginal Art and Culture Centre
Steve Baldwin	East Arnhem Business Development Association
Craig Bonney	Jawoyn Association
Barbara Causon	Aboriginal and Torres Straight Islander Commission
Mary Cunningham	NT Department of Industry and Small Business
Denise Fincham	Gove Industrial Supplies
Greg Flanagan	NT Employment Training Authority
Carole Frost	NT Chamber of Commerce & Industry
Michael Harvey	Tennant Foodbarn
Denis Kuhl	Northern Territory University
Robyn Lesley	Darwin City Council (LGANT)
Didge McDonald	NT Trades & Labour Council
Djuwalpi Marika	Yirrkala Dhanbul Community Association
Francis Mills	NT Office of Youth Affairs
Mike Newton	Network 99
John Paterson	NT Office of Aboriginal Development
Kent Peak	Barkly Regional Economic Development Committee
Geoff Shaw	Tangentyere Council
Merrilyn Stopp	Katherine Economic Development Task Force

APPENDIX A.3

Useful Contact Details

Organisations referred to in this submission:

- **Council of Regional Development NT**
Mr Les Holland
Director Regional Development
NT Department of Business and Industry
PO Box 2134
Alice Springs NT 0871

Tel. 08 8951 8574
Fax. 08 8951 8533

- **NT Office for Resource Development**
Mr Geoff Farnell
Director
GPO 2901
DARWIN NT 0801

Tel. 08 8999 5354
Fax. 08 8999 5191

- **Canberra Business Centres**
Mr Julian Webb
General Manager
PO Box 1067
DICKSON ACT 2602

Tel. 02 6242 1901
Fax. 02 6241 5284