

The Senate

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Select Committee on the  
effectiveness of the Australian  
Government's Northern Australia  
agenda

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Select Committee on the effectiveness of  
the Australian Government's Northern  
Australia agenda

Final report

April 2021

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# Terms of Reference

The Select Committee on the effectiveness of the Australian Government's Northern Australia agenda was established to inquire into and report on the effectiveness of the objectives, design, implementation and evaluation of the Australian Government's Northern Australia agenda, with particular reference to:

- (a) facilitation of public and private investment in infrastructure and economic development;
- (b) economic and social benefit arising from that investment for Northern Australians, in particular First Nations people;
- (c) funding models and policy measures that capture the full value of existing and emerging industries;
- (d) measures taken to develop an appropriately skilled workforce;
- (e) emerging national and international trends and their impact on the Northern Australia agenda; and
- (f) any related matters.



# Abbreviations and acronyms

The 2015 Audit	<i>Northern Australia Infrastructure Audit</i> (Infrastructure Australia, 2015)
ACCC	Australian Competition and Consumer Commission
ACCC Final Report	<i>Northern Australia Insurance Inquiry, Final Report</i> (Australian Competition and Consumer Commission, 2020)
AFPA	Australian Fresh Produce Alliance
AgForce	AgForce Queensland Farmers
ALRA	<i>Aboriginal Land Rights (Northern Territory) Act</i> 1976
AMEC	Association of Mining and Exploration Companies
AREH	Asian Renewable Energy Hub
ASIC	Australian Securities and Investments Commission
Beef Roads	Northern Australia Beef Roads Program
CEFC	Clean Energy Finance Corporation
CHP	Community housing provider
CKD	Chronic kidney disease
CME	Chamber of Minerals and Energy
COAG	Council of Australian Governments
CRCNA	Cooperative Research Centre for Developing Northern Australia
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CQUniversity	Central Queensland University
CV	Curriculum vitae
CYLC	Cape York Land Council
CYRP	Cape York Region Package
DAMA	Designated Area Migration Agreements
DAWE	Department of Agriculture, Water and the Environment
DFAT	Department of Foreign Affairs and Trade
DIRDC	Department of Infrastructure, Transport, Cities and Regional Development
DISER	Department of Industry, Science, Energy and Resources
ERF	Emergency Response Fund
FBT	Fringe benefits tax

The First Interim Report	<i>Northern Australia Insurance Inquiry, First Interim Report</i> (Australian Competition and Consumer Commission, 2018)
FIFO	fly-in-fly-out
FNQROC	Far North Queensland Regional Organisation of Councils
FTE	Full-time equivalent
GEBIE	Groote Eylandt and Bickerton Island Enterprises
GP	General practitioner
HOT NORTH	<i>Improving Health Outcomes in the Tropical North: A Multidisciplinary Collaboration</i> (National Health and Medical Research Council program)
IAHA	Indigenous Allied Health Australia
IBA	Indigenous Business Australia
IBI	Indigenous Business Incubator
ICA	Insurance Council of Australia
IES	Indigenous Engagement Strategy
IGAB	Intergovernmental Agreement on Biosecurity
ILSC	Indigenous Land and Sea Corporation
ILUA	Indigenous Land Use Agreement
The Infrastructure Audit	<i>Australian Infrastructure Audit 2019</i> (Infrastructure Australia, 2019)
IRG	Indigenous Reference Group to the Ministerial Forum on Northern Development
ITECA	International Tertiary Education Council Australia
JCU	James Cook University
KPCA	Kimberley Pilbara Cattlemen's Association
KRA	Key Result Area
LGA	Local Government Area
LGAQ	Local Government Association of Queensland
MBS	Medicare Benefits Schedule
METs	Mining Equipment, Technology and Services
NAIEDB	Northern Australian Indigenous Economic Development Body
NAIF	Northern Australia Infrastructure Facility
NAIF Act	<i>Northern Australia Infrastructure Facility Act 2016</i>
NAILSMA	Northern Australian Indigenous Land and Sea Management Alliance
NAIPT	Northern Australia Insurance Premiums Taskforce
NAPLAN	National Assessment Program Literacy and Numeracy

NARP	Northern Australia Roads Program
NAWRA	Northern Australia Water Resource Assessment
NBN	National Broadband Network
NCL	Northern Land Council
NDISO	National Defence Industry Skills Office
NGO	Non-government organisation
NHMRC	National Health and Medical Research Council
NIAA	National Indigenous Australians Agency
NLC	Northern Land Council
NPARIH	National Partnership Agreement on Remote Indigenous Housing
NQWIA	North Queensland Water Infrastructure Authority
NWI	National Water Initiative
NWIDF	National Water Infrastructure Development Fund
ONA	Office of Northern Australia
QATC	Queensland Agricultural Training College
QCU	Queensland Council of Unions
RASS	Remote Air Services Subsidy
RAU	Remote Airstrip Upgrade
RDA	Regional Development Australia
RDAFNQTS	Regional Development Australia Far North Queensland and Torres Strait
RDATNWQ	Regional Development Australia Townsville and North West Queensland
The Review Report	<i>Statutory Review of the Northern Australian Infrastructure Facility (Australian Government, 2020)</i>
RIC	Regional Implementation Committee
RMAC	Red Meat Advisory Council
RNTBC	Registered native title bodies corporate
ROSI	Roads of Strategic Importance
SARRAH	Services for Australian Rural and Remote Allied Health
SDA	Shop, Distributive and Allied Employees' Association
The Second Update Report	<i>Northern Australia Insurance Inquiry, Second Update Report (Australian Competition and Consumer Commission, 2019)</i>
STEM	Science, technology, engineering and maths
TAFE	Technical and further education
TCHHS	Torres and Cape Hospital and Health Service

TCICA	Torres Cape Indigenous Councils Alliance
TPH	Town of Port Hedland
TSIRC	Torres Strait Island Regional Council
TSRA	Torres Strait Regional Authority
VET	Vocational education and training
The White Paper	<i>Our North Our Future: White Paper on Developing Northern Australia</i> (Australian Government, 2015)
WTMA	Wet Tropics Management Authority

# List of Recommendations

## Recommendation 1

**11.5 The committee recommends that the Australian Government refresh the Northern Australia agenda, in light of the new challenges and opportunities posed by COVID-19, with the goals of:**

- **broadening the agenda to:**
  - **take advantage of a wider range of economic opportunities arising from value adding in traditional industries and from expanding new and emerging industries; and**
  - **address the social and environmental challenges and opportunities facing Northern Australia;**
- **committing to:**
  - **improve social and environmental outcomes in Northern Australia;**
  - **address the extensive and severe nature of First Nations Australians' socioeconomic disadvantage;**
  - **focus on the facilitation of First Nations Australians' participation in the Northern Australian economy;**
  - **a stronger emphasis on value adding to the north's traditional industries and capture new opportunities in emerging industries;**
  - **undertaking a serious examination of, and response to, the risks posed by climate change to the region; and**
  - **greater engagement with local communities, especially First Nations communities;**
- **incorporating other recommendations made in this report.**

## Recommendation 2

**11.13 The committee recommends that the Australian Government prioritise the implementation of the recommendations arising from this inquiry's interim report and also the Statutory Review of the Northern Australian Infrastructure Facility.**

## Recommendation 3

**11.15 The committee recommends that the Australian Government facilitate strategic planning between all levels of government and other stakeholders, with a view to derisking the investment environment in Northern Australia.**

#### **Recommendation 4**

**11.16** The committee recommends that the Australian Government empower the Northern Australia Infrastructure Facility to open information sharing dialogues with commercial financiers, to improve investor confidence by allowing for region specific knowledge, experiences and learnings to be used to improve their understanding of investment risk and potential mitigants in Northern Australia.

#### **Recommendation 5**

**11.20** The committee recommends that the Australian Government, in consultation with the state and territory governments, develop and publish a timetable for the construction and maintenance of identified key freight routes.

#### **Recommendation 6**

**11.22** The committee recommends that the Australian Government, in partnership with the state and territory governments, outline a long-term strategy of road and rail funding for Northern Australia, with a view to creating a comprehensive and fit-for-purpose road and rail network.

#### **Recommendation 7**

**11.25** The committee recommends that the Australian Government work cooperatively with the states to expedite the completion of all announced road projects, including those in the 2019-20 and 2020-21 Federal Budgets.

#### **Recommendation 8**

**11.27** The committee recommends that a portion of the funding from the next round of the Road Safety Program be committed to supporting projects that improve road safety in Northern Australia.

#### **Recommendation 9**

**11.34** The committee recommends that the Australian Government increase the research capacity of the National Water Infrastructure Development Fund and other water management agencies to improve decision-making regarding water policy.

#### **Recommendation 10**

**11.35** The committee recommends that the Australian Government, in consultation with state and territory governments, consider expanding the remit of the National Water Infrastructure Development Fund beyond economic priority areas related to agriculture, including to areas including

water security in towns, support of First Nations cultural heritage and a wider array of industries.

#### **Recommendation 11**

**11.36** The committee recommends that the Australian Government update the Statement of Expectations for the Northern Australian Infrastructure Facility to ensure a renewed focus on investment in new water infrastructure.

#### **Recommendation 12**

**11.37** The committee recommends that the Australian Government, in partnership with state and territory governments, seriously consider water supply options in Northern Australia that avoid adverse environmental, social and cultural heritage consequences and ensures that any new water harvesting that occurs in Northern Australia pays appropriate regard to those potential consequences.

#### **Recommendation 13**

**11.38** The committee recommends that the Australian Government consider decreasing the review threshold for water infrastructure projects from \$250 million to \$100 million.

#### **Recommendation 14**

**11.39** The committee recommends that the Australian Government, in partnership with state and territory governments, ensure the inclusion of First Nations' interests in water in jurisdictional planning and the management of water.

#### **Recommendation 15**

**11.40** The committee recommends that the Australian Government, in partnership with state and territory governments, improve transparency of decision making when it comes to water infrastructure projects and publicly release assessments of projects against all National Water Initiative criteria.

#### **Recommendation 16**

**11.46** The committee recommends that the Australian, State and Territory Governments increase investment in social housing in Northern Australia, in recognition of the lack of housing affordability in the region, its impact on social disadvantage and its effect on the recruitment and retention of skilled workers in the region.

## **Recommendation 17**

**11.47** The committee recommends that the Australian Government re-establish a National Partnership Agreement focused on remote First Nations housing and work with the jurisdictions to fund remote First Nations housing as a critical foundation for economic and social development in the North.

## **Recommendation 18**

**11.52** The committee recommends that the Australian Government implement the recommendations of the Cooperative Research Centre for Developing Northern Australia, which include:

- rural recruitment of rurally-based health professionals to assist with the retention of the local health workforce, particularly in medical "generalist" (and other health professional) roles.
- investment in an Aboriginal and Torres Strait Islander health workforce to continue development strategies, including in innovative community roles and in leadership positions.
- eHealth and telehealth training to ensure that health professionals in rural and remote areas can work to their full scope of practice in team-based models using tele-health.
- strengthening of comprehensive primary health care to improve health outcomes and contain health care costs.
- cross jurisdictional planning to establish a permanent cross-jurisdictional health service delivery and workforce network will enable shared strategic planning and implementation of new initiatives across the northern region and appropriately fund cross-jurisdictional systems.
- continuing to expand Aboriginal Community Controlled Health Service models of community governance.
- determining need and mechanisms to finance appropriate health service delivery models for rural and remote health service delivery.<sup>1</sup>

## **Recommendation 19**

**11.54** The committee recommends that the Australian Government consider, with a view to implementing, the recommendations of the National Rural Health Commissioner's 2020 Final Report and recommendations from the Medicare Benefits Schedule Review Taskforce's 2020 Final Report as soon as practicable, with particular focus on recommendations relating to telehealth, preventative health care, and healthcare workforce development.

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<sup>1</sup> See Cooperative Research Centre for Developing Northern Australia, *Submission 15*, Attachment 2, p. 36.

#### **Recommendation 20**

**11.57** The committee recommends that the Australian Government develop a dedicated plan for improving digital connectivity and mobile 'black spots' in Northern Australia.

#### **Recommendation 21**

**11.67** The committee recommends that the Australian Government allocate a proportion of Northern Australian Infrastructure Facility funds specifically for First Nations controlled projects.

#### **Recommendation 22**

**11.68** The committee recommends that the Australian Government explore and develop business strategies for supporting and facilitating investment opportunities for First Nations projects, with a view to optimising First Nations economic development across Northern Australia, by:

- establishing and funding an independent Indigenous Business Incubator;
- ensuring that there is adequate provision of mentoring, business development and feasibility studies to support emerging First Nations businesses; and
- reviewing the carbon industry model to ensure that benefits from the industry remain in Northern Australia and accrue to First Nations people where their land is providing carbon sequestration and emission abatement services.

#### **Recommendation 23**

**11.69** The committee recommends that the Australian Government, in consultation with the Indigenous Land and Sea Corporation and Indigenous Business Australia, expand its investment in on-country work opportunities for First Nations communities, including on-country ranger programs, media, arts, and cultural tourism.

#### **Recommendation 24**

**11.70** The committee recommends that the Australian Government elevate addressing the extensive and severe nature of Northern Australia's First Nations people's socioeconomic disadvantage through the facilitation of participation in the Northern Australian economy as a priority of the Northern Australia agenda.

### **Recommendation 25**

**11.79** The committee recommends that the Australian Government take urgent steps to meet the education and skills needs of Northern Australia, including by:

- addressing the severe shortage of early childhood, primary and secondary education and care places in Northern Australia;
- addressing the severe shortage of teachers and other educators in Northern Australia by working with state and territory governments to recruit locals and better encourage these workers to move to the region; and
- providing additional support for apprenticeships, traineeships, vocational education and training, and tertiary institutions operating in Northern Australia to help them recover from the impact of COVID-19 and provide greater opportunities to study and train in regional communities.

### **Recommendation 26**

**11.80** The committee recommends that the Australian Government urgently prepare a post-COVID workforce strategy for Northern Australia that identifies mechanisms to access essential overseas labour, including from Pacific nations, on a sustainable basis, with proper protection from exploitation and wage theft, that preserves the integrity of Australia's migration system.

### **Recommendation 27**

**11.94** The committee recommends that the Australian Government prioritise its response and consideration of the recommendations contained in the Australian Competition and Consumer Commission's December 2020 inquiry into insurance in Northern Australia.

### **Recommendation 28**

**11.95** The committee recommends that the Australian Government consider broadening the Northern Australian Infrastructure Facility's mandate criteria to allow for the funding of mitigation projects and schemes in Northern Australia.

### **Recommendation 29**

**11.96** The committee recommends that the Australian Government increase investment in disaster mitigation in Northern Australia, and research to improve mitigation options. This may include delivering funding committed through the Emergency Response Fund, and greater investment in household resilience programs.

# Chapter 1

## Introduction

- 1.1 The Senate Select Committee on the effectiveness of the Australian Government's Northern Australia agenda (the committee) was established on 4 July 2019, pursuant to the agreement of the Senate, to inquire and report by 28 April 2021<sup>1</sup> on the effectiveness of the objectives, design, and implementation of the Australian Government's Northern Australia agenda, with particular reference to:
- (a) facilitation of public and private investment in infrastructure and economic development;
  - (b) economic and social benefit arising from that investment for Northern Australians, in particular First Nations people;
  - (c) funding models and policy measures that capture the full value of existing and emerging industries;
  - (d) measures taken to develop an appropriately skilled workforce;
  - (e) emerging national and international trends and their impact on the Northern Australia agenda; and
  - (f) any related matters.<sup>2</sup>

### Conduct of the inquiry

- 1.2 In accordance with usual practice, the committee advertised the inquiry on its website and wrote to relevant individuals and organisations inviting submissions. The date for receipt of submissions was 20 September 2019. The committee received 99 submissions, which are listed at Appendix 1.
- 1.3 The committee held a number of public hearings in:
- Townsville on 9 October 2019;
  - Mount Isa on 10 October 2019;
  - Darwin on 6 November 2019;
  - Nhulunbuy on 7 November 2019;
  - Mackay on 12 March 2020;
  - Cairns on 15 December 2020;
  - Thursday Island on 16 December 2020; and
  - Townsville on 12 March 2021.

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<sup>1</sup> Due to the impact of the COVID-19 pandemic on the committee's proceedings, the committee agreed to an extension to its original reporting date of on or before the final sitting day of 2020 to March 2021. The committee then agreed a further extension to 28 April 2021.

<sup>2</sup> *Journals of the Senate*, No. 3, 4 July 2019, p. 99.

- 1.4 As a result of the COVID-19 travel restrictions, the committee held six public hearings between May and November 2020 via teleconference. The committee also held a further three public hearings in February 2021 via videoconference.
- 1.5 The committee also undertook site visits, as detailed below.
- 1.6 On 10 October 2019, following the public hearing in Mount Isa, the committee met with representatives of Glencore, and toured Glencore's mining operations in Mount Isa.
- 1.7 On 7 November 2019, following the public hearing in Nhulunbuy, the committee met with representatives of the Dhimurru Aboriginal Corporation. The committee were the recipients of a Welcome to Country Ceremony on Nhulun conducted by Mr Witiyana Marika, a Rirratjingu leader. The committee also spent time with First Nations Rangers employed by the Dhimurru Aboriginal Corporation.
- 1.8 On 7 November 2019, the committee also visited the Buku-Larrnggay Mulka Art Centre, a First Nations community controlled art centre located in Yirrkala. The committee met with Mr Will Stubbs, Co-ordinator, and were provided a tour of the centre.
- 1.9 On 16 December 2020, prior to the public hearing, the committee visited the Gab Titui Cultural Centre, a contemporary art gallery and keeping place for cultural artefacts, located on Thursday Island—land of the Kaurareg nation, the traditional custodians of the Kaiwalagal region (Inner Islands) of the Torres Strait. The committee met with Ms Tania Hirakawa, Acting Programme Manager, and were provided a tour by Ms Leitha Assan, Exhibitions and Public Programmes Manager.
- 1.10 The list of witnesses who participated in public hearings is at Appendix 2. The public submissions, additional information received and Hansard transcripts are available on the committee's website at:
  - 1.11 [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/NorthernAustraliaAgenda](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/NorthernAustraliaAgenda).

## **Report structure**

- 1.12 The report contains the following chapters:
  - Chapter 1 is an introductory chapter which briefly outlines the context and administrative details of the inquiry, including the committee's interim report, the statutory review of the Northern Australia Infrastructure Facility (NAIF) and the 2019 Assessment of Australia's Future Infrastructure Audit;
  - Chapter 2 discusses the overall effectiveness of the current Northern Australia agenda;

- Chapter 3 explores the challenges and opportunities of transport infrastructure in Northern Australia;
- Chapter 4 considers the issues associated with water infrastructure in Northern Australia;
- Chapter 5 examines evidence received in relation to social infrastructure, such as housing, healthcare services, water and food security, and telecommunications in northern communities;
- Chapter 6 explores investment, opportunities and engagement with First Nations people;
- Chapter 7 outlines evidence received in relation to employment and education in Northern Australia;
- Chapter 8 considers the potential for a broader economic base in Northern Australia;
- Chapter 9 considers the affordability and availability of insurance in Northern Australia;
- Chapter 10 examines environmental protection in Northern Australia; and
- Chapter 11 contains the committee view and recommendations.

## **Acknowledgment**

1.13 The committee would like to thank the organisations and individuals who provided evidence to the committee.

## **Interim report**

1.14 On 3 December 2020, the committee tabled an interim report detailing the evidence it received in relation to the work of the Office of Northern Australia (ONA) and the NAIF.

1.15 The interim report focused on the ONA and the NAIF due to the critical importance these organisations have in the *Our North, Our Future: White Paper on Developing Northern Australia* (the White Paper).

1.16 The White Paper is the cornerstone document in the Australian Government's Northern Australia agenda, providing strategic and policy direction over a 20 year implementation schedule. The White Paper involves 51 measures and government investment of over \$6 billion.

1.17 The ONA has responsibility for leading the Australian Government's Northern Australia agenda, working across all levels of government to implement measures under the White Paper. Relevant sections of the White Paper are referred to throughout this report.

1.18 A key measure in the White Paper was the establishment of the NAIF. The NAIF was established in 2016 to offer up to \$5 billion in financing on concessional terms to encourage and complement private sector investment in infrastructure that benefits Northern Australia and broader public.

1.19 As noted in the interim report, the ONA and NAIF will also be of critical importance in generating economic development to ensure Northern Australia has a strong role in Australia's post COVID-19 economic recovery.

1.20 The interim report made the following nine recommendations:

- (1) The NAIF work closely with project proponents to ensure milestones are achieved and the drawdown of funds occurs as quickly as is commercially required.
- (2) Legislation giving effect to reforms recommended by the Statutory Review of the NAIF be prioritised by the Australian Government in 2021.
- (3) The Australian Government consider converting part of the NAIF to a combination of small grants, equity stakes and guarantees, supported by rigorous guidelines including caps on funding and business size, to ensure that small scale projects and First Nations projects are adequately supported.
- (4) The NAIF further develop linkages with other government programs and funds that are available for building capacity among proponents of small or First Nations led projects to meet NAIF's administrative requirements, including funds to support early explorative work and feasibility studies.
- (5) The Australian Government require project proponents to produce and publish a local procurement and employment strategy in line with and in addition to the Indigenous Engagement Strategy.
- (6) The Australian Government conduct a review to determine which industries have been impacted by COVID-19 and prioritise projects within those industries.
- (7) The NAIF review its policy regarding staff remuneration, to better link the payment of bonuses to funds being drawn from the facility.
- (8) The NAIF increase its transparency and accountability measures to account for changes recommended in the NAIF review, including publishing its conflict of interest decisions, and ensuring the decision-making process for projects are publicly available.
- (9) The Advisory Group on Northern Australia provide an update on their five-year plan for Northern Australia development, and a timeline as to when the plan will be released.

## **Statutory Review of the Northern Australia Infrastructure Facility**

- 1.21 In November 2019, the Department of Industry, Science, Energy and Resources (DISER)<sup>3</sup> commenced a Statutory Review (the Review) of the *Northern Australia Infrastructure Facility Act 2016* (the NAIF Act).
- 1.22 Section 43 of the NAIF Act requires the Review to be conducted as soon as possible after 1 July 2019. Section 43 of the NAIF Act requires the consideration of two mandatory matters:
- whether the time limit of 30 June 2021 for making investment decisions should be extended; and
  - the appropriate governance arrangements for the NAIF after that date.<sup>4</sup>
- 1.23 The Issues Paper released by DISER at the beginning of the Review noted that previous reviews have scrutinised the operation and/or performance of the NAIF. However, these reviews did not consider the operation of the NAIF Act itself.<sup>5</sup> The terms of reference for the Review identified eight issues for consideration.<sup>6</sup>
- 1.24 Following the outbreak of COVID-19, the Review was expanded to consider how the NAIF could contribute to the recovery of Northern Australia from the economic impacts of the pandemic.<sup>7</sup>
- 1.25 On 30 September 2020, prior to the release of the Review, the Australian Government announced further reforms to the NAIF to provide it with faster lending, expanded eligibility, increased risk appetite and strengthened governance.<sup>8</sup> Assistant Minister for Northern Australia the Hon. Michelle Landry MP said:

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<sup>3</sup> At the time the Statutory Review began, the Department of Industry, Science, Energy and Resources was named the Department of Industry, Innovation and Science.

<sup>4</sup> Department of Industry, Innovation and Science, '*Statutory Review of the Northern Australia Infrastructure Facility Act 2016*', p. 2, [https://consult.industry.gov.au/naif/2019-review-of-the-naif/supporting\\_documents/NAIFStatutoryReviewIssuesPaper.pdf](https://consult.industry.gov.au/naif/2019-review-of-the-naif/supporting_documents/NAIFStatutoryReviewIssuesPaper.pdf), (accessed 29 September 2020).

<sup>5</sup> Department of Industry, Innovation and Science, '*Statutory Review of the Northern Australia Infrastructure Facility Act 2016*', p. 1, [https://consult.industry.gov.au/naif/2019-review-of-the-naif/supporting\\_documents/NAIFStatutoryReviewIssuesPaper.pdf](https://consult.industry.gov.au/naif/2019-review-of-the-naif/supporting_documents/NAIFStatutoryReviewIssuesPaper.pdf), (accessed 29 September 2020).

<sup>6</sup> The items for consideration can be found at: Department of Industry, Innovation and Science, '*Statutory Review of the Northern Australia Infrastructure Facility Act 2016*', p. 10-11.

<sup>7</sup> The Department of Industry, Science, Energy and Resources (DISER), *Submission 30.1*, p. 3.

<sup>8</sup> The Hon. Michelle Landry MP and the Hon. Keith Pitt MP, *Joint Media Release*, 30 September 2020, <https://www.minister.industry.gov.au/ministers/pitt/media-releases/boosting-investment-opportunities-northern-australia>, (accessed on 10 November 2020).

these reforms come off the back of the NAIF statutory review that found that while the NAIF is seen to be an important vehicle of investment in the north, more can be done.<sup>9</sup>

- 1.26 To this end, the Australian Government announced, the following changes would be made to the NAIF, including:

#### *Faster lending*

- 1.27 The NAIF will have the option to lend directly to project proponents in certain circumstances, which will simplify the lending process and reduce administrative burden. Currently, all NAIF loans are made through the relevant state or territory jurisdiction. While the state and territory governments remain important stakeholders for the NAIF, the ability to lend directly empowers the NAIF to move projects to contractual close faster, so projects can get on with creating jobs and developing the north.
- 1.28 This change also permits the NAIF to establish on-lending partnerships with local financiers to improve access to NAIF finance for smaller project proponents. Those partners will have the expertise to work with smaller proponents to demonstrate their suitability for NAIF finance and will extend the NAIF's reach to those smaller projects that need added assistance in these economically challenging times.

#### *Expanding eligibility*

- 1.29 The NAIF was previously restricted to funding physical construction works only. The reforms will make NAIF finance available to additional elements of infrastructure construction, such as equipment purchases or leasing, training, and the expansion of existing business operations. The reforms will ensure NAIF can take a holistic approach to supporting economic growth and jobs.
- 1.30 The definition of public benefit applied when assessing projects will be expanded to include consideration of factors such as jobs, regional income, and opportunities for local suppliers, First Nations businesses and communities. This will simplify the application of public benefit tests to projects applying for NAIF finance.
- 1.31 The definition of Northern Australia will be extended to include the Shire of Ngaanyatjarraku in Western Australia. The Shire's borders sit further north than those of some other local government areas already included in the definition, making the expansion a logical amendment.

#### *Increased risk appetite*

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<sup>9</sup> The Hon. Michelle Landry MP and the Hon. Keith Pitt MP, *Joint Media Release*, 30 September 2020, <https://www.minister.industry.gov.au/ministers/pitt/media-releases/boosting-investment-opportunities-northern-australia>, (accessed on 10 November 2020).

- 1.32 The NAIF was established to fill a market gap and address the specific risk characteristics of Northern Australia. The review has proposed changes to provide the NAIF the flexibility to support riskier projects with the potential to deliver significant public benefit, in light of the scale of the economic challenge post-COVID. The changes include removing the prohibition against the Commonwealth assuming the majority of risk in any project.

### *Strengthening governance*

- 1.33 A number of changes will also be made to strengthen the governance of the NAIF as it evolves with these reforms. These will include the appointment of a government representative to the NAIF Board; ensuring the board includes members with experience in First Nations development; and allowing the minister to take earlier decisions not to reject a NAIF investment decision review, nor introduced legislation to give effect to these proposed amendments.

## **The Statutory Review of the NAIF Report**

- 1.34 On 10 December 2020, the government released the *Statutory Review of the Northern Australian Infrastructure Facility* (the Review Report).

### *Strategic investment, public benefit and risk*

- 1.35 The Review Report noted:

the NAIF is intended to fill a finance gap in Northern Australia by being more risk tolerant in relation to factors that are unique to Northern Australia, including distance, remoteness and climate.<sup>10</sup>

- 1.36 While the Review Report, noted the 'inherent tension between the requirement that a project be able to repay a loan, and embracing more risk' it concluded that 'the NAIF has taken a conservative approach to date'.<sup>11</sup>
- 1.37 The Review Report identified a capability and resourcing gap in the north in leading project development. It found that the NAIF fundamentally operates under a proponent-led model, but recently has had success in actively supporting project development. The Review Report found that extending this model more broadly within the NAIF would have resource implications. Nonetheless, the shift represents a logical extension of NAIF's contribution to developing the north through growing capability and promoting the development of multi-user infrastructure.<sup>12</sup>

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<sup>10</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, <https://www.industry.gov.au/sites/default/files/2020-12/statutory-review-of-the-naif-2020.pdf>, (accessed 26 March 2021), p. 6.

<sup>11</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 6.

<sup>12</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 6.

### *Engagement with government*

- 1.38 The Review Report acknowledged that there are many Commonwealth agencies that contribute to the Northern Australia development agenda and that the relationships between the NAIF and these agencies could be more collaborative in order to maximise outcomes for the region.<sup>13</sup>
- 1.39 The Review Report also found that there is opportunity for NAIF to deepen engagement and streamline administrative process, and improve engagement with local governments on projects that have the potential to affect their regions.<sup>14</sup>

### *First Nations engagement*

- 1.40 The Review Report noted that Aboriginal and Torres Strait Islander Australians are key stakeholders in the development of Northern Australia.<sup>15</sup> The Review Report found that the mandatory requirement that project proponents develop an Indigenous Engagement Strategy (IES) as a precondition to NAIF finance is the primary mechanism the NAIF employs to drive positive First Nations outcomes. The Review Report noted that the NAIF should continue to encourage project proponents to set more ambitious targets within their IESs and should work with proponents to publish IESs.<sup>16</sup>
- 1.41 In addition the Review Report concluded the:
- NAIF can also drive positive outcomes for First Nations Australians by financing Indigenous-led projects. The Review heard feedback that NAIF finance may be inaccessible for some Indigenous businesses due to the unique challenges they face. In light of this, the NAIF could strengthen its collaboration and engagement with entities that have Indigenous outcomes as their core business.<sup>17</sup>

### *Financing mechanisms*

- 1.42 The Review Report found that NAIF's ability to offer concessional debt finance fills a significant gap in the market. However 'there remains opportunity to consider other concessions to bolster the benefits already provided by the NAIF, including subordinated debt and similar options'.<sup>18</sup>
- 1.43 Under current arrangements, the NAIF is able to provide alternative financing mechanisms subject to ministerial agreement and consultation with the relevant jurisdiction on a case-by-case basis, with the exception of equity, and

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<sup>13</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 7.

<sup>14</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 7.

<sup>15</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 8.

<sup>16</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 8.

<sup>17</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 8.

<sup>18</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 8.

could consider implementing this option where appropriate. However, this extra approval threshold was reported to deter proponents and the NAIF from seeking to deploy such mechanisms, and is overly burdensome given the minimal change in risk profile expected to arise from the use of debt other than loans.<sup>19</sup>

1.44 The Review Report concluded that:

there may be benefit in providing the NAIF with increased flexibility in its investment offering as the economic impacts of the COVID-19 pandemic continue to evolve. On balance, it is worth Government considering lifting the prohibition on equity investment by the NAIF, on the basis that a diverse offering will ensure the NAIF is most effective, and able to respond to the impacts of the COVID-19 pandemic as they emerge.<sup>20</sup>

1.45 The Review Report also found that the NAIF should be encouraged to fully utilise its ability to provide alternative finance mechanisms, and unintended obstructions should be removed.<sup>21</sup>

1.46 The Review Report highlighted that:

a number of stakeholders suggested that the NAIF should provide grant funding for project proponents to undertake feasibility studies or as start-up capital. This is in response to identified gaps in business skills and expertise in the north, and a lack of early stage capital.<sup>22</sup>

1.47 While, the Review Report accepted that grant funding has a role to play in certain types of projects in Northern Australia, it found that:

NAIF is not designed as a grants body, and it would be more efficient for the NAIF to instead leverage existing Commonwealth and jurisdictional grants programs to develop and support infrastructure projects.<sup>23</sup>

1.48 In order to maximise the NAIF's impact, the Review Report found that 'the NAIF's remit should be extended beyond financing the construction of physical infrastructure'.<sup>24</sup>

### *Governance*

1.49 The Review Report received feedback that the NAIF Board should increase its expertise in project financing and First Nations development. Further, future appointment of board members should consider any potential changes to the NAIF's functions, and the skills required to manage those functions. It also

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<sup>19</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 8.

<sup>20</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 9.

<sup>21</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 9.

<sup>22</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 9.

<sup>23</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 9.

<sup>24</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 9.

found that the appointment of a Commonwealth representative to the NAIF Board would maximise the synergies between the NAIF and government, and bring additional Commonwealth Government experience to the Board.<sup>25</sup>

- 1.50 The current legislative framework establishes that all NAIF loans are provided to proponents through grants of financial assistance to the states and territories. The Review found that at least some of the administrative burden borne by the states and territories as a result of this arrangement is unavoidable. The Review Report noted that:

consideration should be given to how to reduce existing, or prevent additional, administrative burden where possible, including by potentially empowering the NAIF to lend to proponents directly in recognition of the smaller size of projects being funded, the NAIF's increasing organisational maturity and the current challenging economic context.<sup>26</sup>

- 1.51 The Review Report also noted that the NAIF has been subject to criticism regarding the transparency of its processes and decisions. In particular, the NAIF has been criticised for not disclosing some information related to investment decisions, including IESs and public benefit assessments. The Review Report suggested that the NAIF should continue to work with project proponents to publish this information where possible.<sup>27</sup>

### *COVID-19 response and recovery*

- 1.52 The Review Report found that:

in Northern Australia, the impact of COVID-19 has been harshly felt. Trade-exposed sectors which are critical to Northern Australia's economy, including tourism, agriculture, and education, have experienced a significant decline in private demand, uncertainty over future demand and investment and concerns over supply chain links.<sup>28</sup>

- 1.53 To support recovery efforts in Northern Australia, the Review Report suggested that the NAIF accelerate the assessment of investment proposals and streamline its processes. The Review Report also noted that:

further opportunities could be realised with changes to the Investment Mandate and legislation, specifically that will:

- provide more flexibility to the NAIF in its operation and finance tools;
- further improve assessment processes; and
- better support smaller projects.<sup>29</sup>

- 1.54 The Review Report made the following 28 recommendations:

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<sup>25</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 10.

<sup>26</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 10.

<sup>27</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 10.

<sup>28</sup> DISER, *Statutory Review of the Northern Australian Infrastructure Facility*, 2020, p. 11.

<sup>29</sup> DISER, *Statutory Review of the Northern Australian Infrastructure Facility*, 2020, p. 12.

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- Extend the NAIF's investment window until 30 June 2026, with a further review of the NAIF to be scheduled as soon as possible after 1 July 2024.
  - Export Finance Australia is the most appropriate agency to manage NAIF loans if and when the NAIF's investment window expires, subject to further assessment of legal and financial implications at that time.
  - Explore opportunities to empower the NAIF to adopt a greater risk tolerance for projects of specific public benefit, for example use of a portfolio approach to risk.
  - The Investment Mandate be reviewed and expanded to provide greater clarity to the NAIF on the government's priorities and public benefit aims for NAIF investments.
  - The Statement of Expectations for the NAIF include guidance to expand its role in leading project development to maximise public benefit, subject to resourcing constraints.
  - The NAIF work towards establishing formal Memoranda of Understanding or protocols of engagement with other Australian Government financing vehicles, prioritising the Clean Energy Finance Corporation.
  - The NAIF continue to collaborate with the National Indigenous Australians Agency to develop measures that support the aspirations of and improve outcomes for First Nations businesses in the north.
  - The NAIF and the Major Projects Facilitation Agency agree protocols of engagement to support the development of infrastructure projects in the north.
  - The definition of Northern Australia in the NAIF Act be amended to include the Shire of Ngaanyatjarraku.
  - The NAIF engage more effectively with Regional Development Australia committees on their assessment of infrastructure priorities for their regions.
  - Australian Government entities ensure information on opportunities and projects in the north is shared with relevant entities, including the NAIF.
  - Retain Indigenous Engagement Strategies (IESs) as the primary mechanism through which the NAIF pursues First Nations participation and engagement in Northern Australia, and work with proponents to publish IESs.
  - The NAIF to consider how it might further encourage proponents to be ambitious in their IESs.
  - The NAIF should continue to strengthen its collaboration and engagement with entities that have First Nations outcomes as their core business, and work with these to provide finance to First Nations-led projects.
  - Consider removing the limitation on NAIF provision of equity finance to maximise its flexibility in working with businesses to develop infrastructure projects despite the economic challenges of COVID-19.

- The NAIF refer projects, where appropriate, to the new Australian Business Growth Fund, which is intended to serve as a source of equity finance for small businesses.
- Consider simplifying the alternative financing mechanisms process to make it easier for NAIF to offer other forms of debt apart from loans.
- The NAIF continue to focus on delivering finance, but consider opportunities for proponents to access Australian Government and jurisdiction grant programs to develop and support infrastructure projects.
- The NAIF Act and Investment Mandate be amended as necessary to remove the requirement that NAIF finance be limited to the construction of physical infrastructure.
- Experience in First Nations development be added to the list of expertise requirements for NAIF Board.
- An ex-officio Commonwealth representative be appointed as a member of the NAIF Board.
- The NAIF Act be amended to empower the Board to delegate some powers within the organisation.
- The NAIF, in consultation with the relevant states and territories, revise assessment and approval processes and engagement to accelerate the origination, assessment and execution of finance contracts.
- That the expansion of the NAIF's powers to include lending directly to proponents where appropriate be considered.
- The NAIF consider options to reduce timeframes on investment decisions, including through streamlining assessment processes.
- The NAIF consider approaches to increase the accessibility of finance for smaller projects, including partnerships with other commercial bodies.
- The ministerial consideration period be retained, with amendment to allow the minister to take a decision not to reject a proposal at any point during the consideration period.
- That the NAIF should maximise the information it makes publicly available, particularly around public benefit assessments and Indigenous Engagement Strategies, within commercial confidentiality requirements.<sup>30</sup>

### **Northern Australia Infrastructure Facility Amendment Bill 2021**

1.55 The NAIF's original expiration date was scheduled to be June 2021, however, on 17 July 2020 it was announced that NAIF would be extended for a further five years to 30 June 2026, subject to the passage of legislation. The Minister for Resources, Water and Northern Australia the Hon. Keith Pitt MP stated that:

This extension is the first step under the statutory review of the NAIF that aims to implement changes to enable a more flexible and faster approval process for proponents looking to access the facility.<sup>31</sup>

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<sup>30</sup> DISER, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, pp. 10-11.

- 1.56 On 24 February 2021, the government introduced the Northern Australia Infrastructure Facility Amendment (Extension and Other Measures) Bill 2021 (the bill).
- 1.57 The bill amends the NAIF Act to extend the investment time period of the NAIF by five years to 30 June 2026. The bill also expands the functions of the NAIF to include the provision of financial assistance to projects that contribute to Northern Australia's economic and population growth; and amends certain governance and administrative processes of the NAIF.
- 1.58 The Australian Government, noted that the reforms outlined in the bill, 'address the recommendations of a 2020 statutory review of NAIF which consulted widely on how NAIF could best contribute to economic development in the north.'<sup>32</sup>
- 1.59 The Minister for Resources, Water and Northern Australia the Hon. Keith Pitt MP, stated that:
- The changes will empower NAIF to make faster lending decisions for appropriate projects, and increase NAIF's risk appetite so it can respond more appropriately to the economic challenges following the COVID-19 pandemic. The reforms will also strengthen NAIF's governance, allow NAIF to make strategic equity investments in some projects, and will expand the scope of projects which will be able to apply for NAIF funding.<sup>33</sup>
- 1.60 Many of the amendments proposed in the bill reflected recommendation's made in the committee's interim report, particularly in relation to:
- strengthening of the NAIF's governance structures (interim recommendation 2); and
  - enhancing the scope, speed and flexibility for the NAIF to provide financial assistance to support the development of Northern Australia economic infrastructure (interim recommendations 1, 2, 3 and 4).
- 1.61 At the time of writing, the government is yet to respond to the committee's interim report. The committee notes that its recommendations to review the impact of COVID-19 on relevant industries and increase NAIF's transparency and accountability were not reflected in the bill, however, on 25 March 2021,

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<sup>31</sup> The Hon. Keith Pitt MP, Minister for Resources, Water and Northern Australia, 'NAIF extension first step in further unlocking Northern Australia's potential', *Media Release*, 17 July 2020, <https://www.minister.industry.gov.au/ministers/pitt/media-releases/naif-extension-first-step-further-unlocking-northern-australias>, (accessed 29 September 2020).

<sup>32</sup> The Hon. Michelle Landry MP and the Hon. Keith Pitt MP, *Joint Media Release*, Reforms to unlock investment across Northern Australia, 24 February 2021, <https://www.minister.industry.gov.au/ministers/landry/media-releases/reforms-unlock-investment-across-northern-australia>, (accessed 28 March 2021).

<sup>33</sup> The Hon. Michelle Landry MP and the Hon. Keith Pitt MP, *Joint Media Release*, Reforms to unlock investment across Northern Australia, 24 February 2021,

the bill was passed into law by the House of Representatives, with both the government and opposition members supporting its passage.

### **Access to financing**

1.62 The committee received evidence that some businesses may be facing difficulties in acquiring financing from banks. In response to a question noting that some banks and financiers were announcing that they plan to limit finance for some mining commodities, Mr Paul Everingham, Chief Executive Officer, Chamber of Minerals and Energy of Western Australia, discussed his concerns:

Our major commodities—iron ore, gold, oil and gas, lithium—haven't experienced limitations on bank lending, but it will certainly be concerning if having shut off financing to coal the banks then decided to transition towards reducing financing to oil and gas. Oil and gas and a whole range of other commodities employ a lot of Australians. They're infrastructure heavy as an industry and they often require both equity and debt financing. What I saw happen earlier this week in Queensland with ANZ, I hope it doesn't become a national sort of standard by people stuck in ivory towers in Sydney and Melbourne.<sup>34</sup>

1.63 However, some banks are actively engaged in continuing to provide financing in this area. Ms Connie Sokaris, Executive General Manager, Corporate Finance, National Australia Bank (NAB), noted that 'NAB, alongside other banks, is also actively pursuing the financing of a number of major gas and coking coal projects across the Northern Territory and Queensland'.<sup>35</sup> Ms Sokaris further explained the NAB's activities in this area:

To date NAB has been actively engaged over a long period in a large number of projects in northern Australia and we think the region holds significant potential. NAB has been a major financier of projects in northern Australia, committing to more than \$5 billion over the last decade across a bold range of projects and segments including gas, metallurgical coal infrastructure, metals and iron ore.

1.64 Outside of the resources sector, the committee heard that there can be particular difficulties for First Nations Australian businesses seeking financing from banks. The Indigenous Reference Group to the Ministerial Forum on Northern Development submitted that:

As a result of generally lower socio-economic status, Indigenous entrepreneurs typically have limited personal wealth to offer as collateral for loans and limited credit history. Most Northern Australian Indigenous businesses are at an earlier stage of development, demonstrating limited

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<sup>34</sup> Mr Paul Everingham, Chief Executive Officer, Chamber of Minerals and Energy of Western Australia, *Committee Hansard*, Canberra, 11 February 2021, p. 26.

<sup>35</sup> Ms Connie Sokaris, Executive General Manager, Corporate Finance, National Australia Bank, *Committee Hansard*, Townsville, 12 March 2021, p. 36.

trading history and uncertain future cash-flows, and ultimately a risk profile that is not aligned with debt financing.<sup>36</sup>

1.65 The Indigenous Reference Group to the Ministerial Forum on Northern Development subsequently recommended that the Federal Government implement a pipeline of programs designed to attract private sector investment in Northern Australian First Nations enterprises and smaller infrastructure projects, which 'might include initiatives such as grants, matching grants, repayable grants, public funded programs that allow investors to leverage their equity and/or taxation concessions'.<sup>37</sup>

1.66 Ms Claire George, Director, Industry Development, Northern Territory Department of Trade, Business and Innovation, noted the 'need to derisk the northern Australia business environment to increase the competitiveness of the investment environment in which we operate'<sup>38</sup> and further submitted that:

derisking the business environment to make the north as competitive as possible in relation to the development of those new industries is essential. Simple things that can be taken for granted in other areas, such as digital connectivity to various sites within the north, can make it more challenging for those industries to develop in the north. The regulatory frameworks that exist in supporting industries to develop can make a big difference in relation to supporting those new industries as well as the traditional.<sup>39</sup>

1.67 In discussing what could attract investors who were looking to finance in the region, Mr Ry Collins, Project Coordinator, Economic Development, Whitsunday Regional Council, outlined where improvements could be made:

it comes down to support and early engagement, implementing a mechanism to recognise projects that may have a tangible economic benefit early in their life cycle, and possibly removing some of the administrative burden that may hold up those projects from accessing funding in that early stage of the project life cycle. Improved support towards project concept planning and feasibility planning, and early stage project development.<sup>40</sup>

1.68 Dr Allan Dale, Chair, Developing Northern Australia Conference; Chief Scientist, Cooperative Research Centre for Developing Northern Australia; and

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<sup>36</sup> Indigenous Reference Group to the Ministerial Forum on Northern Development, *Submission 92*, p. 11.

<sup>37</sup> Indigenous Reference Group to the Ministerial Forum on Northern Development, *Submission 92*, p. 11.

<sup>38</sup> Ms Claire George, Director, Industry Development, Northern Territory Department of Trade, Business and Innovation, *Committee Hansard*, Darwin, 6 November 2019, p. 2.

<sup>39</sup> Ms George, Industry Development, Northern Territory Department of Trade, Business and Innovation, *Committee Hansard*, Darwin, 6 November 2019, p. 2.

<sup>40</sup> Mr Ry Collins, Project Coordinator, Economic Development, Whitsunday Regional Council, *Committee Hansard*, Mackay, 12 March 2020, p. 5.

Professor of Tropical Regional Development, James Cook University, noted that the issue was not a lack of interest in investing in Northern Australia, stating that:

We've probably never had it better in terms of concessional investment and private sector investment. We know there is very significant investment interest in northern Australia from international investors, as well as from domestic investors and people in the northern Australia landscape, such as landholders and businesses—small, medium and large businesses—in the northern Australia landscape. So we know the investment interest is there and the finance interest is there.<sup>41</sup>

1.69 Dr Dale continued on to explain that the realisation of this full investment potential was contingent on greater strategic planning between governments in future:

to keep this agenda strong, the governance arrangements associated with the profile and progression of this agenda need to stay strong as well. ... I think the basic architecture of driving this forward is there; I feel that that can be used much more effectively to drive the agenda. In the current re-split of the national cabinet arrangements, while there's a short-term future for the ministerial forum we think it really needs to be a long-term agenda and a really cohesive, forward agenda which brings that cooperation between the states, the territories and the Commonwealth to the fore. It would be great to see a strong relationship between that process and the national cabinet process. More importantly, we need to reinvigorate the state and territory cooperation with the Commonwealth.<sup>42</sup>

1.70 The difficulties in attracting investment and finance in Northern Australia was a key motivation for establishing the NAIF. In terms of current financing arrangements through the NAIF, Mr Chris Wade, Chief Executive Officer, Northern Australia Infrastructure Facility, appeared before the committee to provide further detail on how the NAIF goes through the process of financing infrastructure projects and brings financial stability to projects that it supports:

We use a series of key tools in our financing. One of the key tools we often use is fixed rate lending. That means that a party can draw down and, when they draw down, the interest rate will not change. That gives them a lot of certainty when they go through that process. I'll take some transactions like Signature Beef or Cowboys. They won't get going until they know that they've got the NAIF funding available to them, because they're investing equity and other capital ahead of that, and they won't do that unless they know they've got that NAIF funding contractually committed.

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<sup>41</sup> Dr Allan Dale, Chair, Developing Northern Australia Conference; Chief Scientist, Cooperative Research Centre for Developing Northern Australia; and Professor of Tropical Regional Development, James Cook University, *Committee Hansard*, Cairns, 15 December 2020, p. 1.

<sup>42</sup> Dr Dale, Chair, Developing Northern Australia Conference; Centre for Developing Northern Australia; and James Cook University, *Committee Hansard*, Cairns, 15 December 2020, p. 3.

1.71 Mr John O'Brien, Deputy Chairman, North Queensland Sustainable Resources Corridor Regional Reference Group, discussed why some businesses choose to use commercial banks for their financing, while others instead utilise the NAIF. After noting that banks have higher premiums and less flexibility than the NAIF, Mr O'Brien stated:

it's that time frame. If you borrow from a commercial bank, you're probably doing a 10-, 12- or maybe a 15-year loan. Yet we've got an asset that will have a 40-year life. ... With the costs that you have to impose on any user—whether that's a household, a small business or a Glencore—you want to keep that as economically efficient as possible. That's what NAIF allows us to do, because it removes that risk premium on long-term assets.

1.72 Attempts to finance projects have also been made more difficult by the COVID-19 pandemic, which has led to the NAIF providing additional support for its stakeholders. Mr Chris Wade, Chief Executive Officer, Northern Australia Infrastructure Facility, explained to the committee how this was taking place:

with our existing borrowers and proponents and their businesses ... pretty much across our portfolio there are impacts across all of them. The work we did with all those parties was a combination of restructuring, assisting with our financing activities and working with other financiers or, in the case of assets or financing such as Kalium Lakes, for example, providing short-term funding solutions to allow those projects to continue.<sup>43</sup>

1.73 The NAIF is also providing more direct financing support to a wider array of projects. Mr Wade submitted that:

In terms of new proponents and new projects, we very much view our role during COVID-19 as being to get our head down and focus on supporting those projects through investment decisions, through contractual close, to get to the point where they get to draw down. So we have continued our momentum during COVID-19 and we have been able to reach close on a series of transactions across a whole range of sectors and across a whole series of regions.<sup>44</sup>

1.74 In terms of support for a specific project, Mr Wade described the difficulties that the Townsville Airport expansion is facing and how the NAIF is supporting the project:

... as you would expect with airports at the moment, they are also managing two things: their capital expenditure budget and also their financing arrangements as they work through their financiers. ... We're a patient lender, from our perspective. I suppose we face this situation across our whole portfolio. If I look at each of those financings that we've been drawing down, they've all faced different challenges during the

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<sup>43</sup> Mr Chris Wade, Chief Executive Officer, Northern Australia Infrastructure Facility, *Committee Hansard*, Canberra, 7 August 2020, p. 9.

<sup>44</sup> Mr Wade, Northern Australia Infrastructure Facility, *Committee Hansard*, Canberra, 7 August 2020, p. 9.

COVID-19 phase, which has led to us having to restructure a number of the arrangements to support them during this phase.<sup>45</sup>

### **Infrastructure audits**

- 1.75 Infrastructure Australia's 2015 *Northern Australia Infrastructure Audit* (the 2015 Audit) identified key infrastructure needs across all northern jurisdictions, and the three northern state and territory governments have identified additional priority northern road projects. *An Assessment of Australia's Infrastructure Needs: the Australian Infrastructure Audit* (the Audit) was released in August 2019 and included specific analysis of the needs of Northern Australia.<sup>46</sup>
- 1.76 The Audit noted that many of the challenges faced by other parts of regional Australia are amplified in Northern Australia. In particular:
- Exposure to more extreme weather and climate impacts, including high temperatures, high seasonal and variable rainfall in tropical regions, and events such as cyclones and floods.
  - Higher costs of living and doing business, driven by remoteness, lack of scale, and lack of historical investment in transport and essential services.
  - Higher levels of risk and barriers to investment in some regions, including significant first-mover disadvantage for proponents seeking to establish or extend supply chains to new areas.
  - Historical lack of coordination in planning and investment across jurisdictional boundaries, resulting in disconnected transport and energy networks and inefficient supply chains.
  - Higher rates of mobility, as workforces follow projects rather than settle in communities.
  - Large variation in the quality of life and diversity of needs from infrastructure, particularly in the most remote parts of the country and among Aboriginal and Torres Strait Islander peoples.<sup>47</sup>
- 1.77 The Audit stated that these challenges have deterred or slowed development and investment across many northern regions. It noted that the combined impact of these challenges is also reflected in the slow rate of population growth in northern regions, particularly since the end of the mining construction boom. In 2017-18, the Northern Territory was the only state or territory to experience negative growth, with a rate of -0.1% and a net population decrease of 190 people.<sup>48</sup>

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<sup>45</sup> Mr Chris Wade, Chief Executive Officer, Northern Australia Infrastructure Facility, *Committee Hansard*, Canberra, 7 August 2020, p. 3.

<sup>46</sup> DISER, *Submission 30*, p. 3.

<sup>47</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 194.

<sup>48</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 194.

- 1.78 However, despite the challenges facing Northern Australia, the Audit found that there are significant, largely untapped opportunities for development, and that infrastructure improvements could perform an essential role as a catalyst for growth in northern industries. The Audit suggested that improvements in physical and digital connectivity, and the development of gateways for trade with both domestic and international markets, could provide opportunities for growth.<sup>49</sup>
- 1.79 The Audit noted a range of sectors such as agriculture, resources, energy, tourism, educational, health care, scientific research, professional services, and space and aerospace, as having opportunities for growth. It noted that the infrastructure needs across these sectors varies, but that common outcomes sought are resilience, reliability, and efficiency.<sup>50</sup>
- 1.80 The Audit stated that the vast distances between communities in Northern Australia, and the exposure to a volatile and seasonal climate means that northern regions require improved connectivity through upgrades to transport and telecommunications networks. The Audit suggested that investment in airports and aerodromes in remote regions, and investment in elements of the supply chain such as storage and refrigeration facilities, could create new domestic and export markets. These investments would allow local producers to transport goods to expanded markets in a faster and more cost-effective manner.<sup>51</sup>
- 1.81 The Audit highlighted that the expansion of export markets would also provide flow-on benefits for regional areas. For example, more agricultural exports by air would improve the economics of inbound tourism flights and increase the productivity of airport infrastructure. Similarly, improvements in communication infrastructure, such as broadband and mobile coverage, support growth in service industries, and increase access to social services such as telehealth and remote education. These improvements enhance the liveability of regional and remote communities and attract and retain residents.<sup>52</sup>

### *Lessons for the future*

- 1.82 The Audit noted that governments have committed considerable funding to reinforce critical infrastructure in rural and regional communities over a number of years. However, some investments have yielded limited benefits.<sup>53</sup>

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<sup>49</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 194.

<sup>50</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 195.

<sup>51</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 195.

<sup>52</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 195.

<sup>53</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 197.

- 1.83 The Audit stated that development in northern regions could benefit from more detailed information and evidence-based studies of economic opportunities, as well as a better understanding of local needs and values, particularly of local Aboriginal and Torres Strait Islander peoples.<sup>54</sup>
- 1.84 The Audit noted that the diversity of needs among regions and communities, including distinct cultures, traditions and values of Aboriginal and Torres Strait Islander communities and native title holders, limits the impact of broad, one-size-fits-all approaches to regulation, funding and policy.<sup>55</sup>
- 1.85 It was noted that applying place-based thinking to understand local needs and values often takes time and cost. Frequently overlapping titles, procedures and legislation relating to land use and land title, including different land tenure regimes for mining rights, Aboriginal and Torres Strait Islander land rights, and tenure relating to water access and biodiversity offsets can raise barriers for accelerated investment.<sup>56</sup>
- 1.86 However, while place-based thinking requires more initial investment to design and establish, funding and projects typically have substantially higher success rates and positive outcomes representing substantial value for money outcomes as compared to ad-hoc broad based approaches.<sup>57</sup>

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<sup>54</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 198.

<sup>55</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 197.

<sup>56</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 197.

<sup>57</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 197.

## Chapter 2

# Overall effectiveness of the Northern Australia Agenda

2.1 The Australian Government's primary agenda for Northern Australia was outlined in the 2015 *Our North, Our Future White Paper on Developing Northern Australia* (the White Paper), launched by then Prime Minister the Hon. Tony Abbott MP. The White Paper provides the government's long-term vision for the economic and social development of Northern Australia, with a view to significant developments occurring in the north by 2035. This chapter considers the effectiveness of the White Paper agenda, with a view to identifying actual outcomes and areas for improvement. Many areas in the Northern Australia agenda that are considered briefly in this chapter are also considered in more detail elsewhere in this report, but are discussed here in order to provide an overview of whether improvements in the north have yet been realised.

### ***The Our North Our Future White Paper on Developing Northern Australia***

2.2 The White Paper outlined an ambitious vision for Northern Australia, stating that 'the Commonwealth Government is putting in place the right policies, at the right time, to unlock the north's vast potential'.<sup>1</sup> It further stated:

With the right policies, success in the north will mean that within a few generations we can expect that there will be a sharp increase in the scale and breadth of activity in each of these industry sectors. The north will be an exemplar of sustainable development.<sup>2</sup>

2.3 The White Paper sought to address challenges to development in Northern Australia by:

- making it easier to use natural assets, in close consultation with, and the support of, First Nations communities;
- providing a more welcoming investment environment;
- investing in infrastructure to lower business and household costs;
- reducing barriers to employing people; and
- improving governance.<sup>3</sup>

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<sup>1</sup> Department of Industry, Science, Energy and Resources (DISER), *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 1.

<sup>2</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 3.

<sup>3</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 5.

- 2.4 In seeking to make these goals a reality, the White Paper outlined actions to develop Northern Australia to be undertaken over the next two, five, 10 and 20 years.<sup>4</sup>
- 2.5 A particular area of focus for the White Paper was reducing barriers to the use of land and water resources, particularly for First Nations communities seeking to undertake economic activities in these areas.<sup>5</sup> The White Paper also sought to foster an improved investment environment in Northern Australia by cutting back on unnecessary regulatory burdens and by bringing international investors into the region.<sup>6</sup> The White Paper stressed the importance of improving infrastructure in Northern Australia as well. It stated:
- Infrastructure is critical in linking the dispersed populations and remote businesses of the north. Many northerners say that southern decision makers do not take sufficient account of the north's needs or opportunities. This White Paper will change that.<sup>7</sup>
- 2.6 The White Paper emphasised the importance of workforce reform across Northern Australia in order to lift levels of employment and to create a more flexible labour market system.<sup>8</sup>
- 2.7 The White Paper also highlighted the importance of improved governance for Northern Australia, stating that the Commonwealth Government 'has made substantial policy and fiscal commitments and will be held accountable for them'. It stated the 'vision for Northern Australia in 2035 includes stronger governance arrangements. We do not want to look back in 20 years and regret missed opportunities'.<sup>9</sup>
- 2.8 In seeking to transform Northern Australia, the White Paper outlined actions to be taken in the areas of land; water; business, trade and investment; infrastructure; workforce; and government.<sup>10</sup>

### *Declared outcomes*

- 2.9 On 19 August 2020, the Department of Industry, Science, Energy and Resources (DISER) announced that it had 'delivered' the following 45 of the 51 measures outlined in the White Paper:
- Pilot land reform projects in the north;

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<sup>4</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 5.

<sup>5</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 5.

<sup>6</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, pp. 6-7.

<sup>7</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 8.

<sup>8</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, pp. 9-10.

<sup>9</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 11.

<sup>10</sup> See DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, pp. 11-14.

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- Capacity building for native title corporations;
  - Options to use exclusive native title rights for commercial purposes;
  - Land administration and township leasing;
  - New models to manage native title funds for development;
  - More business friendly information on different land tenure arrangements;
  - Pursue a set of principles and actions to improve the security, bankability and efficiency of pastoral land;
  - National Water Infrastructure Development Fund: northern component;
  - Northern Australia Investment Forum and Northern Australia Value Proposition;
  - Northern Australia Insurance Premiums Taskforce;
  - Linking the north with Association of Southeast Asian Nations (ASEAN) and Asia-Pacific Economic Cooperation (APEC) connectivity agendas;
  - Fostering business-to-business links with Indonesia, Papua New Guinea and Timor-Leste;
  - Expanding the Entrepreneurs' Programme to assist tourism;
  - Enhancing access to the Entrepreneurs' Programme;
  - A Cooperative Research Centre for Developing Northern Australia;
  - Bolstering tropical health research capacity;
  - Turning tropical research into commercial opportunities;
  - Links between tropical health research institutions and world class research institutions and the Tropical Health Short Course program for Indonesian professionals;
  - Increased First Nations ranger biosecurity activities;
  - Single point of entry for major projects;
  - Productivity Commission Inquiry into Australia's Fisheries and Aquaculture Regulation;
  - Northern Australia Infrastructure Facility;
  - Northern Australia roads package;
  - Improving cattle supply chains;
  - Northern Australia freight rail feasibility analysis;
  - Northern Australia pipeline of projects;
  - Northern Australia Infrastructure Audit;
  - Extension to the Remote Airstrip Upgrade program and additional support for the Remote Air Services Subsidy;
  - Improving aviation and surface transport connections-business stakeholder group;
  - Support enterprises in the north through the Industry Skills Fund;
  - Employment targets for First Nations Australians, for road projects (and other relevant expenditure) funded through the White Paper;
  - Support the NT Government to allow workers licenced from other Australian jurisdictions to have their licences more easily recognised in the Territory;

- Reforms to the Remote Jobs and Communities Programme to allow participants to work in local businesses;
- Designated Area Migration Agreements;
- Expanded Seasonal Worker Programme;
- Working Holiday Maker—an additional six months with one employer;
- Work and Holiday Visa—second visa if they worked in tourism or agriculture in Northern Australia;
- Pacific Microstates – Northern Australia Worker Pilot Programme;
- Northern Australia Strategic Partnership;
- Shift the Office of Northern Australia to the north;
- Joint Select Committee on Northern Australia be made a standing committee;
- Annual Statement to Parliament;
- Public Sector Secondment;
- A Northern Australia themed regulation repeal day in March 2016; and
- Strengthen the Australian Defence Force presence in Northern Australia.<sup>11</sup>

2.10 The remaining six measures were announced as 'on track':

- Aspiration to finalise native title claims within a decade,
- More efficient native title processes,
- Reforms to tourism visas;
- Improve protections and cut red tape around First Nations cultural heritage;
- Cutting red tape for fisheries; and
- Wildlife trade reform.<sup>12</sup>

2.11 Despite the DISER declaring its work 'delivered' in these areas, the delivery of many elements of the White Paper—particularly regarding the improvement of infrastructure—is based on the announcement of improvement and commitment of funding, as opposed to the actual works being complete and resulting in tangible outcomes. For example:

**Northern Australia roads package**

Delivered: The Department of Infrastructure, Transport, Regional Development and Communications committed \$600 million to the Northern Australia Roads Programme and is upgrading high priority roads essential to the movement of people and freight and supporting economic development in the north.

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<sup>11</sup> DISER, 'Progress update: meeting measures on the Our North Our Future White Paper', 19 August 2020, <https://www.industry.gov.au/news-media/progress-update-meeting-measures-on-the-our-north-our-future-white-paper> (accessed 9 April 2021)

<sup>12</sup> DISER, 'Progress update: meeting measures on the Our North Our Future White Paper', 19 August 2020, <https://www.industry.gov.au/news-media/progress-update-meeting-measures-on-the-our-north-our-future-white-paper> (accessed 9 April 2021)

### **Northern Australia pipeline of projects**

Delivered: The Department of Infrastructure, Transport, Regional Development and Communications published a Northern Australia pipeline of projects on the National Infrastructure Construction Schedule website in 2018. Priorities were informed by Infrastructure Australia's Northern Australia Infrastructure Audit and through consultation with northern jurisdictions.<sup>13</sup>

- 2.12 Given that the White Paper itself states that achieving its vision would occur 'within a generation or two',<sup>14</sup> it appears that many of the projects listed above would not be regarded as 'delivered' or 'complete' within the view of the original White Paper. Certainly, the White Paper's vision for Northern Australia is far more ambitious than the Australian Government's interpretation of its goals, given that it included a vision for economic development in the north that extended out as far as 2060<sup>15</sup> and plans for development across two, five, 10 and 20 years.<sup>16</sup> The goals of these 20-year plans, which present an ambitious view of what Northern Australia could look like in 2035, remain undelivered.

### **Evidence received on effectiveness of the Northern Australia agenda**

- 2.13 During the course of its inquiry, the committee received evidence from individuals, businesses, government bodies and other stakeholders that described real-world experiences in many of these areas, where outcomes in Northern Australia continue to lag behind many other parts of the country. The actual outcomes of the Northern Australia agenda, and the White Paper, are described below in broad terms. Outcomes are discussed in further detail in the rest of the report in the areas of:

- transport infrastructure;
- water infrastructure;
- social infrastructure;
- investment, opportunities and engagement with First Nations people;
- employment and education;
- a broader economy; and
- insurance.

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<sup>13</sup> DISER, 'Progress update: meeting measures on the Our North Our Future White Paper', 19 August 2020, <https://www.industry.gov.au/news-media/progress-update-meeting-measures-on-the-our-north-our-future-white-paper> (accessed 9 April 2021)

<sup>14</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4.

<sup>15</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 55.

<sup>16</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, pp. 125-131.

- 2.14 The committee received evidence from many submitters who were concerned about the lack of progress with the Northern Australia agenda since 2015.<sup>17</sup> CopperString, an infrastructure development company based in North Queensland, submitted that there were ongoing challenges in the economic development of Northern Australia:

Although material progress has been made, structural challenges remain in cultivating an investment environment that enables the full economic potential of the region to be realised. This is exemplified by the long lead-times of investments making use of the NAIF capital and the ongoing imbalance in some areas between Government spending on infrastructure initiatives in Southern States relative to those in Northern Australia.<sup>18</sup>

- 2.15 The Queensland and Northern Territory branch of the Australian Manufacturing Workers' Union likewise submitted that the progress of the Northern Australia agenda, as undertaken through the Northern Australia Infrastructure Facility (NAIF), had not reached its full potential:

The NAIF also needs to ensure its relationship with Northern Australian communities and the states and territory is as effective as possible; this is vital to NAIF's success. In practice, the lack of a strong engagement with communities limits potential projects and has significantly impacted on the progress of NAIF. State and territory governments are best placed to assist NAIF in proactively facilitating applications from the private sector.<sup>19</sup>

- 2.16 The Local Government Association of Queensland (LGAQ) was also concerned about the metrics being used to assess the progress of the Northern Australia agenda, noting that most of the initiatives in the White Paper have a finite timeline and involve producing feasibility studies instead of actual works.<sup>20</sup> Much of the White Paper is focused on Northern Australia's traditional industries, as opposed to the social development needs of the region.

- 2.17 The LGAQ submitted that 'the time is right to break down the idea of "Northern Australia" into regions to provide a more manageable and coherent agenda'. The Association submitted:

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<sup>17</sup> For example, see: Dr Kamaljit Sangha and Prof Jeremy Russell-Smith, *Submission 11*, p. 6; Professor Jon Altman and Dr Francis Markham, *Submission 13*, p. 18; Mount Isa City Council, *Submission 46*, p. 4; CopperString, *Submission 49*, p. 5; Australian Manufacturing Workers' Union (Queensland and Northern Territory), *Submission 51*, p. 2; Wilmar Sugar Australia, *Submission 53*, p. 9; Local Government Association of Queensland, *Submission 54*, pp. 3-4; Cape York Land Council, *Submission 58*, p. 3; Northern Australian Indigenous Land and Sea Management Alliance, *Submission 62*, p. 3; Mr Michael Dillon, *Submission 67*, p. 3; Name withheld, *Submission 70*, p. 3; and Indigenous Business Australia, *Submission 91*, p. 14.

<sup>18</sup> CopperString, *Submission 49*, p. 5.

<sup>19</sup> Australian Manufacturing Workers' Union (Queensland and Northern Territory), *Submission 51*, p. 2.

<sup>20</sup> Local Government Association of Queensland, *Submission 54*, pp. 3-4.

The LGAQ believes that formal regionally based agreements are required to streamline funding and approval processes, integrate initiatives across different levels of government and identify clear milestones for marking progress. Critically, these agreements should also involve developing an integrated program of infrastructure investment via a "Regional Deals" framework that outlines Federal, State and local government commitments around funding and approvals for major infrastructure projects, including water, roads and transport, telecommunications and energy.<sup>21</sup>

- 2.18 Dr Allan Dale, Chair, Developing Northern Australia Conference; Chief Scientist, Cooperative Research Centre for Developing Northern Australia; and Professor of Tropical Regional Development, James Cook University also highlighted the importance of appropriate strategic planning:

Northern Australia is rapidly becoming an environment of investment preference—an internationally recognised investment opportunity around what you might say are a whole range of ecosystem service markets. Again, that work requires very good strategic planning to see it through.<sup>22</sup>

- 2.19 From these on-the-ground submissions, it is clear that further work needs to be done and that businesses, organisations and other stakeholders have an expectation of continued progress in the near future. Pew Charitable Trusts summed up its position on the matter:

Our overall assessment of Northern Australia federal policy development and delivery over the past decade is that it is patchy and inconsistent. Parts of the policy agenda have been effective in providing jobs, economic returns for the most disadvantaged, and in improving community resilience and capacity. Importantly this has been done while improving the protection and good management of Northern Australia's natural environment. However other approaches have focused on the creation of high profile, one-off, capital intensive projects which have limited engagement with local communities. Many of these major projects have been focused on resource extraction, which if implemented may have significant negative impacts on existing industries and employment. There appears to be a consistent and un-tested assumption around such projects that an extractive, resource-based economy is the aim, without consideration of whether such development supports local people.<sup>23</sup>

- 2.20 Mr David Malone, Chief Executive, Master Builders NT, described on-the-ground concerns that the Commonwealth Government was not adequately supporting Northern Australia:

Next on the challenge list is more of a question and that is: is the Commonwealth slowly abandoning the north? Talk to many people here

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<sup>21</sup> Local Government Association of Queensland, *Submission 54*, p. 5. A similar recommendation was made by Professor Jon Altman and Dr Francis Markham, *Submission 13*, p. 18.

<sup>22</sup> Dr Allan Dale, Chair, Developing Northern Australia Conference; Chief Scientist, Cooperative Research Centre for Developing Northern Australia; and Professor of Tropical Regional Development, James Cook University, *Committee Hansard*, Cairns, 15 December 2020, p. 7.

<sup>23</sup> Pew Charitable Trusts, *Submission 85*, p. 2.

and this question very much comes to the fore. They don't believe that it's some particular strategic decision to do so; it's more of a cumulative effect of a myriad of much smaller and unconnected decisions. ... Large and crucial Commonwealth agencies have absolutely no capacity here in the north, and gaps between visits by national leaders are measured in years rather than months, even though those leaders fly directly over us. ... The question of whether the Commonwealth is committed to the north is something that everybody asks.<sup>24</sup>

2.21 Further to the evidence described above, the committee received evidence from a range of First Nations organisations, which largely expressed disappointment with the implementation and outcomes of the White Paper. Witnesses also told the committee that there had been limited engagement and consultation with the NAIF or the Office of Northern Australia (ONA) in relation to the Northern Australia agenda.

2.22 The Cape York Land Council (CYLC) told the committee that:

Despite the Northern Australia agenda's positive objectives, we're disappointed at the overall rate of implementation and outcomes achieved to date, especially for Cape York, and consider this is partly because of the agenda's design and implementation model.<sup>25</sup>

2.23 The CYLC went further and told the committee that 'Cape York Aboriginal people have enjoyed very limited tangible economic or social benefit from the Northern Australia agenda'. It noted that there has been 'very little' direct investment in Cape York as a result of the White Paper, and the investments in other initiatives are unlikely to provide much benefit to Cape York without a redesign of the agenda and its implementation'. The CYLC stated:

Unfortunately implementation of the Northern Australia agenda has facilitated no jobs in new industries, economic activities or projects on Cape York, there has been no Northern Australia Infrastructure Fund investment in Cape York projects or infrastructure, there is no tropical medicine or agricultural research occurring on Cape York, no increase in regional agricultural or mining exports has occurred, there has been no increase in Aboriginal business owners or activity, and Aboriginal home ownership has not increased.<sup>26</sup>

2.24 Mrs Vonda Malone, Mayor, Torres Shire Council, told the committee that there has 'not been an extensive amount of engagement' with the Australian Government's Northern Australia agenda, and that she was not aware of officials from the NAIF or the ONA visiting the Torres Strait.<sup>27</sup> Similarly, Mrs Dalassa Yorkston, Chief Executive Officer, Torres Shire Council, stated:

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<sup>24</sup> Mr David Malone, Chief Executive, Master Builders NT, *Committee Hansard*, Darwin, 6 November 2019, p. 67.

<sup>25</sup> Cape York Land Council, *Submission 58*, p. 1.

<sup>26</sup> Cape York Land Council, *Submission 58*, p. 17.

<sup>27</sup> Mrs Vonda Malone, Mayor, Torres Shire Council, *Committee Hansard*, 16 December 2020, p. 31.

I think the only real opportunity we've had to hear about NAIF has been through their awareness programs that they provided in Cairns, where council has to register to go along to hear about the scheme and how we can access it. But there been no particular presence into the Torres Strait and no engagement directly with the Torres Shire Council.<sup>28</sup>

- 2.25 When asked what people in the Torres Strait were seeking from the Australian Government's Northern Australian agenda, Mrs Malone told the committee that 'to be included would be nice'. Mrs Malone stated:

It's still quite evident that participation by Indigenous people is very minimal. When I do attend the Northern Australia annual conference and the like, we are there, but we're not there. So how do we make sure that we are truly engaged, because the majority percentage of the land, as you would have heard from the likes of the traditional owners, is owned by Indigenous people.<sup>29</sup>

- 2.26 Ms Marion Scrymgour, Chief Executive Officer, Northern Land Council, emphasised that development in Northern Australia 'cannot be successful unless it properly acknowledges Aboriginal rights and interests, engages fully with Aboriginal people as partners rather than just another stakeholder'. Ms Scrymgour stated that Aboriginal people must be placed 'at the centre of the policy framework in regional and remote areas'. Ms Scrymgour concluded:

Full and appropriate consultation should be undertaken across planning and policy, infrastructure programs and major projects. This requires a shift in the way governments think and the way in which government does business to a new way. Until that happens, attempts at northern development are bound to continue to fail.<sup>30</sup>

- 2.27 The CYLC submitted that the Australian Government's Northern Australian Agenda has failed to 'grapple with and understand' the 'most fundamental truth about Northern Australia and its future', and that is that:

...Northern Australia is by and large an Indigenous domain characterised by Indigenous corporations holding the rights and interests of First Nations peoples, or in the process of winning these long overdue rights. The rights attached to this land, water and sea should never be considered as a public domain but rather as a private Indigenous domain in the process of being re-established.<sup>31</sup>

- 2.28 The Northern Australian Indigenous Land and Sea Management Alliance (NAILSMA) also submitted that 'the 2015 White Paper disappointed many First Nations people and organisations in doing little to dispel, and in places

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<sup>28</sup> Mrs Dalassa Yorkston, Chief Executive Officer, Torres Shire Council, *Committee Hansard*, 16 December 2020, p. 31.

<sup>29</sup> Mrs Malone, Torres Shire Council, *Committee Hansard*, 16 December 2020, p. 34.

<sup>30</sup> Ms Marion Scrymgour, Chief Executive Officer, Northern Land Council, *Committee Hansard*, Darwin, 6 November 2019, p. 13.

<sup>31</sup> Cape York Land Council, *Submission 58*, p. 3.

reifying, the myth of Indigenous interests as barriers to sustainable northern development'.<sup>32</sup>

- 2.29 Mr Lui Ned David, Chair, Gur A Baradharaw Kod (Torres Strait Sea and Land Council), noted that governments were continuing to work separately from First Nations peoples:

We talk a lot about breaking the walls down, but we continue to work separately from each other. That continues to be the case. I believe that will continue until we have some big agreement that we will do away with working in silos....Some of the current processes, which I mentioned earlier, and the system itself have no space or recognition of First Nations or traditional owners, which is really sad. Given the way things have tightened now, for some of the huge investments that you need to make, you will need to speak to traditional owners. We have said for the last 12 to 18 months that it would be great if we could be part of the conversation from the outset rather than an afterthought towards the end, which has been the case for a little while.<sup>33</sup>

- 2.30 It is imperative that governments engage in meaningful, ongoing collaboration with First Nations communities in order for the Northern Australia agenda to succeed and for Northern Australia to reach its full potential.

## **Impact of COVID-19**

- 2.31 The COVID-19 pandemic has caused unprecedented economic and social disruption across Australia, with Northern Australia being particularly impacted. During the course of the pandemic, there was a severe downturn in domestic tourism to Northern Australia, with international tourism ceasing entirely due to border closures.<sup>34</sup> Additionally, as many primary producers throughout Northern Australia are reliant on migrant labour through programs—such as the Seasonal Worker Program, the Pacific Labour Scheme, and/or the Working Holiday Maker program—the agricultural sector was heavily impacted during the pandemic. Ms Rosemary Deininger, Acting Deputy Secretary, Department of Agriculture, Water and the Environment reported that her department had worked with the Department of Home Affairs to extend visa and source labour, but that difficulties remained in this area.<sup>35</sup>

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<sup>32</sup> Northern Australian Indigenous Land and Sea Management Alliance, *Submission 62*, p. 3.

<sup>33</sup> Mr Lui Ned David, Chair, Gur A Baradharaw Kod (Torres Strait Sea and Land Council), *Committee Hansard, Thursday Island*, 16 December 2020, p. 17.

<sup>34</sup> Mr Nico Padovan, Deputy Chief Executive Officer and Chief Operating Officer, National Drought and North Queensland Flood Response and Recovery Agency, *Committee Hansard*, Canberra, 8 May 2020, p. 7.

<sup>35</sup> Ms Rosemary Deininger, Acting Deputy Secretary, Department of Agriculture, Water and the Environment, *Committee Hansard*, Canberra, 8 May 2020, p. 9.

2.32 Ms Sam Reinhardt, Head of Division, Northern Australia and Major Projects Division, Department of Industry, Science, Energy and Resources (DISER), whose remit includes the ONA, described the economic damage that has been caused by the COVID-19 pandemic in Northern Australia:

Like many parts of Australia, the tourism sector in Northern Australia has been hit hard. The northern climate limits the vast majority of tourism to between April and October, and the timing of border closures has meant that many businesses are facing the very real prospect of limited or no income until April 2021 at the earliest. Agricultural producers are concerned they won't be able to fill their seasonal labour needs if domestic and international border restrictions remain in place. The resources sector has been resilient to date, but ongoing exploration and investment activity is essential for long-term growth.<sup>36</sup>

2.33 In July 2020, the Minister for Resources, Water and Northern Australia announced that the NAIF would continue for an additional five years, with a new end date of 30 June 2026. The minister, the Hon. Keith Pitt MP, noted that the NAIF was going to 'play a critical role in supporting the recovery of Northern Australia from the impacts of the COVID-19 pandemic'.<sup>37</sup>

2.34 Appearing at a public hearing, Ms Reinhardt, DISER, noted that '[t]he extension was announced early to provide certainty to investors and proponents in Northern Australia, especially in light of the COVID-19 pandemic, and reflects the stakeholder feedback we've received supporting the continuation of the NAIF'.<sup>38</sup>

2.35 The north of Australia has also been supported through the Australian Government's various responses to the pandemic. Notable programs and relief measures are listed below:

- The JobKeeper program supported businesses and not-for-profits impacted by COVID-19 by helping to pay the wages of employees.
- The JobTrainer package extended the apprentice and trainee wage subsidy program and has committed to fund 340,000 additional training places.
- The \$40 billion Coronavirus Small and Medium Enterprises Guarantee Scheme offered guaranteed loans and an initial six-month pause on repayments to small and medium sized enterprises.
- The International Freight Assistance Mechanism provided \$110 million in funding to assist in rebuilding critical global air supply links.

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<sup>36</sup> Ms Sam Reinhardt, Head of Division, Northern Australia and Major Projects Division, Department of Industry, Science, Energy and Resources (DISER), *Committee Hansard*, Canberra 7 August 2021, p. 2.

<sup>37</sup> The Hon. Keith Mitt MP, 'NAIF extension first step in further unlocking Northern Australia's potential', *Media release*, 17 July 2020, <https://www.minister.industry.gov.au/ministers/pitt/media-releases/naif-extension-first-step-further-unlocking-northern-australias> (accessed 13 April 2021).

<sup>38</sup> Ms Reinhardt, DISER, *Committee Hansard*, Canberra 7 August 2021, p. 2.

- The Regional Airline Network Support provided support to airlines to maintain a basic level of connectivity across their network of regional routes during COVID-19.
- \$5.1 million to support essential flight services for Cape York and the Torres Strait Islands, Darwin to Jabiru in West Arnhem Land, and Port Hedland through the Pilbara region.
- The \$1 billion COVID-19 Relief and Recovery fund was announced, which seeks to support industries that include aviation, agriculture, fisheries, tourism and the arts.<sup>39</sup>

2.36 However, the COVID-19 pandemic has brought to the fore the importance of greater resilience in Northern Australia. Following flooding in Queensland in February 2020 and in the early stages of the COVID-19 pandemic, Mr Nico Padovan, Deputy Chief Executive Officer and Chief Operating Officer, National Drought and North Queensland Flood Response and Recovery Agency, noted that it was imperative that further investment take place in Northern Australia in order to:

- broaden the economic base;
- build more resilient and appropriate infrastructure;
- facilitate prosperous enterprises;
- foster connected and cohesive communities; and
- support improved access to information and telecommunication services.<sup>40</sup>

2.37 Mr Padovan submitted:

We see investment in these areas as being critical to supporting the recovery and future preparedness of these regional and remote communities, ensuring they are best placed to weather a range of potential economic shocks, whether that be flood, drought or, more recently, the COVID-19 pandemic. We also see that facilitating these priorities will help unlock the economic and social potential of these regions by encouraging innovation and business growth as well as attracting greater investment.<sup>41</sup>

2.38 The COVID-19 pandemic has brought to the forefront the necessity of ensuring that the Northern Australia agenda can facilitate greater economic resilience in the north. Given the ongoing risk of disruption caused by pandemics, natural

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<sup>39</sup> See Ms Reinhardt, DISER, *Committee Hansard*, Canberra 7 August 2021, p. 2; and Ms Linda Lee, General Manager, Office of Northern Australia, Northern Australia and Major Projects Division, Department of Industry, Science, Energy and Resources, *Committee Hansard*, Canberra 7 August 2021, p. 9.

<sup>40</sup> Mr Nico Padovan, Deputy Chief Executive Officer and Chief Operating Officer, National Drought and North Queensland Flood Response and Recovery Agency, *Committee Hansard*, Canberra, 8 May 2020, p. 2.

<sup>41</sup> Mr Padovan, National Drought and North Queensland Flood Response and Recovery Agency, *Committee Hansard*, Canberra, 8 May 2020, p. 2.

disasters and other unforeseen events, the development of Northern Australia must be an immediate priority for all governments.

### Ongoing challenges

2.39 Across Northern Australia, challenges to improving economic and social outcomes remain. CQUniversity Australia noted that the north of Australia faces challenges that the south do not, and that these challenges 'reflect a mix of factors relating to population, geography, climate and topography, industry, infrastructure, communities, skills and social issues'.<sup>42</sup> Lack of infrastructure, high levels of population mobility and seasonal climatic disruption have been noted as being particularly problematic.<sup>43</sup>

2.40 In terms of economic development, the Chamber of Minerals and Energy Western Australia highlighted that, from an economic perspective, the key challenges were the high costs of doing business, lack of infrastructure and difficulties with connectivity.<sup>44</sup> For primary and agricultural producers, challenges remain in:

- access to markets;
- productivity and adoption of best practice production techniques;
- increased biosecurity risk due to lower surveillance capability;
- managing weather and environmental extremes, including climate variability and variability of water supply;
- skills shortages and difficulties in workforce attraction;
- managing development with environmental outcomes and ensuring development is targeted to appropriate land types; and
- year-round transport access to markets and supporting infrastructure.<sup>45</sup>

2.41 Ms Sheriden Morris, Chair, Cooperative Research Centre for Developing Northern Australia, noted that the development of the north is a fundamentally difficult task, stating that '[i]f it were easy, it would have already been done'. Ms Morris noted that Northern Australia contains 'about 16 million hectares of land suitable for development', but also explained the difficulties in taking advantage of this potential:

we understand that developing the north is very risky. Variable climate conditions; a really small population, 1.3 million—so, sort of outer Melbourne—and that's across the whole of Northern Australia; very limited infrastructure; poor comms; poor connectivity; and expensive

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<sup>42</sup> CQUniversity, *Submission 23*, p. 2.

<sup>43</sup> James Cook University, *Submission 42*, p. 1.

<sup>44</sup> Chamber of Minerals and Energy Western Australia, *Submission 37*, p. 1.

<sup>45</sup> Meat and Livestock Australia, *Submission 73*, p. 1; AgForce Queensland Farmers, *Submission 83*, p. 6; and Ret Meat Advisory Council, *Submission 96*, p. 2.

transport make this challenging, but also a conflicting jurisdictional regulatory environment

it's often really difficult to take development concepts and proposals and turn them into reality. Basically, the north is littered with the carcasses of broken dreams; that's a given. Anyone who does succeed has amazing tenacity, usually a serious pioneering spirit and usually very deep pockets, and is looking for some support. You don't make it in Northern Australia unless you've got some of those things on your side.<sup>46</sup>

- 2.42 For First Nations enterprises, these challenges are further magnified. The Indigenous Reference Group to the Ministerial Forum on Northern Development observed that First Nations businesses are subject to the same challenges faced by non-First Nations businesses, as well as unique challenges relating to the particular circumstances and history of First Nations people. The Indigenous Reference Group submitted:

The generic structural challenges faced by all Northern Australian business include small and sparse local markets, remoteness (including limited access during the wet season), poor infrastructure, harsh climate and a degree of political irrelevance that is derived from the electoral imbalance between Northern and Southern Australia. In addition to these structural challenges, Indigenous business in Northern Australia also faces challenges that are the result of two centuries of discriminatory dispossession, oppressive and punitive policy that has resulted in widespread background of intergenerational socio-economic disadvantage among Indigenous Northern Australians. This manifests itself in many ways, including limited inter-generational wealth transfer, relatively limited capacity to engage in the workforce and to own, successfully operate and grow commercial enterprise.<sup>47</sup>

- 2.43 Governments at all levels have the capacity to intervene and reduce some of the challenges that are inherent in Northern Australia's development, particularly in the areas of infrastructure, communications, transport and regulation. If practicable improvements are made in this area, economic development in Northern Australia will be much more achievable for the local, domestic and international stakeholders who are looking to invest in the north. While the north is, indeed, an area of great challenge, it also contains enormous potential.
- 2.44 It is imperative that the Australian Government seek to genuinely realise the long-term goals of the White Paper, as opposed to merely talking up this potential. While the works undertaken so far have resulted in some tangible improvements in the north, there remains substantial work to be done in order to realise the vision of the White Paper and the full potential of Northern

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<sup>46</sup> Ms Sheriden Morris, Chair, Cooperative Research Centre for Developing Northern Australia, *Committee Hansard*, Townsville, 9 October 2019, p. 2.

<sup>47</sup> Indigenous Reference Group to the Ministerial Forum on Northern Development, *Submission 92*, p. 6.

Australia. The remainder of this report identifies areas in which further government action will make a real difference.



# Chapter 3

## Transport infrastructure

3.1 The importance of transport infrastructure such as roads, ports and shipping, and airports and air services was explored throughout the inquiry. Submitters acknowledged the significant investment in transport infrastructure made by Australian and state and territory governments, but highlighted a number of areas for improvement. This evidence is outlined below. Evidence regarding road accessibility, in terms of northern communities having access to critical services, is discussed in chapter 5 (social infrastructure).

### White Paper

3.2 The *Our North, Our Future: White Paper on Developing Northern Australia* (White Paper) noted that infrastructure plays an integral role in unlocking economic opportunities globally and nationally. It facilitates investment, increases accessibility to markets (especially for remote areas) and helps attract and retain workers. With considered planning, infrastructure is a fundamental driver of productivity and growth.<sup>1</sup>

3.3 The White Paper noted that the road network in Northern Australia is essential for the movement of people and freight. Often the only transport link available, the reliability of the north's roads can be hampered by the climate with road closures or significant restrictions often occurring during the wet season. The quality of roads can also be significantly affected by intensive heavy vehicle use and many roads being unsealed and single lane.<sup>2</sup>

3.4 The White Paper included a commitment by the Australian Government to focus on funding 'high priority public infrastructure' such as roads, and making it easier for private sector investment in infrastructure which will provide a return on investment.<sup>3</sup>

3.5 The White Paper observed that in Northern Australia, the limited ground transport options and vast distances increase reliance on air transport for purposes as diverse as medical emergencies, cattle mustering and passenger and freight movement.<sup>4</sup>

3.6 The White Paper stated however, air travel within the region is difficult due to a lack of demand to support commercially viable services. Low population

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<sup>1</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 84.

<sup>2</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 88.

<sup>3</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 84.

<sup>4</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 98.

density has resulted in the majority of aviation infrastructure being focused on connecting communities with large population centres that are often located in the south, and the services within the north that do exist are generally limited and expensive.<sup>5</sup>

- 3.7 The White Paper also noted that remote airstrips in Northern Australia provide critical transport links for many remote First Nations communities, towns and outstations—particularly when weather conditions during the wet season make many roads impassable. These airstrips support critical services such as the Royal Flying Doctor Service and the provision of mail and essential health, food, emergency response and educational supplies.<sup>6</sup>
- 3.8 The White Paper included a commitment from the Australian Government to provide 'ongoing certainty for the industries and communities' through the provision of funding to upgrade airstrips, and the provision of additional essential air services.<sup>7</sup>

## Road infrastructure

- 3.9 Road infrastructure is critical in connecting the dispersed communities and remote businesses across Northern Australia. The Department of Infrastructure, Transport, Cities and Regional Development (DIRDC) explained that 'better roads and land transport infrastructure enables farmers, miners and other producers to get their products to market more easily and reliably and helps grow the tourism industry'.<sup>8</sup> These roads allow for the transportation of resources across Northern Australia,<sup>9</sup> increased economic and employment opportunities,<sup>10</sup> and improved social and health outcomes.<sup>11</sup>

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<sup>5</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 98.

<sup>6</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 98.

<sup>7</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 99.

<sup>8</sup> Department of Infrastructure, Regional Development and Cities (DIRDC), *Submission 77*, p. 1.

<sup>9</sup> Councillor Jane McNamara, Mayor, Flinders Shire Council, *Committee Hansard*, Townsville, 9 October 2019, p. 15; and Mr Glendon Graham, Chief Executive Officer, Mount Isa to Townsville Economic Zone Inc, *Committee Hansard*, Mount Isa, 10 October 2019, p. 2.

<sup>10</sup> Councillor Jane McNamara, Mayor, Flinders Shire Council, *Committee Hansard*, Townsville, 9 October 2019, p. 16; Mr Ashley Mancaros, Chief Executive Officer, Northern Territory Cattlemen's Association, *Committee Hansard*, Darwin, 6 November 2019, pp. 32-33; Mr Richard Kew, Chair, Darwin Major Business Group, *Committee Hansard*, Darwin, 6 November 2019, p. 46; aMr Yananyumul Mununggurr, Director, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, pp. 5-6.

<sup>11</sup> Mr Richard Kew, Chair, Darwin Major Business Group, *Committee Hansard*, Darwin, 6 November 2019, p. 43; Mr Joel Bowden, General Secretary, Northern Territory Trades and Labour Council, *Committee Hansard*, Darwin, 6 November 2019, p. 62; and Mr Yananyumul Mununggurr, Director, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, pp. 5-6.

3.10 The following sections canvas the evidence received in relation to road infrastructure.

### *Government investment*

3.11 The Australian Government has made a number of investments to improve road infrastructure in Northern Australia. These investments have included 'extensive road upgrades' to connect industry and producers to markets, and to make travel easier and safer in Northern Australia. DIRDC explained that such 'upgrades assist the communities and industries who rely on them for essential services, and create potential for more employment and growth in the mining, agriculture, and tourism sectors'. As such, the total Australian Government commitment in key Northern Australian initiatives in \$2.98 billion,<sup>12</sup> distributed in the following ways:

- \$1.73 billion for the Roads of Strategic Importance initiative, exceeding an original \$1.5 billion commitment;
- \$700 million for the Northern Australia Roads Program and Northern Australian Beef Roads Program;
- \$300 million for the Outback Way; and
- \$220.8 million for the Cape York Region Package.<sup>13</sup>

3.12 DIRDC also noted that the Australian Government is investing \$5.4 billion to deliver road initiatives and safety upgrades between Gladstone and Cairns through the \$10 billion Bruce Highway Upgrade Program from 2013-14 to 2027-28.<sup>14</sup>

### **Roads of Strategic Importance**

3.13 The Roads of Strategic Importance (ROSI) initiative is intended to make it easier for regional businesses to access local and international markets and better connect regional communities. ROSI is intended to ensure that key freight roads efficiently connect agricultural and mining regions to ports, airports and other transport hubs. The initiative delivers projects such as road sealing, flood immunity, strengthening and widening, pavement rehabilitation, bridge and culvert upgrades, and road realignments.<sup>15</sup>

3.14 DIRDC stated that in the 2019-20 Federal Budget, and during the election campaign, the Australian Government committed approximately \$1.7 billion to upgrade 10 corridors in Northern Australia through the ROSI initiative.

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<sup>12</sup> At the time of the Department of Infrastructure, Transport, Cites and Regional Development making its submission in 2019.

<sup>13</sup> Department of Infrastructure, Transport, Cites and Regional Development (DIRDC), *Submission 77*, p. 7.

<sup>14</sup> DIRDC, *Submission 77*, p. 7.

<sup>15</sup> DIRDC, *Submission 77*, p. 7-8.

These 10 corridors are listed below, as well as their level of funding and the status of the project as at 22 March 2021. As intended completion dates have not been made publicly available, the forward funding dates have been listed as an indication of these projects' timeframes.

**Table 3.1 Roads of Strategic Importance**

<b>Project</b>	<b>Announced Funding</b>	<b>Status</b>
Cooktown to Weipa	\$190 million	Under construction, with funding forecasted to 2022-23
Cairns to NT Border	\$50 million	In planning, with funding forecasted to 2022-23
Townsville to Roma	\$100 million	In planning, with a portion under construction, <sup>16</sup> with funding forecasted to 2023-24
Mount Isa to Rockhampton	\$254 million	In planning, with funding forecasted to 2028-29
Tennant Creek To Townsville	\$270 million	In planning, with funding forecasted to 2028-29
Adelaide River to Wadeye	\$60 million	In planning, with funding forecasted to 2022-23
Alice Springs to Darwin	\$162.3 million	In planning, with funding forecasted to 2023-24
Alice Springs to Halls Creek	\$235 million	In planning, with funding forecasted to 2027-28
Newman to Katherine	\$110 million	In planning, with funding forecasted to 2029-30

<sup>16</sup> The Carnarvon Highway and Salmon Road Intersection Upgrade.

Karratha to Tom Price	\$248 million	Under construction, with funding forecasted to 2024-25
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*Source: Funding from DIRDC, Submission 77, p. 7. Additional detail regarding project stage and forecasted funding from Department of Infrastructure, Transport, Regional Development and Communications's 'Responses to Senator Sterle's written questions' tabled during Estimates hearings on 22 March 2021.*

- 3.15 The Department of Industry, Science, Energy and Resources (DISER) noted that as part of the ROSI initiative, all levels of government worked together with industry to identify strategic mango industry roads (Mango Roads) in the Northern Territory. The \$20 million upgrade of these roads was intended to protect the quality of fruit while being transported, cutting export times and putting more profits into the hands of the producers. DISER stated that the Mango Roads project was expected to have a 9.3 per cent return on investment.<sup>17</sup>

### **Northern Australia Roads Program and Northern Australia Beef Roads Program**

- 3.16 Through the White Paper, the Australian Government committed \$600 million to the Northern Australia Roads Program (NARP) and \$100 million to the Northern Australia Beef Roads Program (Beef Roads).
- 3.17 All projects committed to under these programs are jointly funded with the relevant state and territory governments on an 80:20 basis. The NARP's objective is to deliver upgrades to high priority roads in Northern Australia essential to the movement of people and freight to support economic development across the north.
- 3.18 Under the NARP, the Australian Government committed to 19 projects (10 in Queensland, four in Western Australia and five in the Northern Territory). As at April 2021, 10 projects had been completed, eight were underway and one was yet to commence.<sup>18</sup> In addition to the original 19 programs, the Great Northern Highway Upgrade Ord River North Section, was announced in 2020. It was funded using savings following the completion of other NARP projects in Western Australia.<sup>19</sup> The current status of these programs, as at April 2021, is in Table 3.2 below.

**Table 3.2 Northern Australia Roads Program: Project Statuses**

<b>Project</b>	<b>Status</b>
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<sup>17</sup> Department of Industry, Science, Energy and Resources (DISER), *Submission 30*, p. 2.

<sup>18</sup> DIRDC, *Submission 77*, p. 8.

<sup>19</sup> DIRDC, Northern Australia Roads Programs, *Media Release*, [https://investment.infrastructure.gov.au/infrastructure\\_investment/northern\\_australia\\_roads.aspx](https://investment.infrastructure.gov.au/infrastructure_investment/northern_australia_roads.aspx) (accessed 30 March 2021).

Flinders Highway (Townsville – Torrens Creek) (QLD)	Under construction, with an expected finish date of 'Late 2021'
Flinders Highway – (Charters Towers to Richmond) (QLD)	Completed in 2018
Capricorn Highway (Rockhampton – Gracemere) (QLD)	Under construction, with an expected finish date of 'Mid 2021'
Kennedy Developmental Road (Mount Garnet – The Lynd) (QLD)	Completed in 2018
Kennedy Developmental Road (The Lynd – Hughenden) (QLD)	Completed in 2020
Barkly Highway (Cloncurry – Mount Isa) (QLD)	Completed in 2019
Bowen Developmental Road (QLD)	Under construction, with an expected finish date of 'Early 2021'
Landsborough Highway (Longreach – Winton) (QLD)	Completed in 2020
Peak Downs Highway (Clermont – Nebo) (QLD)	In planning stages, with an expected finish date of 'Late 2022'
Rockhampton (Bajool – Port Alma Road) (QLD)	Under construction, with an expected finish date of 'Mid 2021'
Plenty Highway (NT)	Under construction, with an expected finish date of 'Mid 2021'
Tjukaruru Road (NT)	Under construction, with an expected finish date of 'Mid 2021'
Upgrade of Keep River Plains Road (NT)	Completed in 2020
Adelaide River Floodplain Upgrade Arnhem Highway (NT)	Under construction, with an expected finish date of 'Late 2021'
Buntine Highway Road Upgrading (NT)	Under construction, with an expected finish date of 'Mid 2021'
Great Northern Highway Upgrade – Maggie Creek to Wyndham (WA)	Completed in 2019
Marble Bar Road (Coongan Gorge) (WA)	Completed in 2019
Great Northern Highway (Bow River Bridge) (WA)	Completed in 2018
Broome-Cape Leveque Road (WA)	Completed in 2020

Great Northern Highway Upgrade Ord River North Section (Stage 2) (WA)	Under construction, with an expected finish date of 'Mid 2021'
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Source: DIRDC, *Northern Australia Roads Program*, [https://investment.infrastructure.gov.au/infrastructure\\_investment/northern\\_australia\\_roads.aspx](https://investment.infrastructure.gov.au/infrastructure_investment/northern_australia_roads.aspx) (accessed 9 April 2021)

- 3.19 In addition to the NARP, the Beef Roads program is also improving road infrastructure in Northern Australia. The objective of the \$100 million Beef Roads program is to make targeted upgrades to key roads necessary for the transport of cattle to improve the reliability, productivity, and resilience of cattle supply chains in Northern Australia. In turn, this reduces freight costs and strengthens links to markets.<sup>20</sup>
- 3.20 The Australian Government committed to 18 projects under the Beef Roads program with 15 in Queensland, one in Western Australia, and two in the Northern Territory. As at April 2021, all projects had been completed, save for the Gregory Developmental Road (South of Charter Towers), which is in planning stages and due for completion by the end of 2021.<sup>21</sup> The current status of these programs, as at April 2021, is in Table 3.3.

**Table 3.3 Northern Australia Beef Roads Program: Project Statuses**

Project	Status
Rockhampton Road Network—Road Train Access (Stage 2) (QLD)	Completed in 2021
Burke Developmental Road: Chillagoe to Almaden (Package 1) (QLD)	Completed in 2020
Burke Developmental Road: Chillagoe to Almaden (Package 2) (QLD)	Completed in 2020
Clermont: Alpha Road (Package 1) (QLD)	Completed in 2018
Clermont: Alpha Road (Package 2) (QLD)	Completed in 2019
Clermont: Alpha Road (Package 3) (QLD)	Completed in 2019

<sup>20</sup> DIRDC, *Submission 77*, p. 8.

<sup>21</sup> DIRDC, *Northern Australia Beef Roads Program*, [https://investment.infrastructure.gov.au/infrastructure\\_investment/northern\\_australia\\_beef\\_roads.aspx](https://investment.infrastructure.gov.au/infrastructure_investment/northern_australia_beef_roads.aspx) (accessed 9 April 2021)

Ootann Rd: Almaden to Kennedy Hwy (Gunnawarra) (Package 1) (QLD)	Completed in 2018
Ootann Rd: Almaden to Kennedy Hwy (Gunnawarra) (Package 2) (QLD)	Completed in 2019
Gregory Developmental Road (South of Charter Towers) (QLD)	In planning stages, with an expected finish date of 'Late 2021'
Richmond-Croydon Road (Package 1) (QLD)	Completed in 2019
Richmond-Croydon Road (Package 2) (QLD)	Completed in 2018
Cloncurry: Dajarra Road (QLD)	Completed in 2018
Diamantina Developmental Road (Boulia: Dajarra) (QLD)	Completed in 2019
Richmond: Winton Road (Package 1) (QLD)	Completed in 2019
Richmond: Winton Road (Package 2) (QLD)	Completed in 2019
Barkly Stock Route (NT)	Completed in 2019
Tablelands Highway (NT)	Completed in 2020
Great Northern Highway Ord River North (Stage 1) (WA)	Completed in 2019

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Source: DIRDC, Northern Australia Beef Roads Program, [https://investment.infrastructure.gov.au/infrastructure\\_investment/northern\\_australia\\_beef\\_roads.aspx](https://investment.infrastructure.gov.au/infrastructure_investment/northern_australia_beef_roads.aspx) (accessed 9 April 2021)

- 3.21 To help identify priority projects, the Australian Government actively engaged with key stakeholders, including members of the Northern Australian beef and transport industries, through a series of stakeholder roundtables held in Rockhampton, Kununurra and Darwin in late 2015 and early 2016.<sup>22</sup>
- 3.22 DISER submitted that it is expected that the NARP and Beef Roads Programs will support more than 2,400 jobs across the three jurisdictions, including significant employment opportunities for First Nations Australians. It noted that the NARP project on the Flinders Highway (Charters Towers to Richmond) culvert upgrades that commenced in September 2017 and were

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<sup>22</sup> DIRDC, *Submission 77*, p. 8.

completed in November 2018, supported 65 direct jobs over the life of the project.<sup>23</sup>

- 3.23 The White Paper established a requirement for all NARP and Beef Roads projects to include First Nations employment and supplier-use targets. The inclusion of First Nations employment and business targets was intended to ensure that the Australian Government's investment in road infrastructure across Northern Australia also maximised economic and social benefits for First Nations Australians.<sup>24</sup>
- 3.24 To ensure this measure was achieved, the Australian Government, in consultation with the relevant agencies in the three northern jurisdictions, developed the *Framework to maximise Indigenous employment and business opportunities in Northern Australia*. The framework outlines a methodology to establish baseline First Nations participation targets for projects delivered. All approved projects being delivered under the NARP and Beef Roads program have settled targets.<sup>25</sup>

### **Bruce Highway Upgrade Program**

- 3.25 DISER advised that the Australian Government is also investing \$10 billion in the Bruce Highway from 2013-14 to 2027-28 through the Bruce Highway Upgrade Program including sections in North Queensland. The current status of these programs, as at March 2021, as is in Table 3.4 below.

**Table 3.4 Bruce Highway Upgrade Program**

<b>Project</b>	<b>Announced funding</b>	<b>Status</b>
Rockhampton Ring Road	\$800 million	In planning, with funding forecasted to 2025-26
Mackay Ring Road (Stage 2)	\$280 million	In planning, with funding forecasted to 2026-27
Cairns Southern Access Corridor	\$180 million	In planning, with funding forecasted to 2026-27
Townsville Ring Road	\$144 million	In planning, with funding forecasted to 2023-24

<sup>23</sup> DISER *Submission 30*, p. 3.

<sup>24</sup> DIRDC, *Submission 77*, p. 8.

<sup>25</sup> DIRDC, *Submission 77*, pp. 8–9.

*Source: Funding from DISER, Submission 30, p. 4. Additional detail regarding project stage and forecasted funding from: Department of Infrastructure, Transport, Regional Development and Communications's 'Responses to Senator Sterle's written questions' tabled during Estimates hearings on 22 March 2021.*

### **Outback Way**

3.26 The Australian Government is investing \$330 million to upgrade key sections of the Outback Way, the 2800 kilometre route that links Laverton in Western Australia with Winton in Queensland via Alice Springs in the Northern Territory. This \$330 million investment is made up of a number of commitments which together are delivering upgrades to the Outback Way over a more than 10 year period. All of the Australian Government commitments were jointly funded with the relevant state government or Local Government Authority.<sup>26</sup> As at March 2021, the current status of the Outback Way upgrades were:

- the Northern Territory portion is currently in planning stages, with funding forecasted until 2024-25;
- the Queensland portion is currently in planning stages, with funding forecasted until 2028-29; and
- the Western Australian portion is currently in planning stages, with funding forecasted until 2028-29.<sup>27</sup>

### **Cape York Region Package**

3.27 Cape York Region Package (CYRP) was a 5-year (2014-15 to 2018-19) \$276 million program of works jointly funded by the Australian and Queensland Governments to upgrade critical infrastructure on Cape York Peninsula.<sup>28</sup>

3.28 The Australian Government committed \$220.8 million for the Cape York Region Package (CYRP) with the Queensland Government contributing \$55.2 million. The CYRP involved a range of transport and community infrastructure projects including upgrades on the Peninsula Developmental Road, which is the main access road into Cape York from the south.<sup>29</sup> As at March 2021, the sealing of the Peninsula Developmental Road is in the planning stages and has been funded to 2023-24.<sup>30</sup> There is currently no intended completion date that has been publicly announced.

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<sup>26</sup> DIRDC, *Submission 77*, p. 9.

<sup>27</sup> Department of Infrastructure, Transport, Regional Development and Communications, 'Responses to Senator Sterle's written questions' tabled during Estimates hearings on 22 March 2021.

<sup>28</sup> Queensland Government, Department of Transport and Main Roads, Cape York Region Package, *Media Release*, <https://www.tmr.qld.gov.au/projects/cape-york-region-package>, (accessed 18 February 2021).

<sup>29</sup> DIRDC, *Submission 77*, p. 9.

<sup>30</sup> Department of Infrastructure, Transport, Regional Development and Communications' 'Responses to Senator Sterle's written questions' tabled during Estimates hearings on 22 March 2021.

3.29 The Cape York Region Package consisted of 3 sub-programs:

- Peninsula Developmental Road;
- Endeavour Valley Road sealing works; and
- First Nations community infrastructure work.<sup>31</sup>

3.30 The CYRP intended to facilitate economic growth in the Cape York Region, by upgrading key roads and infrastructure to better connect areas of economic opportunity with First Nations and local communities. Key benefits from the CYRP include, but are not limited to:

- Improving social outcomes for First Nations and other local communities in the Cape York Region by providing better access to health services, employment, and education and training opportunities.
- Improving links in the region to support overall economic growth in the hospitality, tourism, mining and pastoral industries, and reduce freight costs.
- Upgrading key access roads to ensure they are better able to withstand severe weather conditions.<sup>32</sup>

3.31 Like the NARP and Beef Roads program, the CYRP aimed to support and increase First Nations employment and business use. As such, \$50.5 million was allocated to the Torres Cape Indigenous Councils Alliance (TCICA) to deliver priority community infrastructure projects such as jetty and barge upgrades, footpath construction, and local road sealing.<sup>33</sup>

3.32 In addition, Key Result Areas (KRAs) were developed and included in tender documentation for the Peninsula Developmental Road works. The KRAs were:

- Indigenous and non-Indigenous training and upskilling;
- implementation of an Indigenous Economics Opportunities Plan; and
- local industry participation.<sup>34</sup>

3.33 DIRDC reported that the KRAs were successful in providing economic opportunities for both First Nations people, and the broader community in the Cape York Region.<sup>35</sup>

### **Additional roads funding**

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<sup>31</sup> Queensland Government, Department of Transport and Main Roads, Cape York Region Package, *Media Release*, <https://www.tmr.qld.gov.au/projects/cape-york-region-package>, (accessed 18 February 2021).

<sup>32</sup> DIRDC, *Submission 77*, p. 9.

<sup>33</sup> DIRDC, *Submission 77*, p. 9.

<sup>34</sup> DIRDC, *Submission 77*, p. 10.

<sup>35</sup> DIRDC, *Submission 77*, p. 10.

3.34 Additional northern roads investments were announced in the 2019-20 Federal Budget. As at April 2021, the amount of funding and status of these program was:

- \$287.2 million for Cairns Ring Road (currently listed as 'in planning', with funding out to 2026-27);<sup>36</sup>
- \$100 million for Gladstone Port Access Road Extension (currently listed as 'in planning', with funding out to 2023-24);<sup>37</sup> and
- \$60 million for the Tiwi Island Roads upgrades (currently listed as 'underway', with an expected finish date of 'Mid 2025').<sup>38</sup>

#### *Evidence received by the committee*

3.35 The committee received a range of evidence in relation to the importance of investment in road infrastructure. AgForce Queensland Farmers (AgForce) submitted that Northern Australia faces the 'tyranny of distance' and that the 'transport of key commodities to market is often the greatest expenditure for businesses in the north, where the final destination may be hundreds, or sometimes thousands of kilometres away'. As such:

Transport of people to existing or potential tourism destinations is dependent on high-quality road infrastructure and regional communities may become socially or economically isolated without reliable infrastructure. Smart investment in key strategic routes is therefore essential to realising the full development potential of Northern Australia.<sup>39</sup>

3.36 Submitters favourably reflected on programs to upgrade roads through the above mentioned government investment initiatives. For example, the NT Farmers Association noted that the Mango Roads program was 'welcomed by the entire mango industry in the Northern Territory' as it would 'improve fruit

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<sup>36</sup> DIRDC, Cairns Ring Road, [https://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project\\_id=100565-18QLD-NP](https://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project_id=100565-18QLD-NP) (accessed 9 April 2021) and Department of Infrastructure, Transport, Regional Development and Communications' 'Responses to Senator Sterle's written questions' tabled during Estimates hearings on 22 March 2021.

<sup>37</sup> DIRDC, Gladstone Port Access Road Extension, [https://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project\\_id=100566-18QLD-NP](https://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project_id=100566-18QLD-NP) (accessed 9 April 2021) and Department of Infrastructure, Transport, Regional Development and Communications' 'Responses to Senator Sterle's written questions' tabled during Estimates hearings on 22 March 2021.

<sup>38</sup> DIRDC, Tiwi Islands Road Upgrades, [https://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project\\_id=100518-18NT-NP](https://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project_id=100518-18NT-NP) (accessed 9 April 2021).

<sup>39</sup> AgForce Queensland Farmers (AgForce), *Submission 83*, p 1.

quality for consumers and improve profitability of growers within this important region'.<sup>40</sup>

- 3.37 Similarly, Regional Development Australia Pilbara (RDA Pilbara) stated that the 'funding allocated to roads infrastructure in Northern Australia is welcome'. It noted that

The Pilbara relies on road transport to connect its towns and rural and remoter communities with essential services, as well as opening up the region to agriculture and tourism opportunities.<sup>41</sup>

- 3.38 Regional Development Australia Townsville and North West Queensland (RDATNWQ) also offered its support for investment in road infrastructure in Queensland, particularly through the NARP and Beef Roads Programs. It stated that these are:

...important and effective investments to create jobs in the short term and drive productivity and safety benefits for years to come. Nearly \$300 million was invested into northern Queensland through these programs.<sup>42</sup>

- 3.39 AgForce stated that it is 'largely supportive of the investment in Northern Australian road infrastructure thus far'. AgForce offered its support for a number of investment programs, for example:

The Northern Australia Roads' Program delivered sorely needed funding to the Flinders and Hann Highway, where construction is now underway. The Northern Beef Roads' Program provided much needed targeted support to Queensland's beef industry. Queensland is benefiting from 15 projects worth \$56.87 million. Given the vital role agricultural commodities play in the economic development of Northern Australia, AgForce recommends the development of a similar program to support the development of the northern grains industry.<sup>43</sup>

- 3.40 Councillor Jane McNamara, Mayor, Flinders Shire Council, offered her support for initiatives which have arisen from the White Paper. In particular:

I would like to mention some of the aspects that have been very worthwhile. Of course, this would have to include the strategic road funding and the beef roads. For our area, they are the actual lifeblood of this region...These road networks are the lifeblood of this whole region—getting resources to and from Mount Isa in the North West Minerals Province as well as north-south from Cairns and the Tablelands right

<sup>40</sup> NT Farmers Association, *Submission 2*, p. 2.

<sup>41</sup> Regional Development Australia Pilbara, *Submission 17*, p. 2.

<sup>42</sup> Regional Development Australia Townsville and North West Queensland, *Submission 47*, p. 2.

<sup>43</sup> AgForce, *Submission 83*, p. 1. See also Meat and Livestock Australia, *Submission 73*, p. 3.

through to the capital cities of the south. That road funding has been absolutely integral for us, and is also very, very long overdue.<sup>44</sup>

- 3.41 The Chamber of Minerals and Energy Western Australia (CME) noted that its member companies rely on critical infrastructure for the viability of their projects. It stated that:

Investment in, and maintenance of, public use road infrastructure with the capacity to support the variety of users across Northern Australia is fundamentally essential to the success of the Northern Australia agenda. CME recognises the importance the agenda places on major road infrastructure, and commends the Government on the funding of a number of the roads projects planned under the Northern Australia Roads Program (NARP) and the Northern Australia Beef Roads Program.<sup>45</sup>

- 3.42 However, a number of submitters offered suggestions for areas of improvement in relation to the government funding of road infrastructure. For example, the Far North Queensland Regional Organisation of Councils (FNQROC) stated that since the White Paper, there have been a number of funding programs for road infrastructure—namely the NARP, Beef Roads, and ROSI. However, while these programs are 'very much welcomed, the direction of the funding keeps changing [and] this does not allow for the completion of any links'. The FNQROC stated:

Again, the funding is very much welcomed but the amounts allocated are not enough, often less than the cost of one project in a capital city. We understand those ... living in populated areas give the government a hard time when direct funding is provided to regional, rural and remote areas however unless leadership continues to be shown for these areas the nation will not realise the significant financial opportunities offered by regions like far north Queensland.<sup>46</sup>

- 3.43 Similarly, the FNQROC also noted that while Beef Roads funding was welcomed, it only allowed for small portions of roads to be upgraded. It argued that long term funding is required to complete necessary upgrades.<sup>47</sup>
- 3.44 The FNQROC also expressed concern regarding the long time frames between announcements of funding, and the delivery of projects; and the pressures that these long time frames place on local governments.<sup>48</sup> AgForce also called for the 'development of a timetable for the construction of identified freight

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<sup>44</sup> Councillor Jane McNamara, Mayor, Flinders Shire Council, *Committee Hansard*, Townsville, 9 October 2019, p. 15.

<sup>45</sup> The Chamber of Minerals and Energy Western Australia, *Submission 37*, p. 2.

<sup>46</sup> Far North Queensland Regional Organisation of Councils (FNQROC), *Submission 27*, p. 4.

<sup>47</sup> FNQROC, *Submission 27*, p. 4.

<sup>48</sup> FNQROC, *Submission 27*, p. 4.

routes, to provide greater certainty and assurance for producers in Northern Australia'.<sup>49</sup>

3.45 The FNQROC concluded that there is a need for:

- Focussed attention by the State and Federal governments on our roads,
- There is a need for long term consist funding of priorities/corridors to enable forward planning, and
- There is a need to consider the value of commodities being transported by road rather than just traffic volumes in prioritising funding.

3.46 The Australian Logistics Council also offered its support for projects funded by the ROSI program but submitted that:

...to further compliment the ROSI program we believe that the Australian Government should develop a timetable for the construction of key freight routes. This would assist in providing certainty for investors and producers in Northern Australia.<sup>50</sup>

3.47 Mrs Danelle Dowding, Executive Officer, Regional Development Australia Kimberley similarly stated that it would appear that 'the region remains out of sight, out of mind'. Mrs Dowding stated:

The Kimberley has a low population base and a corresponding low political influence. It seems the region remains out of sight, out of mind, and the national focus on its growth and development lags well behind many other regions. Fundamental hard and social infrastructure remains underdeveloped. Upgrading key roads is essential for reliable supply chains, strengthening of links to the market, and reducing inbound and outbound freight costs for handling bulk products and consumer-end commodities across the region.<sup>51</sup>

### **Investment priorities**

3.48 The committee received evidence that there remain a large number of road corridors across Northern Australia which require upgrading and maintenance, and which should be prioritised in government funding initiatives.

3.49 Submitters particularly noted that there remain 'variable standards' across road networks including 'inconsistencies with both construction and maintenance'. The Red Meat Advisory Council (RMAC) explained that road freight is the dominant land transport mode for livestock and meat products in Australia; however, there remain challenges with access to suitable routes. The RMAC noted that it has 'provided much information to the Australian Government in relation to vehicle access and infrastructure disconnect',

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<sup>49</sup> AgForce, *Submission 83*, p. 2.

<sup>50</sup> Australian Logistics Council, *Submission 33*, p. 4.

<sup>51</sup> Mrs Danelle Dowding, Executive Officer, Regional Development Australia Kimberley, *Committee Hansard*, Canberra, 10 February 2021, p. 15.

however, there remain 'maintenance deficits for most regional roads (in all states) with local rural roads particularly vulnerable'.<sup>52</sup> The RMAC emphasised that:

Rural and regional roads are an important component of the red meat and livestock transport network. Red meat and livestock paths-to-market generally commence on rural and regional roads and insufficient infrastructure and maintenance affects current and future freight productivity and economic growth.<sup>53</sup>

3.50 Similarly, the CME submitted that 'operational safety remains the number one priority for CME members' and that:

There are sections of major roads within northern WA that do not meet the minimum standard for largescale freight operations, and as a result pose a significant ongoing safety and operational concern for those who utilise them as an integral component of their ongoing operations.<sup>54</sup>

3.51 The CME provided a case-study regarding the Great Northern Highway (National Highway 1) between Broome and Wyndham which is relied on by the resources sector, tourism agriculture, the pastoral industry and the local community. Despite its status as a national highway, it contains numerous single-lane bridges which pose a significant safety concern for large freight operations. The CME highlighted that between 2013 and 2017, there were more than 45 serious accidents on this section of road, with at least 20 fatalities. It stated:

The bridges of most concern to members are located at Willare (south of Derby), where the volume of traffic is concentrated by consecutive single lane bridges, and includes significant tourist traffic alongside large freight movements.

3.52 The CME noted that investment through the NARP resulted in the upgrading of one of the bridges in 2018 and it argued that such investment should expand. The CME stated:

This investment must continue to ensure this major freight highway can safely shoulder the expanding demands of the range of sectors integral to the success of the region and provide safe road infrastructure for the communities of Northern Australia.<sup>55</sup>

3.53 The CME also noted the statistics regarding deaths and serious injuries in vehicle accidents in northern Western Australia, and the need to upgrade road infrastructure to reduce such risks. The CME submitted:

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<sup>52</sup> Red Meat Advisory Council (RMAC), *Submission 96*, p. 3.

<sup>53</sup> RMAC, *Submission 96*, pp. 3–4.

<sup>54</sup> Chamber of Minerals and Energy Western Australia (CME), *Submission 37*, p. 2.

<sup>55</sup> CME, *Submission 37*, p. 2.

The killed or seriously injured rate per 100,000 populations in northern WA is 150; double that of the State's metropolitan figures. The most common road accident that leads to one being killed or seriously injured is caused by a vehicle leaving the road (39% Pilbara, 49% Kimberley). Thus undertaking proactive upgrades to reduce the risk of run-off road crashes through sealing shoulders, installing audible edge lines and additional overtaking opportunities should be a priority.<sup>56</sup>

- 3.54 Mrs Dowding, Regional Development Australia Kimberley, also argued for the improvement of the 13 single lane bridges, as well as a range of other roads. Mrs Dowding stated:

Of particular concern to us are the 13 single-lane bridges across the Great Northern Highway and the reliance on the Kununurra Diversion Dam wall to cross the Ord river. These matters need to be addressed as a priority on National Highway 1, as do the key freight routes linking east to west, the Tanami Road and Buntine Highway, which are vital to increase and facilitate growth in all industry sectors.<sup>57</sup>

- 3.55 The Darwin Major Business Group also called for improvements to be made to a number of road corridors in the Northern Territory and noted that a range of industries are reliant on road infrastructure. It stated, for example, that tourism in the Kakadu National Park 'will only improve when Kakadu National park roads and other supporting infrastructure provide much greater and ease of access to well-known Kakadu sites'. Similarly, the Darwin Business Group noted the 10-year rolling program for improving major road corridors such as the Jabiru to Gove Road and stated that this would 'bring significant opportunity and benefits to Gove and surrounding coast communities by opening up tourism, cheaper goods and services, health and education delivery'.<sup>58</sup>
- 3.56 It is worth noting that many other areas in Northern Australia face similar wait times—some of even up to a decade—for vital road infrastructure to be completed. The ROSI program has works with forecasted funding out to 2027-28 (Alice Springs to Halls Creek), 2028-29 (Mount Isa to Rockhampton and Tennant Creek to Townsville) and 2029-30 (Newman to Katherine). Likewise, portions of the Bruce Highway Program will not be completed until 2026-27 (Mackay Ring Road [Stage 2] and Cairns Southern Access Corridor) and parts of the Outback Way will not be upgraded until 2028-29.<sup>59</sup> Given the substantial benefits completing these works, as well as comparable works around Kakadu

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<sup>56</sup> CME, *Submission 37*, p. 3.

<sup>57</sup> Mrs Dowding, *Development Australia Kimberley, Committee Hansard*, Canberra, 10 February 2021, p. 15.

<sup>58</sup> Darwin Major Business Group, *Submission 72*, pp. 4–5.

<sup>59</sup> Department of Infrastructure, Transport, Regional Development and Communications' 'Responses to Senator Sterle's written questions' tabled during Estimates hearings on 22 March 2021.

and Jabiru, would have, such slow intended progress seems far from optimal for the communities in these areas and Northern Australia more generally.

- 3.57 Mr Ashley Manicaros, Chief Executive Officer, Northern Territory Cattlemen's Association, also noted that the cattle industry would benefit from further upgrades to road infrastructure. Mr Manicaros stated:

We estimate that roughly \$40 million of cattle are located along the Carpentaria Highway that would benefit from upgrades to its existing infrastructure. The Buntine Highway has been the subject of one of the beef road funding sources. Up to Kalkarindji and the entire stretch of the Western Australian border there is about \$67 million worth of cattle in that space. At the moment, I think it is still a dirt track when you get further west from Kalkarindji.<sup>60</sup>

- 3.58 Mr Manicaros, Northern Territory Cattlemen's Association, called for additional funding in the Northern Territory, particularly where so-called 'beef roads' are being shared with other industries such as onshore gas, resulting in faster deterioration of infrastructure. Mr Manicaros stated:

We have approached the federal government and the Northern Territory government to accelerate \$500 million in road expenditure. They have a plan to spend that sort of money over a ten-year period. We have asked them to bring it forward over five years.<sup>61</sup>

- 3.59 The committee received evidence from a number of witnesses who argued that the regions in which they are located have not received a 'fair share' of funding. For example, Ms Kylie Porter, Chief Executive Officer, Greater Whitsunday Alliance and Regional Development Australia Mackay-Isaac-Whitsunday Inc, told the committee that roads in the Isaac region are inadequate. Ms Porter stated:

I don't believe that our region's roads, particularly across the Isaac region, are good enough for the amount of traffic and how important they are in our supply chain. We're actually incredibly resilient—Mackay, Isaac and Whitsunday—as a region. That's one of our best characteristics, but it's equally one of our biggest failings, because we haven't ever been a squeaky gate and we possibly need to be a bit squeakier in the future to make sure that we do receive our fair share.<sup>62</sup>

- 3.60 Similarly, the Mt Isa City Council stated that:

No specific projects or investments have been supported by the Australian Government's Northern Australia agenda in Mount Isa. However, we have witnessed...roads projects (beef roads and Northern Australia roads)

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<sup>60</sup> Mr Ashley Manicaros, Chief Executive Officer, Northern Territory Cattlemen's Association, *Committee Hansard*, Darwin, 6 November 2019, p. 33.

<sup>61</sup> Mr Manicaros, Northern Territory Cattlemen's Association, *Committee Hansard*, Darwin, 6 November 2019, p. 33.

<sup>62</sup> Ms Kylie Porter, Chief Executive Officer, Greater Whitsunday Alliance and Regional Development Australia Mackay-Isaac-Whitsunday Inc, *Committee Hansard*, Mackay, 12 March 2020, p. 11.

funded to our north, west and east, and so on, but not in or adjacent to Mount Isa.<sup>63</sup>

### **Barriers to investment in road infrastructure**

3.61 The committee heard that there are a number of barriers slowing or preventing investment in road infrastructure. For example, Mr Drew Wagner, Executive Director, Northern Territory Division, Minerals Council of Australia, explained that barriers to investment in road infrastructure include 'red tape' and 'costs'. Mr Wagner, in discussing the Tanami Road, stated:

...until we see some of that catalytic investment, until we see the removals of some of those red tape processes that we've already spoken about, it will be very difficult to encourage that large investment...<sup>64</sup>

3.62 Mr Wagner went on to explain that the barrier to improving road infrastructure in rural and remote areas 'comes down to costs. If you're looking at \$1 million per kilometre, it very quickly becomes a very expensive road that's not necessarily used by a large number of people'.<sup>65</sup> Mr Lyall (Jack) Bawden, Mayor, Carpentaria Shire, and Chair, North West Queensland Regional Organisation of Councils, similarly highlighted the ongoing costs faced by local councils in maintaining roads which if sealed, would require less maintenance. Mr Bawden stated:

The gravel has to be imported; that's why the bill is so high. We did it a couple of years ago—three years ago—at a cost of about \$13 million, and then in the last wet it got washed away...Our view is: it's built to a standard to put seal on it; why not put seal on it? We know that you can't utilise it during the wet—everyone understands that and gets that—but the fact is that, after the wet goes, it will be still there and not washed away.<sup>66</sup>

3.63 Other witnesses argued that there is a lack of cooperation or coordination between levels of government which is preventing investment in road infrastructure. For example, Ms Darlene Irvine, Executive Officer, FNQROC, stated that:

...one of the most frustrating things in this region is the clash between the federal and state governments. To be honest, I have to praise the federal government for investing more in the road network in the last seven years than I've seen in the last 20 years and significantly more than the state government. I'm so very grateful for that because, other than that, we would be struggling. We continually find that, where we get federal

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<sup>63</sup> Mt Isa City Council, *Submission 46*, p. 1.

<sup>64</sup> Mr Drew Wagner, Executive Director, Northern Territory Division, Minerals Council of Australia, *Committee Hansard*, Canberra, 22 May 2020, p. 15.

<sup>65</sup> Mr Wagner, Minerals Council of Australia, *Committee Hansard*, Canberra, 22 May 2020, p. 15.

<sup>66</sup> Mr Lyall (Jack) Bawden, Mayor, Carpentaria Shire, and Chair, North West Queensland Regional Organisation of Councils,

government support for initiatives in our region, the state government won't stand behind it.<sup>67</sup>

- 3.64 This was echoed by Mr Simpson, RDA Pilbara, who noted that one of the largest projects in the region, the sealing of the Karratha to Tom Price Road has faced obstacles in completion. Mr Simpson explained:

I think one of key issues is that this project has been on the table for such a long time. The federal government put in nearly 90 per cent of the money on the first stage, which has been completed. The hardest part now is there's more money for the second stage, but we've just found out that the environmentals haven't been done for the second stage. So it's now holed up in the state process of them trying to get your money. I think that's a classic example of the federal government having got the money on the table and then trying to get the state government to come and get the project kicked off. You'll always hit those obstacles along the way, and the frustration of it all.<sup>68</sup>

- 3.65 Mr Vernon Lawrence, Chief Executive Officer, Shire of Wyndham East Kimberley, also told the committee that government funding initiatives often have regulations which are difficult for councils to comply with. For example:

Because of where we are and the season to do our construction works and develop infrastructure is really only six months up here the restrictions and having to fit in with the rules and regulations around Roads to Recovery are quite difficult. It's the same with funding we get from natural disaster funding. As you know, with the rain and the monsoon events we get up here, we have a significant amount of money given to us to rectify roads, but the rules around it make it extremely difficult for us to comply.<sup>69</sup>

### **Impact of weather events on roads**

- 3.66 Submitters observed that Northern Australia faces a range of extreme weather events which negatively affect road infrastructure, and as a result there are significant costs associated with its maintenance and repair. It was suggested that disaster mitigation, which includes weather appropriate roads, could lower such costs. The CME stated:

The nature of the Kimberley and Pilbara regions lend themselves to regular extreme weather events such as flooding and extreme heat, contributing to significant wear-and-tear on the road network.<sup>70</sup>

- 3.67 Similarly, the RMAC noted the findings of the Australian Infrastructure Audit 2019 which found that:

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<sup>67</sup> Ms Darlene Irvine, Executive Officer, FNQROC, *Committee Hansard*, Cairns, 15 December 2020, p. 15.

<sup>68</sup> Mr Simpson, Regional Development Australia Pilbara, *Committee Hansard*, Canberra, 11 February 2021, p. 2.

<sup>69</sup> Mr Vernon Lawrence, Chief Executive Officer, Shire of Wyndham East Kimberley, *Committee Hansard*, Canberra, 9 February 2021, p. 9.

<sup>70</sup> CME, *Submission 37*, p. 3.

...Northern Australian is particularly prone to extreme weather and climate impacts, higher costs of living and high building costs, higher levels of risks and barriers to investment, lack of planning and investment coordination resulting in a disconnected transport network and inefficient supply chains.<sup>71</sup>

- 3.68 Representatives of the City of Karratha gave evidence that the greatest cost associated with cyclones and other disasters in the region is to road infrastructure, as 'they're so susceptible to flooding and they've usually been done relatively cheaply'. Councillor Peter Long, Mayor, City of Karratha also argued that when a road 'gets washed out' there is an opportunity to build a 'better road', though roads are usually just repaired.<sup>72</sup> Councillor Long noted that at the time of the hearing, the north-west coastal highway was 'washed out' as a result of significant rain fall. Councillor Long highlighted that if the highway had been reinstated with a bridge to allow flooding after a similar rain event 10 years prior, then 'it would have been more satisfactory'. Councillor Long stated:

There's about a quarter of a kilometre of the road totally washed out. When I say totally washed out, I mean there's a metre drop from the edge of the bitumen to the dirt. This happened before about 10 years ago. If that was properly reinstated with, for example, a bridge to allow the flooding to go through, it would have been more satisfactory; but, of course, roads are very costly, and there tends to be a repair job every time.<sup>73</sup>

- 3.69 This was echoed by Mr Ryan Hall, Director of Development Services, City of Karratha, who remarked that 'rebuilding the same infrastructure leads to the same faults later down the track'. Mr Hall stated:

It could be a case where it's identified that a bridge could be installed instead of a road that floods and gets washed away. I think at the moment the rules are good if you just want to replace and repair—we've been doing that and no complaints there—but I think there is probably scope to identify where that infrastructure could be upgraded to avoid having to repair and replace it again in the future.<sup>74</sup>

- 3.70 Councillor Long told the committee that the Kimberley region receives significant rainfall each year, and roads require regular repairs and that funding is insufficient to make them 'flood proof'. Councillor Long stated:

As you know, the Kimberley gets huge amounts of rainfall at this time of year and everything floods and everything goes green and then it dries off. Every year, their roads get washed out and they repair them. They're lucky if they can actually repair them before the next wet season and there's

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<sup>71</sup> RMAC, *Submission 96*, p. 4.

<sup>72</sup> Councillor Long, Mayor, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 15.

<sup>73</sup> Councillor Long, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 10.

<sup>74</sup> Mr Ryan Hall, Director of Development Services, City of Karratha, *Committee Hansard*, 11 February 2021, p. 15.

never money to actually make them flood-proof. It's an ongoing problem. I think that needs to be addressed. It would be terrific if we could do that.<sup>75</sup>

3.71 Councillor Long also reflected that replacing existing infrastructure with weather-proof roads would cost more than simply repair damaged infrastructure, but that it would prevent damage in the long term.<sup>76</sup>

3.72 The RMAC suggested that the Northern Australia Infrastructure Facility (NAIF) could play a greater role in funding adaptive infrastructure.<sup>77</sup> This recommendation was based on Infrastructure Australia's report *An Assessment of Australia's Future Infrastructure Needs: The Australian Infrastructure Audit 2019*. The assessment found that:

The right infrastructure can unlock growth in regional industries, but delivery can be challenging due to low populations, challenging weather, changing markets and high building costs. Boom-and-bust economic cycles add more difficulty, but adaptive infrastructure can help stabilise them.

Northern Australia is particularly prone to these challenges, yet it has significant economic potential. Infrastructure can help access this opportunity. Governments can support development by drawing on:

- current research, including from CSIRO and Geosciences Australia
- lessons from past development efforts.<sup>78</sup>

3.73 The assessment also stressed the importance of improving infrastructure more generally throughout Northern Australia, as it 'can catalyse quality of life and productivity by improving connectivity and efficiency'<sup>79</sup> and highlighted the importance of drought-proofing the water sector throughout Australia.<sup>80</sup>

## Rail

3.74 Several witnesses and submitters noted how increased rail throughout more parts of Northern Australia would aid with development,<sup>81</sup> due in large part to

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<sup>75</sup> Councillor Long, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, pp. 15–16.

<sup>76</sup> Councillor Peter Long, Mayor, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 15.

<sup>77</sup> RMAC, *Submission 96*, p. 4.

<sup>78</sup> Infrastructure Australia, *An Assessment of Australia's Future Infrastructure Needs: The Australian Infrastructure Audit 2019*, June 2019, p. 192.

<sup>79</sup> Infrastructure Australia, *An Assessment of Australia's Future Infrastructure Needs: The Australian Infrastructure Audit 2019*, June 2019, p. 6.

<sup>80</sup> Infrastructure Australia, *An Assessment of Australia's Future Infrastructure Needs: The Australian Infrastructure Audit 2019*, June 2019, p. 74.

<sup>81</sup> Councillor Jane McNamara, Mayor, Townsville City Council, *Committee Hansard*, Townsville, 9 October 2019, p. 15; Mr Glendon Graham, Chief Executive Officer, Mount Isa to Townsville Economic Zone Inc, *Committee Hansard*, Mount Isa, 10 October 2019, pp. 1-2; Mr Sidney, General Manager, Strategy and State and Territory Relations, Minerals Council of Australia, *Committee Hansard*, Canberra, 22 May 2020, p. 11; Mr Lyall (Jack) Bawden, Mayor, Carpentaria Shire and

the ability of rail networks to move large amounts of freight. This includes the movement of materials for the minerals and resources industry, as well as freight associated with agriculture and agricultural processing (such as the production of sugar).<sup>82</sup> Additionally, rail provides transportation options that can further tourism.<sup>83</sup> The rolling manufacture of rail stock is also, in and of itself, a significant construction industry.<sup>84</sup>

3.75 When submitting to the committee, AgForce Queensland Farmers aptly described some of the benefits of rail networks:

Rail plays a critical role in the transport of cattle and bulk cargo such as grains and coal and would therefore be an important investment in the development of a northern grains industry. Further, investment in rail eases maintenance pressure on regional roads, as well as limiting carbon emissions. Given this, the development of a rail improvement and maintenance investment program similar to the Roads of Strategic Importance program would be welcomed.<sup>85</sup>

3.76 Rail networks can also open up previously inaccessible natural resources and make new businesses possible. Mr Glendon Graham, Chief Executive Officer, Mount Isa to Townsville Economic Zone Inc described to the committee how there is a well-known deposit of iron ore at Westmoreland, which is located on the Northern Territory border near Burketown. Mr Graham explained how, at present, these resources could not be utilised:

Because of its isolation, it's sort of a forgotten resource. It's just too far to be able to access. It's still in the ground; it's still there for the future. But the story of that deposit is that you can't put in ships to carry iron ore out, as they do in Western Australia, because the water up there's too shallow. So it would need some sort of rail-road solution for that to happen.<sup>86</sup>

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Chair, North West Queensland Regional Organisation of Councils, *Committee Hansard*, Cairns, 15 December 2020, p. 15; Mr Kevin Byrne, President, Cairns Tourism Industry, *Committee Hansard*, Cairns, 15 December 2020, p. 37; Association Mr Luke Simpkins, Chief Executive Officer, Kimberley Pilbara Cattlemen's Association, *Committee Hansard*, Canberra, 10 February 2021, p. 28; Councillor Jenny Hill, Board Member, Local Government Association of Queensland, and Mayor of Townsville, *Committee Hansard*, Townsville, 12 March 2021, p. 45; Australian Logistics Council, *Submission 33*, pp. 5-6; Mount Isa City Council, *Submission 46*, p. 4; and p. 6; and AgForce Queensland Farmers, *Submission 83*, p. 2.

<sup>82</sup> Regarding the transportation of sugar cane, see: Mr Mark, Executive Director and Chief Executive Officer, Mackay Sugar Limited, *Committee Hansard*, Mackay, 12 March 2020, p. 18.

<sup>83</sup> See Mr Kevin Byrne, President, Cairns Tourism Industry, *Committee Hansard*, Cairns, 15 December 2020, p. 37.

<sup>84</sup> See Australian Manufacturing Workers' Union, *Submission 50*, pp. 12-13.

<sup>85</sup> AgForce Queensland Farmers, *Submission 83*, p. 2.

<sup>86</sup> Mr Glendon Graham, Chief Executive Officer, Mount Isa to Townsville Economic Zone Inc, *Committee Hansard*, Mount Isa, 10 October 2019, p. 3.

What I'm saying is: along that route out in that direction, there are a number of other deposits that could all benefit. It's pretty much the same as what they're talking about now with the rail line from the Galilee Basin into Bowen. It's a rail line that should be used for a number of mines rather than the one to make it more viable.

3.77 However, despite the potential benefits of rail, it requires a large initial outlay of funds. Mr David Malone, Chief Executive, Master Builders Northern Territory, described his perspective on the matter:

A key challenge for new investors in the NT is the limited base of infrastructure in the region. Everybody is a pioneer, many times having to build not just their own project but also the infrastructure needed to get their particular product to market. This route to market challenge is one of the key negatives in terms of trying to get investment across the line. If you're trying to put a project together and you've got to build \$100 million dollars of rail infrastructure to get your product to the main line or you've got to put extensions into the port, that's got to be paid for in some shape or form.<sup>87</sup>

### *Current and proposed projects*

3.78 There are a number of large-scale rail projects currently being undertaken in Northern Australia. In DISER's supplementary submission to the inquiry, the Department noted that the NAIF is funding a 90-kilometre rail spur to connect Verdant Minerals Limited's phosphate ore mine at Ammaroo with the Alice Springs to Darwin railway line. Up to \$160 million has been set aside for the project, and it has been forecasted to support 300 construction jobs, as well as 150 ongoing jobs in the area.<sup>88</sup> Additionally, a new multi-user rail loading facility at Cloncurry has been granted development approval.<sup>89</sup>

3.79 However, there was an additional proposal that was of interest to a number of submitters. The Australian Logistics Council submitted that a railway from Mount Isa to Tennant Creek would significantly drive growth in Northern Australia and that the project ought to be a priority for investment.<sup>90</sup> Figure 3.1, below, depicts this proposed link.

### **Figure 3.1 Tennant Creek to Mount Isa**

<sup>87</sup> Mr David Malone, Chief Executive, Master Builders Northern Territory, *Committee Hansard*, Darwin, 6 November 2019, p. 66.

<sup>88</sup> DISER, *Submission 30.1*, p. 43.

<sup>89</sup> Mr Graham, Mount Isa to Townsville Economic Zone Inc, *Committee Hansard*, Mount Isa, 10 October 2019, pp. 1-2.

<sup>90</sup> Australian Logistics Council, *Submission 33*, pp. 5-6.



Source: Australian Logistics Council, *Submission 33*, p. 6.

### 3.80 The Australian Logistics Council described the rationale behind this proposed new link:

Unlocking the Barkly tableland would significantly assist in driving economic growth in Northern Australia. 16 mines in the Northern Territory are currently in development, and the locality of Katherine is also developing an agricultural logistics hub on the north/south rail line. These projects, as well as the development of mining projects in South Australia, will contribute to providing an incentive to invest in rail infrastructure in Northern Australia.

The economic case for the construction of the Mt Isa to Tennant Creek Railway has been further strengthened by the rise in importance of lithium and cobalt to the global economy, and the potential of Darwin and Townsville as major export hubs to the US and Asian markets.<sup>91</sup>

<sup>91</sup> Australian Logistics Council, *Submission 33*, pp. 5-6.

- 3.81 Mr Glendon Graham, Chief Executive Officer, Mount Isa to Townsville Economic Zone Inc also expressed support for this proposed rail link,<sup>92</sup> as did the Mount Isa City Council.<sup>93</sup>

*Townsville: a case study*

- 3.82 The network of road and rail around Townsville was raised by witnesses are a particularly relevant example of a successful network, as it has allowed the construction of the new Lansdown Eco-Industrial Precinct<sup>94</sup> and also weathered substantial natural disasters. Councillor Jane McNamara, Mayor, Townsville City Council, described how the Townsville area is served by a combination of road and rail:

The Flinders Highway is a huge network. It is the only highway in Australia that has a railway line beside it. You can put resources on at one end and they're delivered to the port of Townsville. It's really important that that link is made stronger. This was brought out earlier this year with the February flooding, when that railway line was washed away and the Flinders Highway was cut for several weeks.<sup>95</sup>

- 3.83 Likewise, Councillor Jenny Hill, Board Member, Local Government Association of Queensland, and Mayor of Townsville, noted that what Northern Australia requires is a system of roads and railways that complemented each other.<sup>96</sup> Councillor Hill also noted that having a cohesive transport network was also vitally important in her area during 2019 floods:

One of the advantages for us with the Lansdown precinct was that during the floods—and we had close to 400 millimetres of rainfall in that catchment—the road network remained open all the way through to the port and that section of the rail network remained open. So, for anyone who wants to invest or put a business in that region, it gets a big tick because, if it survived one of the worst rainfall events we have ever seen, you know that you can put your business there and it is not going to suffer.<sup>97</sup>

- 3.84 The committee notes the role that rail has played in Townsville's economic development, as well as how the comprehensive rail-road network in the area

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<sup>92</sup> Mr Graham, Mount Isa to Townsville Economic Zone Inc, *Committee Hansard*, Mount Isa, 10 October 2019, pp. 1-2.

<sup>93</sup> Mount Isa City Council, *Submission 46*, p. 4 and p. 6.

<sup>94</sup> See Mr John Khoo, General Manager, Corporate Development, Queensland Pacific Metals, *Committee Hansard*, Townsville, 12 March 2021, pp. 61-62.

<sup>95</sup> Councillor Jane McNamara, Mayor, Townsville City Council, *Committee Hansard*, Townsville, 9 October 2019, p. 15.

<sup>96</sup> Councillor Jenny Hill, Board Member, Local Government Association of Queensland, and Mayor of Townsville, *Committee Hansard*, Townsville, 12 March 2021, p. 45.

<sup>97</sup> Councillor Hill, Local Government Association of Queensland, and Mayor of Townsville, *Committee Hansard*, Townsville, 12 March 2021, p. 48.

managed to continue to function during the 2019 floods. This represents a significant success story of road and rail infrastructure in Northern Australia.

### *State and federal cooperation*

3.85 Mr Lyall (Jack) Bawden, Mayor, Carpentaria Shire and Chair, North West Queensland Regional Organisation of Councils, noted his frustration that, at present, state governments seemed to be prioritising urban roads over regional and rural links, despite the Federal Government being willing to back the project:

We continually find that, where we get federal government support for initiatives in our region, the state government won't stand behind it. Their focus seems to be on 'This is my opinion on South-East Queensland,' and it seems to be focused on spending money on commuter use. An example is the Cross River Rail. If we had the same investment of \$6.7 billion in northern Australia, the return on investment would be significantly higher, long term and growing compared to what I call commuter route investment in Brisbane.<sup>98</sup>

3.86 This point was also made by the Australian Manufacturing Workers' Union, which noted that states too often 'go it alone' in terms of rail procurement.<sup>99</sup> The union subsequently recommended that 'Commonwealth and state governments should maximise the benefit to regional communities from the significant investment in rail infrastructure that will be made over the next decade'.<sup>100</sup>

### **Aviation infrastructure**

3.87 The committee received a range of evidence in relation to aviation infrastructure in Northern Australia, and its importance in providing reliable transport for both passengers and goods.

### *Government investment*

3.88 The Australian Government implements a range of policies designed to facilitate a 'viable, competitive, and safe aviation industry which contributes to the prosperity of the economy and wellbeing of the community'.<sup>101</sup>

3.89 To assist connectivity in regional centres, including in Northern Australia, the Australian Government provided \$100 million in grant funding over four years from 2019–20 for the Regional Airports Program. This program is a key enabler of regional transport for regional communities, and supports

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<sup>98</sup> Mr Lyall (Jack) Bawden, Mayor, Carpentaria Shire and Chair, North West Queensland Regional Organisation of Councils, *Committee Hansard*, Cairns, 15 December 2020, p. 15.

<sup>99</sup> Australian Manufacturing Workers' Union, *Submission 50*, p. 14.

<sup>100</sup> Australian Manufacturing Workers' Union, *Submission 50*, p. 14.

<sup>101</sup> DIRDC, *Submission 77*, p. 14.

employment in the regions. The Regional Airports Program provides assistance to the owners of regional airports to undertake essential works which promote aviation safety, and access for communities.<sup>102</sup>

- 3.90 The first round of the Regional Airports Program contained \$41 217 096 for specific projects. Of the 61 funded projects from the first round, none are located in the Northern Territory or in the north of Western Australia.

**Table 3.5 Regional Airports Program: Round 1 funding**

Recipient	Location	Funding	Purpose
Whitsunday Regional Council	Bowen, QLD	\$250,000	Resurfacing of the runway, repair of turning nodes and cracks
Gladstone Airport Corporation	Gladstone, QLD	\$722,372	Drainage works
Gladstone Airport Corporation	Gladstone, QLD	\$876,121	Resealing and redesign of the northern apron, linemarking
Gladstone Airport Corporation	Gladstone, QLD	\$136,750	Rejuvenation of runway

Source: DIRDC, *Regional Airports Program Grants – Round 1 funding details*, <https://www.infrastructure.gov.au/aviation/regional/rap-round-1.aspx> (accessed 13 April 2021)

- 3.91 At the time of writing, funding for Round 2 of the Regional Airports Program is yet to be announced.
- 3.92 As part of the Regional Aviation Access Programme, the Australian Government is investing in upgrades to remote airstrips in isolated outback communities through the Remote Airstrip Upgrade program. The Remote Airstrip Upgrade program is intended to enhance the safety and accessibility of aerodromes in remote areas of Australia. It also facilitates improved delivery of essential goods and services such as health care.<sup>103</sup> The Australian Government is also delivering the Extension to the Remote Airstrip Upgrade (RAU), program and additional support for the Remote Air Services Subsidy (RASS) Scheme (\$39.6 million) measure under the White Paper.<sup>104</sup>

<sup>102</sup> DIRDC, *Submission 77*, p. 14.

<sup>103</sup> DIRDC, *Submission 77*, p. 14.

<sup>104</sup> DIRDC, *Submission 77*, p. 14.

- 3.93 The RAU Program provides assistance for safety and access works at eligible remote aerodromes across Australia, including those in Northern Australia. The RASS subsidises regular weekly air transport for the carriage of passengers and goods to communities in remote areas of Australia. This measure has been delivered with 65 projects funded under RAU.<sup>105</sup>
- 3.94 The Australian Government continues to support the upgrade of remote airstrips including those in Northern Australia through the RAU program and to deliver air services to 372 remote communities through the RASS Scheme.<sup>106</sup>
- 3.95 Under rounds 4, 5 and 6 of the RAU program, over \$21.9 million for 63 projects have been committed to Northern Australia. Projects include:
- upgrading runway surfaces;
  - stormwater drainage;
  - safety equipment such as runway lighting and navigation aids; and
  - other infrastructure such as animal proof fencing.<sup>107</sup>
- 3.96 The program is currently up to Round 8. The results from Rounds 6 and 7 are publicly listed online.<sup>108</sup> From these rounds, 28 grants were made in Queensland, 12 in the Northern Territory and 16 in Western Australia.<sup>109</sup>
- 3.97 On 13 June 2020, the Deputy Prime Minister announced \$9 million in funding for 45 access and safety upgrade projects across Australia, under round 7 of the program. Twenty-nine of the 45 projects were based in Northern Australia totalling \$6.9 million.<sup>110</sup>

### *Evidence received by the committee*

- 3.98 Submitters offered their support for government investment in aviation infrastructure. For example, RDA Townsville and North West Queensland stated that it has 'welcomed the investments in remote airstrips that have ensured on-going connectivity for residents and service delivery and access to health and education services'.<sup>111</sup>

### **Cost and reliability of services**

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<sup>105</sup> DIRDC, *Submission 77*, p. 14.

<sup>106</sup> DIRDC, *Submission 77*, p. 14.

<sup>107</sup> DISER, *Submission 30*, p. 4.

<sup>108</sup> Up-to-date round results can be found at <https://www.business.gov.au/grants-and-programs/remote-airstrip-upgrade-program/grant-recipients> (accessed 13 April 2021).

<sup>109</sup> For the full breakdown of recipients, see Australian Government: Business, Remote Airstrip Upgrade Program: Successful applicants, <https://www.business.gov.au/grants-and-programs/remote-airstrip-upgrade-program/grant-recipients> (accessed 13 April 2021)

<sup>110</sup> DISER, *Submission 30.1*, p. 4.

<sup>111</sup> Regional Development Australia Townsville and North West Queensland, *Submission 47*, p. 2.

- 3.99 The committee received evidence in relation to the cost of air travel in Northern Australia, including the cost of airfares, and the impact of having limited services.
- 3.100 Mr Tony Simpson, Chief Executive Officer, Regional Development Australia Pilbara, told the committee that the cost of air travel in the north west of Western Australia has 'always been a struggle' with prices between \$600 and \$800. Mr Simpson noted that while 'competition will always do well to keep prices down', there are only two carriers providing services in the region and 'the prices are not much different to each other. They sort of bat off each other'.<sup>112</sup>
- 3.101 Mr Mark Davis, Manager, Community and Economic Development, Shire of Broome, in discussing the cost of airfares told the committee in the past there had been a 'downward trend in seat availability and an upward trend in the price of airfares'. However, in recent years there had been a 'significant downwards trends in the prices of airfares'. Mr Davis stated that the Western Australian government has worked with both Qantas and Virgin over the 'last few years' and that the introduction of capped pricing 'has certainly been effective in increasing flight tourism and also making the costs of travel more effective for community members'.<sup>113</sup>
- 3.102 However, Ms Janine Hatch, Economic Development Coordinator, Shire of Broome, expressed concern that 'the state government is subsidising airfares, which is going to be unsustainable in the long run'.<sup>114</sup>
- 3.103 In addition, witnesses expressed concern regarding the impact of cancelled or delayed services on rural and remote communities. For example, Groote Eylandt and Bickerton Island Enterprises (GEBIE) told the committee that the unreliability of air services is 'having a dire effect on business in the region and personal passenger movements'. GEBIE explained that services provided by Air North are regularly cancelled or delayed and that the 'nascent tourism industry on the Groote Archipelago' is being negatively affected. GEBIE explained:

The Lodge has two fishing charter boats to host domestic and international clients who come to Groote to fish and observe the pristine wilderness in all its beauty, to see the local Indigenous arts and crafts, visit cave paintings and other relevant landmarks. This is becoming difficult as at least one sector flying in/out is cancelled. Then there is the inevitable

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<sup>112</sup> Mr Tony Simpson, Chief Executive Officer, Regional Development Australia Pilbara, *Committee Hansard*, Canberra, 11 February 2021, p. 7.

<sup>113</sup> Mr Mark Davis, Manager, Community and Economic Development, Shire of Broome, *Committee Hansard*, Canberra, 10 February 2021, pp. 13–14.

<sup>114</sup> Ms Janine Hatch, Economic Development Coordinator, Shire of Broome, *Committee Hansard*, Canberra, 10 February 2021, p. 14.

negative feedback posted on sites like Trip Advisor. There is no Regulator to force Air North to provide the basic services but we wish there was.<sup>115</sup>

3.104 A solution to the costs faced by aviation providers was proposed by Mr Vernon Lawrence, Chief Executive Officer, Shire of Wyndham East Kimberley. Mr Lawrence stated that a lifting and/or reduction in cabotage restrictions could open up 'enormous opportunities'.<sup>116</sup> This suggestion was also supported by the Torres Shire Council, although the Council did note that any changes of current arrangements should not be undertaken in a 'laissez faire' manner.<sup>117</sup>

### *Aviation during COVID-19*

3.105 The COVID-19 pandemic has had a substantial impact on both international and domestic aviation, with regional airlines facing particular challenges. The Senate Rural and Regional Affairs and Transport References Committee's Inquiry into the future of Australia's aviation sector in the context of COVID-19 and conditions post pandemic received public submissions on this topic, which are considered in this report due to the particular relevance of this issue to Northern Australia.

3.106 Airservices Australia submitted that the COVID-19 pandemic had caused 'unprecedented disruption' in the sector, with the impact being far worse than the impacts on the sector following September 11, the collapse of Ansett Airlines or the SARS pandemic.<sup>118</sup> Indeed, Airservices Australia has forecasted that a return to 80 per cent of pre-COVID traffic is not predicted until around 2024.<sup>119</sup> Queensland Airports reported the direct impact of the pandemic on airports in the region:

In the year ended 30 June 2020, 6.3 million passengers were recorded across Gold Coast, Townsville, Mount Isa and Longreach airports. This was 25 per cent less than the year before, with a significant drop off in travel from mid-March. At our largest port, Gold Coast Airport, about 1.5 million fewer people travelled in the last three months of the year, or 99 per cent fewer people supporting the tourism and business sectors in this region.<sup>120</sup>

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<sup>115</sup> Groote Eylandt and Bickerton Island Enterprises (GEBIE), *Submission 87*, p. 2.

<sup>116</sup> Mr Vernon Lawrence, Chief Executive Officer, Shire of Wyndham East Kimberley, *Committee Hansard*, Canberra, 9 February 2021, p. 10.

<sup>117</sup> Torres Shire Council, *Submission 89*, p. 2.

<sup>118</sup> Senate Rural and Regional Affairs and Transport References Committee, *Inquiry into the future of Australia's aviation sector in the context of COVID-19: Airservices Australia, Submission 2*, p. 1.

<sup>119</sup> Senate Rural and Regional Affairs and Transport References Committee, *Inquiry into the future of Australia's aviation sector in the context of COVID-19: Airservices Australia, Submission 2*, p. 4.

<sup>120</sup> Senate Rural and Regional Affairs and Transport References Committee, *Inquiry into the future of Australia's aviation sector in the context of COVID-19: Queensland Airports, Submission 6*, p. 1.

3.107 Queensland Airports submitted that the pandemic had obliged them to restructure, resulting in a staff reduction of 30 per cent, and that they had experienced an 80 per cent fall in revenue from April to November 2020.<sup>121</sup>

3.108 In March 2020, the Australian Government announced its Australian Airline Relief Package. The \$715 million package included the refunding and ongoing waiving of:

- the aviation fuel excise,
- Airservices charges on domestic airline operations, and
- domestic and regional security charges.<sup>122</sup>

3.109 Many aviation industry groups benefitted from the Australian Government's JobKeeper initiative. Queensland Airports submitted that JobKeeper had assisted them to retain as many staff as possible.<sup>123</sup> However, Queensland Airports highlighted that the majority of Australian Government support has gone to airlines, as opposed to airports and other segments of the aviation supply chain:

Much of this funding covered the cost of essential flights for airline operators, particularly through the Domestic Aviation Network Support (DANS) and Regional Airline Network Support (RANS) programs, while airports like Gold Coast Airport kept terminals open to support these flights and operated at a loss.<sup>124</sup>

3.110 These matters are being examined further via the Senate Standing Committees on Rural and Regional Affairs and Transport's Inquiry into the future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic, which is due to table on 13 May 2021, as well as the Rural and Regional Affairs and Transport Legislation Committee's inquiry into Australia's general aviation industry, which is due to report by 30 November 2021. This committee anticipates that these reports will make further commentary on the difficulties faced by the aviation sector in Northern Australia and Australia more generally. Accordingly, the committee has refrained from going into detail in these areas, given that other inquiries are focusing specifically on these matters.

## Maritime freight

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<sup>121</sup> Senate Rural and Regional Affairs and Transport References Committee, *Inquiry into the future of Australia's aviation sector in the context of COVID-19: Queensland Airports, Submission 6*, p. 1.

<sup>122</sup> Senate Rural and Regional Affairs and Transport References Committee, *Inquiry into the future of Australia's aviation sector in the context of COVID-19: Airservices Australia, Submission 2*, p. 3.

<sup>123</sup> Senate Rural and Regional Affairs and Transport References Committee, *Inquiry into the future of Australia's aviation sector in the context of COVID-19: Queensland Airports, Submission 6*, p. 5.

<sup>124</sup> Senate Rural and Regional Affairs and Transport References Committee, *Inquiry into the future of Australia's aviation sector in the context of COVID-19: Queensland Airports, Submission 6*, p. 6.

- 3.111 Over half of Australia's sea exports are undertaken via Northern Australia, including the exportation of minerals and agricultural products,<sup>125</sup> meaning that maritime freight is a key area for the economic development of Northern Australia. For some areas, such as in the Torres Strait and the Mornington Shire, communities are entirely dependent on coastal shipping to supply heavy freight that includes fuels, machinery and business construction materials, as well as general cargo and fresh produce.<sup>126</sup>
- 3.112 Currently, maritime freight is regulated via the National System for Domestic Commercial Vessel Safety, which is delivered by the Australian Maritime Safety Authority. According to the DIRDC, 'this consistent set of standards and safety services allows operators, seafarers and vessels to move seamlessly between jurisdictions, and supports confidence and safe employment across sectors such as marine tourism, transport and fishing'.<sup>127</sup>
- 3.113 The DIRDC submitted that the National Freight and Supply Chain Strategy, which was agreed to by transport ministers on 2 August 2019, would 'aim[]for better linkages from major regional and remote areas to key freight corridors, trade gateways (ports and airports), and improved all weather access to export gateways, including in Northern Australia'.<sup>128</sup> The *Coastal Trading (Revitalising Australian Shipping Act) 2013* provides for the licencing of domestic interstate shipping, which is an essential part of the supply chain for regional and remote coastal communities.
- 3.114 Large amounts of freight are moved from Northern Australia by sea. For example, Wilmar Sugar Australia submitted that Sugar Australia ships approximately 235,000 to 260,000 tonnes of bulk raw sugar annually from Queensland to its refinery at Yarraville in Melbourne and that Wilmar Sugar itself ships 40,000 to 50,000 tonnes of sugar cane molasses annually from Queensland to fermentation and animal feed markets in Victoria. Wilmar Sugar stated that coastal sea-freight is 'the only viable transport method for large quantities of bulk molasses to this market'.<sup>129</sup>
- 3.115 Additionally, Regional Development Australia Far North Queensland and Torres Strait submitted that moving freight by sea is far more carbon effective than moving freight by road or rail, observing that it is 'up to 100 times more carbon effective per tonne moved' and that freight by sea' offers all year-round

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<sup>125</sup> Australians for Northern Development and Economic Vision, *Submission 60*, p.3.

<sup>126</sup> Torres Cape Indigenous Council Alliance, *Submission 98*, p. 5.

<sup>127</sup> Department of Infrastructure, Regional Development and Cities (DIRDC), *Submission 77*, p. 13.

<sup>128</sup> DIRDC, *Submission 77*, p. 13.

<sup>129</sup> Wilmar Sugar Australia, *Submission 53*, p. 11.

project support as road and rail access across Northern Australia as access can be cut during the wet/monsoon season'.<sup>130</sup>

3.116 Regional Development Australia Far North Queensland further submitted on the rising importance of freight by sea in Northern Australia:

The vast distances between remote major centres across Northern Australia, combined with the restricting effects of the climate change movement on the nation's development agenda and the benefits of sea freight over road/rail transport will drive the growth of sea transport options across the North and compel port and micro port development to unlock infrastructure development potential. Rather than ports in the north being outward or export focused, many will need to re-focus on being importers of packaged goods to service regional centres or communities via a land based "hub and spoke" model.<sup>131</sup>

3.117 Regional Development Australia Far North Queensland proposed that a review of policy ought to take place 'for ports development across Northern Australia with a view to expanding existing facilities and installation of micro-ports as import hubs' in order for the full benefit of freight by sea to be realised.<sup>132</sup>

3.118 However, there are substantive difficulties in this area. AgriFutures Australia noted that, at present, there is a significant cost associated in moving farm produce through domestic and international freight chains.<sup>133</sup> Further, the benefits from freight are not always passed on to nearby communities. The Town of Port Hedland reported that 'the people of Port Hedland watch the traffic of innumerable freight ships entering and leaving the world's largest bulk port, accumulating wealth for companies, the state and the nation, while they access aged infrastructure and their living standard declines'.<sup>134</sup>

3.119 The Torres Cape Indigenous Council Alliance submitted that its communities had raised the issue of freight subsidies for many years as a way to reduce costs, particularly in the Torres Strait and Mornington Island areas. The Alliance proposed that a scheme like the Tasmanian Freight Equalisation Scheme, which helps to reduce the costs of transporting goods by sea, would both address high living costs and open the region to greater development and market opportunities.<sup>135</sup>

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<sup>130</sup> Regional Development Australia Far North Queensland, *Submission 36*, p. 4.

<sup>131</sup> Regional Development Australia Far North Queensland, *Submission 36*, p. 4.

<sup>132</sup> Regional Development Australia Far North Queensland, *Submission 36*, p. 4.

<sup>133</sup> AgriFutures Australia, *Submission 65*, p. 5.

<sup>134</sup> Town of Port Hedland, *Submission 35*, p. 5.

<sup>135</sup> Torres Cape Indigenous Council Alliance, *Submission 98*, p. 5.

3.120 The Northern Territory Farmers Association likewise raised the concept that Northern Australia could have a dedicated freight subsidy scheme. The Association submitted that:

A valuable opportunity to support the development of export capacity from Northern Australia would be the consideration of a Freight Subsidy Scheme. As part of this modelling there needs to more consideration for the remoteness of Northern Australia and what this means to access domestic and international markets: the tyranny of distance and high transport and handling costs inhibit development of key manufacturing industries and sustainable agricultural and aquaculture products.<sup>136</sup>

3.121 The Northern Territory Farmers Association stated that a Northern Australia Freight Equalisation Scheme, like the Tasmanian Freight Equalisation Scheme, would reduce the cost impost of doing businesses in remote regions.<sup>137</sup>

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<sup>136</sup> Northern Territory Farmers Association, *Submission 2*, p. 2.

<sup>137</sup> Northern Territory Farmers Association, *Submission 2*, pp. 2-3.



# Chapter 4

## Water infrastructure

- 4.1 The *Our North, Our Future: White Paper on Developing Northern Australia* (White Paper) argued that water is the single biggest driver for economic prosperity in Australia. Many of the north's major existing industries, including the food and beverage industry, agribusiness, power and energy, mining and tourism, depend on water and its proper management to succeed. As such, the development of Northern Australia depends on meeting demand for water.
- 4.2 The committee received a range of evidence related to water infrastructure in Northern Australia including current demands, the importance of infrastructure, and the need for further investment. This chapter considers this evidence, while the environmental effects of water infrastructure are discussed in chapter 10.

### White Paper

- 4.3 The White Paper noted that up to 17 million hectares of land in Northern Australia have soils which are potentially suitable for agriculture, but there is only water sufficient to irrigate approximately one tenth of that area. The White Paper argued that building appropriate water infrastructure in optimal locations would be crucial to realising the full potential of Northern Australia.<sup>1</sup>
- 4.4 The White Paper noted that Northern Australia receives an average of more than two million gigalitres of rainfall every year, which is more than 60 per cent of the national total. However, this rainfall is highly variable and seasonal, with most of the year's rain falling in the summer months. In the dry season, zero monthly rainfall totals are common.<sup>2</sup>
- 4.5 In addition, approximately 65 per cent of the north's rainfall evaporates or is used by plants before it can recharge groundwater or flow through the north's many rivers. Approximately 15 per cent of the north's water finds its way into underground aquifers, with the remaining 20 per cent entering rivers. The White Paper noted that water evaporation rates in Northern Australia are high; for example, Australia's largest mainland permanent water body, Lake Argyle in northern Western Australia, loses about a quarter of its water every year to evaporation. The White Paper stated that such conditions present challenges for capturing and storing water, but the sheer volume of water in

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<sup>1</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 40.

<sup>2</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 40.

the north creates opportunities for growth if water storage and use can be managed efficiently.<sup>3</sup>

- 4.6 The White Paper highlighted that both surface and ground water in Northern Australia serves a variety of functions, including cultural and spiritual use by First Nations communities. River flows and groundwater are vital for supporting natural environments as well as other productive uses. They provide opportunities to supply water to growing regional and urban communities and for new and existing industries. In some regions, river flows and suitable terrain combine to provide scope for dams. Sometimes conditions make off-stream storages, such as farm dams, the most effective way to provide secure water resources. In other cases, larger in-stream storages are more suitable.<sup>4</sup>
- 4.7 The White Paper noted that predicting and meeting demand for new water users and uses is an important driver of water resource development. It stated that this requires improved information and analysis of water and soil resources.<sup>5</sup>
- 4.8 The White Paper stated that the Australian Government would provide:
- \$200 million to build water infrastructure in the north and tied to developing secure and tradeable water rights as part of a new National Water Infrastructure Development Fund, starting with:
    - \$15 million to determine available water and best locations for water infrastructure in the Mitchell River catchment (Queensland), West Kimberley (Western Australia) and the Darwin region (Northern Territory).
    - Up to \$5 million each for detailed examinations of the economic feasibility of Nullinga Dam (Queensland) and Ord Stage 3 development (Western Australia/ Northern Territory).<sup>6</sup>

### **Government investment**

- 4.9 The Department of Industry, Science, Energy and Resources (DISER) noted that water resources are a major driver of economic activity, particularly for key northern industries such as agriculture, aquaculture, mining, energy and tourism.<sup>7</sup>

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<sup>3</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 40.

<sup>4</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 40.

<sup>5</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, pp. 40–41.

<sup>6</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 11.

<sup>7</sup> Department of Industry, Science, Energy and Resources (DISER), *Submission 30.1*, p. 4.

- 4.10 The Department of Infrastructure, Regional Development and Cities (DIRDC)<sup>8</sup> noted that the capture and use of 'more of the north's highly seasonal rainfall, which accounts for more than 60 per cent of Australia's total, is critical to the Northern Australia agenda'.<sup>9</sup> The DIRDC further noted in its submission that 'currently, just two per cent of [the region's] rainfall is being used' for economic purposes.<sup>10</sup> DIRDC argued that water is critical to the growth of key northern industries like agriculture, aquaculture, mining, energy and tourism'.<sup>11</sup>
- 4.11 As such, a range of programs to facilitate and fund public investment in water infrastructure in Northern Australia have been established. The evidence received in relation to these programs is outlined below.
- 4.12 The National Water Initiative (NWI) agreed in 2004 by the Council of Australian Governments (COAG) is the national blueprint in this area. The NWI is a shared commitment by governments to increase the efficiency of Australia's water use, leading to greater certainty for investment and productivity, for rural and urban communities and for the environment.<sup>12</sup>

#### *National Water Infrastructure Development Fund*

- 4.13 The National Water Infrastructure Development Fund (NWIDF) was announced as part of the White Paper launched on 18 June 2015, and the *Agricultural Competitiveness White Paper*, launched on 4 July 2015. Originally \$500 million over 10 years, the NWIDF included a \$200 million component for Northern Australia projects. Of this, projects worth up to \$25 million were announced in the Northern Australia White Paper.<sup>13</sup> The Australian Government established the NWIDF as a rolling 10-year program. An additional \$2 billion in capital funding was announced as part of the 2020-21 Federal Budget, bringing the Australian Government's total funding commitment under the NWIDF to \$3.5 billion.
- 4.14 The commitment to Northern Australian projects recognised that relative to southern water catchments, there was a lack of detailed water resource information available to inform water infrastructure planning and decision making by state and territory governments and the private sector.<sup>14</sup>

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<sup>8</sup> This department is now named the Department of Infrastructure, Transport, Regional Development and Communications.

<sup>9</sup> Department of Infrastructure, Regional Development and Cities (DIRDC), *Submission 77*, p. 2.

<sup>10</sup> DIRDC, *Submission 77*, p. 2.

<sup>11</sup> DIRDC, *Submission 77*, p. 2.

<sup>12</sup> Department of Agriculture, Water and the Environment, National Water Initiative, <https://www.agriculture.gov.au/water/policy/nwi>, (accessed 10 February 2021).

<sup>13</sup> DIRDC, *Submission 77*, p. 10.

<sup>14</sup> DIRDC, *Submission 77*, p. 10.

- 4.15 DIRDC submitted that the purpose of the NWIDF is to enable state and territory governments, and their project partners, to make informed investment decisions for new or augmented water infrastructure that helps to secure the nation's water supplies and deliver strong economic benefits for Australia.
- 4.16 The NWIDF enables public and private investors to accelerate the construction of water infrastructure such as dams, weirs, pipelines, managed aquifer recharge and water recycling projects that will enhance water security, maintain the prosperity of agriculture and grow the resilience of rural and regional economies.<sup>15</sup>
- 4.17 As part of the National Water Infrastructure Development Fund, \$494.2 million has been committed for northern projects. Capital projects undertaken under the scheme and located in Northern Australia are listed in Table 4.1 below:

**Table 4.1 National Water Infrastructure Development Fund: Capital projects as at 15 March 2021**

Project	Funding	Status
Mareeba-Dimbulah Water Supply Scheme (QLD)	\$11,634,000	Under construction, with expected completion listed as 'Early 2022'
Rookwood Weir (QLD)	\$183,600,000	Under construction, with expected completion listed as 'Mid 2023'
Hughenden Irrigation Scheme (QLD)	\$180,000,000 (includes \$10,000,000 for a detailed business case)	In planning, with no expected completion date listed
Big Rocks Weir (QLD)	\$30,000,000	In planning, with no expected completion date listed

*Source: National Water Grid Authority, Status of the 22 National Water Infrastructure Development Fund (NWIDF) capital projects (as at 15 March 2021), [https://www.nationalwatergrid.gov.au/sites/default/files/documents/NWIDF\\_Summary\\_Capital\\_Projects\\_March\\_2021.pdf](https://www.nationalwatergrid.gov.au/sites/default/files/documents/NWIDF_Summary_Capital_Projects_March_2021.pdf) (accessed 14 April 2021)*

- 4.18 DISER also detailed a number of feasibility projects as follows:

<sup>15</sup> DIRDC, *Submission 77*, p. 11.

- \$24 million for the Hells Gates Dam Scheme (Qld) including Big Rocks Weir for a business case;
- \$25.5 million for 16 feasibility studies and \$15 million for the Northern Australia Water Resource Assessments;
- \$3.5 million for the Roper River Catchment (NT) water resource assessment of the development potential of the water and soil resources by CSIRO. CSIRO are providing an additional \$2 million towards this project;
- \$6.5 million directly appropriated to Geoscience Australia for water modelling in the Great Artesian Basin over three years commencing in 2019/20 financial year;
- \$10 million to progress the QLD Lakeland Irrigation business case, including final engineering and scoping works;
- \$10 million to progress the Qld Urannah Dam business case and approvals; and
- \$2 million to study the NT Adelaide River off-stream water storage project business case.<sup>16</sup>

### *Northern Australia Water Resource Assessment*

- 4.19 The outcome of the \$15 million CSIRO Northern Australia Water Resource Assessment (NAWRA), an initiative of the White Paper, was announced by the Australian Government on 30 August 2018.<sup>17</sup>
- 4.20 The NAWRA provided a comprehensive assessment on the potential water resources of the Mitchell River catchment (Queensland), Fitzroy River catchment (Western Australia) and the Darwin region (Mary, Finnis, Adelaide and Wildman catchments, Northern Territory). The studies identified the best sites within these catchments for potential agricultural developments which will be profitable, productive and sustainable.<sup>18</sup>
- 4.21 Significantly, for each catchment the NAWRA also assessed potential environmental, social and economic impacts and risks of water resources and irrigation developments. Key outcomes of the NAWRA study include:
- understanding how diverse stakeholders, Indigenous people, investor and developer perspectives interact will be crucial in building and maintaining social license to operate for future agricultural developments; and
  - the Indigenous people consulted in the catchments studied generally preferred development based on flood harvesting or groundwater, with large instream dams the least preferred option. Indigenous people expressed a wish to be owners, partners and investors in future

<sup>16</sup> DISER, *Submission 30.1*, Attachment F, p. 51.

<sup>17</sup> DIRDC, *Submission 77*, p. 12.

<sup>18</sup> DIRDC, *Submission 77*, p. 12.

development, reflecting their status as the longest term residents with deep intergenerational ties to the catchments.<sup>19</sup>

- 4.22 This scientific analysis delivered unprecedented water catchment data, providing investors with information to de-risk financial commitment to large-scale infrastructure and agricultural developments in the north.<sup>20</sup>
- 4.23 CSIRO research also identified 387,000 additional hectares with the potential for agricultural crops such as sugar cane and cotton. The assessments also identified another 710,000 hectares of coastal land that could accommodate lined aquaculture ponds.<sup>21</sup>

#### *North Queensland Water Infrastructure Authority*

- 4.24 The North Queensland Water Infrastructure Authority (NQWIA) was established in March 2019 to provide strategic planning and coordination of Commonwealth resources to implement the Hughenden Irrigation Scheme project and the Hells Gates Dam Scheme (including Big Rocks Weir) project. The NQWIA's scope includes major water infrastructure in regional Queensland including Rookwood Weir, and the Mareeba-Dimbulah Water Supply Scheme.<sup>22</sup>
- 4.25 NQWIA also works collaboratively with stakeholders to progress feasibility and planning activities, including developing business cases, related to major water infrastructure initiatives eligible to receive Australian Government funding from the NWIDF.<sup>23</sup>

#### **Evidence received by the committee**

- 4.26 The committee received a range of evidence in relation to the importance of water infrastructure in Northern Australia, particularly for agriculture, industry and local communities. For example, the Northern Territory Farmers Association (NT Farmers) submitted that 'good water management is critical to conservation outcomes, to commercial outcomes, and to cultural/social outcomes'.<sup>24</sup>
- 4.27 Ms Sheriden Morris, Chair of the Cooperative Research Centre for Developing Northern Australia (CRCNA) noted that 'the north is a very difficult place to develop. If it were easy, it would have already been done'. Ms Morris noted

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<sup>19</sup> DIRDC, *Submission 77*, p. 12.

<sup>20</sup> DISER, *Submission 30*, p. 8.

<sup>21</sup> DISER, *Submission 30*, p. 8.

<sup>22</sup> DISER, *Submission 30*, p. 9.

<sup>23</sup> DISER, *Submission 30*, p. 9.

<sup>24</sup> Northern Territory Farmers Association (NT Farmers), *Submission 2*, p. 5.

however that the 'potential for development is huge', notably because of the soil and divertible water present in the north. Ms Morris stated:

Basically, there are about 16 million hectares of land suitable for development—soil suitable for development. About 45 per cent of the divertible water in Australia falls in Northern Australia, much of it unused. Unfortunately, most of it falls between November and April, in the wet season. We cover about 53 per cent of the landmass and we're only delivering about 10.7 per cent of Australia's GDP. So the potential for development is huge. We can see it. We have water. We have some soil. The capacity to be the breadbasket for Asia is probably an exaggeration, but we do have the capacity to build Australia's GDP.<sup>25</sup>

- 4.28 Mr Luke Simpkins, Chief Executive Officer, Kimberley Pilbara Cattlemen's Association (KPCA), told the committee that 'the north of Australia has far more potential than is currently being developed'. Mr Simpkins stated:

There are great opportunities up here. Beyond stations, there are chances for greater development, such as irrigated agriculture on the Fitzroy River, and even down in the Pilbara there's the opportunity for water taken out of the ground for mining operations to be diverted towards irrigated agriculture down there as well. There are also opportunities in wastewater around Port Hedland.<sup>26</sup>

- 4.29 Mr Ashley Manicaros, Chief Executive Officer of the Northern Territory Cattlemen's Association noted that in the 'prime grazing' areas of the Northern Territory, there is on average 600 millimetres of rain per year. More broadly across the Northern Territory, the rainfall can vary between 1.5 and 2 metres. Mr Manicaros noted that 'out of that 1.5 metres, roughly a metre of it just runs off and isn't stored and captured'. Mr Manicaros stated:

That's an incredible waste of a resource that is in demand. When you add water to the northern part of Australia, 70 per cent of the landmass becomes arable. So water storage to us is not a luxury. It is something that we see as a critical part of any infrastructure network that gets presented to Northern Australia moving forward from an industry point of view, whether it's agriculture or any other type of industry, and from a community point of view.<sup>27</sup>

- 4.30 Mr Philip Hams from the Fitzroy Crossing Network similarly told the committee that:

We've had six million—I will say it again: six million—megalitres of water going over a barrage on the Fitzroy River since 21 December. All of that is now out in the Indian Ocean, and it's still crossing over. There is not one

<sup>25</sup> Ms Sheriden Morris, Chair, Cooperative Research Centre for the Developing Northern Australia (CRCNA), *Committee Hansard*, Townsville, 9 October 2019, pp. 1–2.

<sup>26</sup> Mr Luke Simpkins, Kimberley Pilbara Cattlemen's Association (KPCA), *Committee Hansard*, Canberra, 10 February 2021, p. 28.

<sup>27</sup> Mr Ashley Manicaros, Northern Territory Cattlemen's Association, *Committee Hansard*, Darwin, 6 November 2019, p. 35.

megalitre of that water that has been retained to create one job. I will say that again: we've had six million megalitres go over the weir or the barrage at Liveringa, four days out from the Indian Ocean, and there has not been one megalitre water retained to create a job. They've been pontificating for about the last hundred years about doing things. It's got to change.<sup>28</sup>

- 4.31 Several submitters called for improved water storage capabilities which would assist in the management of drought conditions, to foster agriculture and provide water security for communities. Ms Patricia O'Callaghan, Chief Executive Officer, Townsville Enterprise Limited stated:

When we had the floods, something else that was quite heartbreaking for the region was to see millions of cubic meters just flow out into the Coral Sea when we've been reeling with drought for the past eight years. Looking at new dams and water storage capabilities as well as irrigation schemes is really important. That's why the Hells Gates Dam business case is so important. There is capital for infrastructure there of \$30 million for the first weir of that dam to be realised. That will not just open up 5,000 hectares of agriculture but also provide water security for Charters Towers. So looking at those projects is really important.<sup>29</sup>

- 4.32 Numerous submitters welcomed existing initiatives to fund the development and improvement of water infrastructure in Northern Australia. For example, Councillor Jane McNamara, Mayor of the Flinders Shire Council told the committee:

...the National Water Infrastructure Development Fund is very welcome, and we would love to think that more dams will be built in Northern Australia so that we can reach our potential. These don't need to be large dams; they need to be strategically placed so that there's a mosaic of farming. We do not want to replicate the Murray-Darling problems. We need to be very smart and strategic about the way this is developed.<sup>30</sup>

- 4.33 Regional Development Australia Townsville and North West Queensland (RDATNWQ) noted that industries and communities 'critically need water infrastructure'. As such, the RDATNWQ:

...welcomed investment through the National Water Infrastructure Development Fund into feasibility studies for the development of new projects in our region. The establishment in Townsville of the North Queensland Water Infrastructure Authority (NQWIA) by the Australian

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<sup>28</sup> Mr Phillip Hams, Gogo Station, Fitzroy Crossing Network, *Committee Hansard*, Canberra, 10 February 2021, p. 29.

<sup>29</sup> Ms Patricia O'Callaghan, Chief Executive Officer, Townsville Enterprise Limited, *Committee Hansard*, Townsville, 9 October 2019, p. 5.

<sup>30</sup> Councillor Jane McNamara, Mayor, Flinders Shire Council, *Committee Hansard*, Townsville, 9 October 2019, p. 16.

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Government is welcomed as a significant commitment to progressing key water projects.<sup>31</sup>

- 4.34 Similarly Dr Allan Dale, Chair, Developing Northern Australia Conference; Chief Scientist, Cooperative Research Centre for Developing Northern Australia; and Professor of Tropical Regional Development, James Cook University, stated:

We see the national water infrastructure facility that's been in place to support the first range of water infrastructure feasibility studies as having been quite successful, out of the first range, but there's a lot more work needed to prioritise where that effort goes. We think the formation of the National Water Grid Authority will be a good step in that direction.<sup>32</sup>

- 4.35 AgForce Queensland Farmers (AgForce), the peak rural group representing beef, sheep and wool, and grain producers in Queensland, favourably noted the Northern Water Resource Assessments conducted by CSIRO, particularly those conducted in the Mitchell River basin and on the Gulf Rivers in Queensland. It noted that 'these assessments have identified agricultural development opportunities worthy of further investigation and supported industry responses to state government planning policies for Cape York Peninsula'. AgForce argued that:

These catchment-level assessments should be continued for prospective regions across the north, including continued investments in understanding sustainable use of underground water from the Great Artesian Basin.<sup>33</sup>

- 4.36 Regional Development Australia Pilbara (RDA Pilbara) also noted 'the excellent work undertaken by CSIRO to map the water resources in Northern Australia'. It noted however that there is a need to 'convert this knowledge into implementation projects and investment'.<sup>34</sup>

- 4.37 Townsville Enterprise, in noting its receipt of \$24 million from the National Water Infrastructure Fund for the development of a business case for the Hells Gate Dam Project, told the committee that 'the project will be an economic powerhouse for the region', with the potential to generate up to 4,000 full time equivalent (FTE) jobs post construction, 12,000 jobs during construction, and contributing \$1.3 billion annually to north Queensland's gross regional product.<sup>35</sup>

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<sup>31</sup> Regional Development Australia Townsville and North West Queensland (RDATNWQ), *Submission 47*, p. 2.

<sup>32</sup> Dr Allan Dale, Cooperative Research Centre for Developing Northern Australia and James Cook University, *Committee Hansard*, Cairns, 15 December 2020, p. 2.

<sup>33</sup> AgForce Queensland Farmers (AgForce), *Submission 83*, p. 2.

<sup>34</sup> Regional Development Australia Pilbara, *Submission 17*, p. 3.

<sup>35</sup> Townsville Enterprise Limited, *Submission 44*, p. 2.

4.38 AgForce also noted the co-funding of the Rookwood Weir through the NWIDF, and stated that:

This funding commitment is a positive start and governments are encouraged to work more effectively together to ensure policy positioning on water infrastructure is aligned and to continue to see funds flow towards growing the north.<sup>36</sup>

4.39 Ms Anne Marie Huey, owner and manager of Dampier Downs Station, told the committee that grants which are used to upgrade infrastructure, provided directly to businesses, can have a 'powerful impact'. Ms Huey explained that:

A few years ago, we got a grant to upgrade our water supply. So, instead of having to get into a diesel powered vehicle to drive out to a bore to start a petrol powered pump and pump water, we've actually upgraded them to all solar. So there's less carbon emitted from running the pumps, and we have to go out there a lot less often, so that's a big carbon saving right then and there. It's things like better infrastructure: if we can put in really well-placed fences, yards and water points, like I said, that just cuts our mustering hours. Up here it's all done with helicopters, which is obviously very expensive and means lots of avgas being burnt every day. The more that we can make that efficient, as well as having huge animal welfare implications it's all going towards reducing our carbon emissions as an industry and as a nation.<sup>37</sup>

### *Opportunities in the agricultural sector*

4.40 The committee received evidence in relation to opportunities in the agricultural sector arising out of improved water infrastructure.

4.41 AgForce submitted that 'primary production businesses and producers' livelihoods are built around access to water'. AgForce stated that 'environmentally sustainable water use planning is vital to the future production of food and fibre and realising the full economic potential of Northern Australia'. As such, 'agricultural water users must know that their access to water is secure, their share of the available water is certain and the future availability of water is understood'.<sup>38</sup>

4.42 The Australian Fresh Produce Alliance (AFPA) noted that during peak harvest times its members collectively employ nearly 4,000 people across the Atherton Tablelands, Tully and the Burdekin in Queensland and more than 400 people in the Northern Territory. However, it noted that the unprecedented drought conditions of recent years have shown the importance of appropriate infrastructure to store and transport water. The AFPA argued that such investments would provide greater certainty and reliability of access to water,

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<sup>36</sup> AgForce, *Submission 83*, p. 3.

<sup>37</sup> Ms Anne Marie Huey, owner and manager, Dampier Downs Station, *Committee Hansard*, Canberra, 10 February 2021, p. 34.

<sup>38</sup> AgForce, *Submission 83*, p. 2.

and would encourage private sector investment in the fresh produce industry (and broader agricultural development). This would in turn provide support for population growth in Northern Australia.<sup>39</sup>

- 4.43 The AFPA submitted that fruit and vegetable production in Carnarvon, Western Australia, Katherine, Northern Territory, and Bowen, Queensland, may benefit from larger scale off-stream flood harvesting. The AFPA noted that:

These existing production areas rely on a combination of natural high rainfall, and water pumped from rivers and underground aquifers. The current drought has increased the pressure on underground aquifers - there is potential for large scale off stream flood harvesting to take pressure off underground aquifers in particular and potentially provide water for other users.<sup>40</sup>

- 4.44 Mr Paul Burke, Chief Executive Officer, Northern Territory Farmers Association, told the committee that the organisation sees 'a lot of opportunity around the extraction of water'. Mr Burke noted that a lack of water in eastern states has had an impact on the cotton industry. Mr Burke explained:

The cotton industry works on selling into the forward markets, the futures markets. A lot of growers have sold out three and five years into those markets, and they now need to supply that product, which they have no water to grow in the eastern states. So they're looking north. So the opportunity around the cotton industry is now, it's real and it's present.<sup>41</sup>

- 4.45 Mr Burke further noted that in industry trials, the cotton industry was able to return approximately \$1,500 a hectare utilising 1.8 megalitres of water per hectare. Mr Burke explained that in comparison, the cotton industry in eastern states uses approximately eight megalitres per hectare.<sup>42</sup> In addition:

Our cotton industry in Northern Australia is fundamental to developing a broader cropping industry. We need the higher-yielding cotton industry to assist us in developing land. Recently we conducted a feasibility study into the cotton industry and into a cotton gin to be built in north Australia. That was conducted by PricewaterhouseCoopers. It showed that a cotton gin would be viable within three years.<sup>43</sup>

- 4.46 Mr Burke told the committee that the cotton industry in the Northern Territory would be expected to be around 30,000 hectares within the next ten years,

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<sup>39</sup> Australian Fresh Produce Alliance (AFPA), *Submission 99*, p. 1.

<sup>40</sup> AFPA, *Submission 99*, p. 12.

<sup>41</sup> Mr Paul Burke, Chief Executive Officer, Northern Territory Farmers Association, *Committee Hansard*, Darwin, 6 November 2019, p. 34.

<sup>42</sup> Mr Burke, Northern Territory Farmers Association, *Committee Hansard*, Darwin, 6 November 2019, p. 34.

<sup>43</sup> Mr Burke, Northern Territory Farmers Association, *Committee Hansard*, Darwin, 6 November 2019, p. 33.

contributing approximately \$300 million to the Northern Territory economy. Mr Burke also estimated that each cotton gin would contribute 16 full-time jobs.<sup>44</sup>

4.47 Mr Burke called for a bipartisan approach across all levels of government with long term policy settings as:

agricultural development takes a long time to reach fruition. If you invest today, you may not get a return for the next 10 or 12 years if you're lucky; it might be 20 years.<sup>45</sup>

### *Expanded focus*

4.48 In discussing the need for improved water infrastructure, witnesses noted that many of the existing policies and funding frameworks have focused on the agricultural sector. The committee heard calls for water infrastructure policy to acknowledge the value of water to other industries, and the importance of water security for remote and regional communities in Northern Australia.

4.49 The Town of Port Hedland (TPH) called for the NWIDF to expand its focus. It noted that the Fund focuses on economic priority areas related to agriculture citing that this is where the majority of water lies. However the TPH submitted that this focus ignores the value of water in the Pilbara as a driver of significant resource and energy investment in a key economic market for Australia.<sup>46</sup> The TPH noted that though the White Paper includes a goal to develop the north's water resources, there is no focus on town water supply which is necessary to attract and retain a skilled workforce for economic development.<sup>47</sup>

4.50 Similarly, the AFPA submitted that existing water storage and irrigation schemes may present opportunities for new investment to increase water storage capacities, and more efficient use which will benefit the entire community. It stated:

This new investment has the potential to benefit the entire community that relies on these water storages for water for residential, commercial, industrial and agricultural use. Examples of new investment includes pipelines for residential use, raising dam walls to increase storage capacity, and investments to improve the efficiency of water delivery (such as pipelines for agricultural use).<sup>48</sup>

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<sup>44</sup> Mr Burke, Northern Territory Farmers Association, *Committee Hansard*, Darwin, 6 November 2019, p. 33.

<sup>45</sup> Mr Burke, Northern Territory Farmers Association, *Committee Hansard*, Darwin, 6 November 2019, p. 34.

<sup>46</sup> Town of Port Hedland, *Submission 35*, p. 3.

<sup>47</sup> Town of Port Hedland, *Submission 35*, p. 4.

<sup>48</sup> AFPA, *Submission 99*, p. 12.

- 4.51 In noting the opportunities for the agricultural sector as a result of additional water infrastructure, Mr Burke, Northern Territory Farmers Association, stated that conversations regarding water infrastructure should be expanded. Mr Burke noted that the agricultural sector is not the sole beneficiary or user of water infrastructure, and that water harvesting also has the 'potential for security of water for townships...[and] security of water for large industries'.<sup>49</sup>
- 4.52 Ms Marion Scrymgour, Chief Executive Officer, Northern Land Council, also noted that water security for communities is a significant issue. Ms Scrymgour stated:

Water security is a major concern for many of our communities. Two weeks ago the Northern Territory government began a water security review following an incident in September, where we saw a number of our communities in the Top End go without water for five days. In recent years, remote communities in the Northern Land Council jurisdiction have also faced a number of serious water quality issues, including contamination from PFAS, mining run-off and corroded water infrastructure.<sup>50</sup>

- 4.53 Ms Scrymgour, also noted that the Northern Territory passed the *Water Further Amendment Act 2019* and that it was 'encouraging to see bipartisan support...for this initiative, which is an important acknowledgment of water rights and will support economic development in communities where reserves are in place'. However, Ms Scrymgour noted that:

Work now needs to be done. We will work with those communities to have the capacity and assistance where they need to get full benefit from this opportunity, whether through establishing their own commercial activities, partnering with non-Aboriginal businesses and proponents, or doing water trading.<sup>51</sup>

- 4.54 Witnesses also called for more scientific data to support the development of water infrastructure. For example, Mr Manicaros, Northern Territory Cattlemen's Association, highlighted that research is required regarding aquifers in the Northern Territory, and their potential for water extraction.<sup>52</sup> Similarly, AgForce submitted that:

Water investment and agricultural development opportunities need to be guided by objective, scientific information from robust resource

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<sup>49</sup> Mr Burke, Northern Territory Farmers Association, *Committee Hansard*, Darwin, 6 November 2019, p. 35.

<sup>50</sup> Ms Marion Scrymgour, Chief Executive Officer, Northern Land Council, *Committee Hansard*, Darwin, 6 November 2019, p. 14.

<sup>51</sup> Ms Scrymgour, Northern Land Council, *Committee Hansard*, Darwin, 6 November 2019, p. 14.

<sup>52</sup> Mr Manicaros, Northern Territory Cattlemen's Association, *Committee Hansard*, Darwin, 6 November 2019, pp. 35–36.

assessments and associated feasibility studies in order to reduce the risks for investors and the environment.<sup>53</sup>

### *Northern Australia Infrastructure Facility*

4.55 Other submitters called for the Northern Australia Infrastructure Facility (NAIF)<sup>54</sup> to renew its focus on new investment for water infrastructure in the following areas:

- large scale off stream flood harvesting in existing fresh produce and agricultural production areas;
- expansion of existing water storage and irrigation schemes; and
- new dams and pipelines which are integrated into regional economies and social infrastructure.<sup>55</sup>

4.56 The Far North Queensland Regional Organisation of Councils (FNQROC) noted that infrastructure types such as roads and water are 'key economic enablers' in Northern Australia. The FNQROC stated that:

...the harnessing of significant water resources for agricultural development and population growth and the investment in roads which connect agricultural production to key ports and markets will help support economic development.<sup>56</sup>

4.57 The FNQROC explained that in the majority, this infrastructure is not privately operated and that therefore the cost is unable to be fully recovered from users. As such, the FNQROC recommend that the NAIF should facilitate an element of grant funding that would support investment in economic enabling infrastructure where full direct cost recovery from users is not a viable alternative. It noted that this would complement existing funding sources including the NWIDF.<sup>57</sup>

4.58 The AFPA noted that new investments in water infrastructure have the potential to be long term projects through the design, preparation, construction and commissioning phases. As such, the long timelines for new water infrastructure, particularly in times of broader economic uncertainty creates a reluctance for commercial investment. The AFPA recommended that:

The NAIF must consider equity investments in new water infrastructure which support economic and population growth in Northern Australia. Additional eligibility criteria may be required for equity investments in

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<sup>53</sup> AgForce, *Submission 83*, p. 2.

<sup>54</sup> Evidence related to the NAIF has been widely explored in the Committee's interim report tabled in 2020. It is not the intention of this report to re-canvass this evidence, however it will be noted where relevant.

<sup>55</sup> AFPA, *Submission 99*, p. 2.

<sup>56</sup> Far North Queensland Regional Organisation of Councils (FNQROC), *Submission 27*, p. 10.

<sup>57</sup> FNQROC, *Submission 27*, p. 10.

water infrastructure but that should not be a hindrance to establishing new water infrastructure investment.<sup>58</sup>

4.59 Mr Patrick Green, Chairperson, Leedal; Fitzroy Crossing Network, called on the NAIF to assist in the negotiation of water rights. Mr Green stated:

In this particular region, we are having the discussion on water now, and we do have eight Aboriginal pastoral properties here. With the NAIF fund, I'd like to be able to see how that could assist the Aboriginal properties to take on capacity partners where they can help us do better and we participate in trying to negotiate water rights where we're not putting ourselves into strife. It came to Noonkanbah last year and now the directors are going to be charged with the problem of water. I'd like to think that we can participate meaningfully in how we have water allocations. So, whether that means ponding or whatever it is, I'd like the NAIF planners to be able to assist us in trying to utilise what is flowing out into the ocean.<sup>59</sup>

### **First Nations water rights and economic engagement**

4.60 First Nations peoples hold a significant portion of the landmass in Northern Australia, including much of the coastline.<sup>60</sup> The Indigenous Reference Group to the Ministerial Forum on Northern Development notes that international conventions and the Australian judiciary are increasingly recognising that First Nations interests extend beyond cultural rights and rights of occupancy to rights over natural resources, intellectual property and a right to economic development.<sup>61</sup>

4.61 However, the North Australian Indigenous Land and Sea Management Alliance submitted that '[w]eak physical infrastructure, ineffective regional institutions, harsh climate, long distances to markets' have created 'serious disadvantage' for 'remote and regional people seeking to improve their situations, and focus on the capabilities and creative aspirations of local peoples seeking to engage with regional and broader economies'.<sup>62</sup>

4.62 The Cape York Land Council Aboriginal Corporation observed that:

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<sup>58</sup> AFPA, *Submission 99*, p. 12.

<sup>59</sup> Mr Patrick Green, Chairperson, Leedal; Fitzroy Crossing Network, *Committee Hansard*, Canberra, 10 February 2021, p. 31.

<sup>60</sup> North Australian Indigenous Land and Sea Management Alliance, *Submission 62*, p. 4; and Indigenous Reference Group to the Ministerial Forum on Northern Development, *Submission 92*, p. 5.

<sup>61</sup> Indigenous Reference Group to the Ministerial Forum on Northern Development, *Submission 92*, p. 5.

<sup>62</sup> North Australian Indigenous Land and Sea Management Alliance, *Submission 62*, p. 5. See also Indigenous Reference Group to the Ministerial Forum on Northern Development, *Submission 92*, p. 6.

Resource rights not attached to land tenure, such as water or fish, should be managed whereby a significant proportion of the total allowable take of the resource is held in a reserve for Aboriginal people. A portion of the reserve should then be allocated to Aboriginal corporations or business operators for their use directly or to be traded with third parties.<sup>63</sup>

- 4.63 The Cape York Land Council Aboriginal Corporation highlights that this is already undertaken in the Cape York area, as the Cape York Aboriginal land holding corporations are entitled to most unallocated water in their river catchment and can choose to use the water for their own projects (or trade it with a third party) via the Cape York Water Resource Plan's Cape York Peninsula Heritage Area reserve.<sup>64</sup> The submission stated that another example is the Commonwealth Government's management of the Torres Strait tropical rock lobster fishery, wherein 'a significant percentage of the total allowable catch of lobsters is reserved for Traditional Inhabitant fishers'.<sup>65</sup>
- 4.64 Regarding the Northern Australia agenda, the Cape York Land Council Aboriginal Corporation submitted that 'allocation systems for resources that do not run with the land tenure, such as water or fish, should be reviewed to ensure that they are available for access by Aboriginal people'.<sup>66</sup> The corporation further noted that this would be in line with the recent expansion of the statutory role of the Indigenous Land Corporation to become the Indigenous Land and Sea Corporation.
- 4.65 The Northern Territory Seafood Council submitted that it is currently working with the Northern Land Council's Sea Country Working Group to resolve access issues faced by First Nations communities in order to allow greater participation in the Northern Territory seafood industry, if so desired. However, the Northern Territory Seafood Council has been unable to obtain funding for its newly developed model in this area, which sought to 'work through the issues of access that benefit its members and the indigenous communities affected'.<sup>67</sup>
- 4.66 The Indigenous Reference Group to the Ministerial Forum on Northern Development notes that Indigenous economic development on both land and sea is critical for Northern Australia's economic development, highlighting that:

Unless Indigenous interests in the Northern Australian economy are optimally activated, Northern Australia will at best never reach its social

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<sup>63</sup> Cape York Land Council Aboriginal Corporation, *Submission 58*, p. 10.

<sup>64</sup> Cape York Land Council Aboriginal Corporation, *Submission 58*, pp. 10-11.

<sup>65</sup> Cape York Land Council Aboriginal Corporation, *Submission 58*, p. 10.

<sup>66</sup> Cape York Land Council Aboriginal Corporation, *Submission 58*, p. 10.

<sup>67</sup> Northern Territory Seafood Council, *Submission 64*, p. 3.

and economic potential and at worst, fail to develop socially and economically.<sup>68</sup>

### *Impact of water capture*

4.67 Several submitters noted the significant environmental implications arising from increased water storage and urged caution in relation to the construction of new water infrastructure. Improving water storage capabilities to assist in the management of drought conditions and to provide water security for communities was raised by Ms Sheridan Morris, CRCNA. Ms Morris advised that climate conditions in Northern Australia require more innovation in developing appropriate water storage methods. Ms Morris stated:

The other issue around infrastructure is around water and clever design. Big shallow dams don't work in the north because of the temperature and evaporation. There is cleverness coming into this arrangement with water storage: off-system storage, underground storage and the like. We need to really improve our thinking and bring it up from the 1950s into what contemporary opportunities are available for water use and water storage.<sup>69</sup>

4.68 However, improving water storage must be done judiciously. Mr Burke, Northern Territory Farmers Association, noted that the organisation does not support large-scale dams on iconic rivers in the Northern Territory. Mr Burke stated:

We don't believe that they are necessary. We don't believe that they have the support of the broader community. We think that they would jeopardise our aspirational plans to develop a cotton industry...I don't think our Indigenous Australians in the Northern Territory would appreciate dams on iconic rivers either. What I would say is that I think there's huge opportunity for Australian water harvesting.<sup>70</sup>

4.69 This was echoed by Mr Manicaros, Northern Territory Cattlemen's Association, who noted that water security and water storage can be achieved through innovative means, without needing to dam major rivers. Mr Manicaros stated:

The topography of the Northern Territory doesn't actually support the damming of major rivers, so the debate on that front about large-scale dams is kind of futile...The Northern Territory Cattlemen's Association supports water security and it supports water storage. That can take many

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<sup>68</sup> Indigenous Reference Group to the Ministerial Forum on Northern Development, *Submission 92*, p. 5.

<sup>69</sup> Ms Morris, Cooperative Research Centre for Developing Northern Australia, *Committee Hansard*, Townsville, 9 October 2019, p. 13.

<sup>70</sup> Mr Paul Burke, Northern Territory Farmers Association, *Committee Hansard*, Darwin, 6 November 2019, p 35.

types of innovative forms, including the recharging of aquifers and how you do that.<sup>71</sup>

- 4.70 Though many witnesses called for increased water capture and storage and new water infrastructure, the committee also received evidence that 'many traditional owners are greatly concerned about water capture and its potential impacts on their country, culture and livelihood'. Ms Scrymgour, of the Northern Land Council, told the committee that:

Aboriginal people have been watching the droughts and what's been happening, but they're also seeing the impact of the droughts. Often people think that we live in the tropics up here and we get a lot of rainfall. What people aren't seeing is that that rainfall isn't replenishing the aquifers, which is what we should be seeing, and we're seeing a lot of our bores in remote communities running dry.<sup>72</sup>

- 4.71 Overuse of water can also have an economic impact. The Northern Prawn Fishery Industry (NPF), which is the representative body for Commonwealth statutory fishing rights holders operating in the Northern Prawn Fishery, submitted that, aside from environmental risks, the potential overuse of water in Northern Australia could impact 'the ongoing economic viability and profitability of NPF fishing businesses'.<sup>73</sup> The NPF submitted:

The Mitchell, Gilbert and Flinders river catchments are critical to the health and productivity of the NPF banana prawn fishery. Tropical ecosystems, estuarine and marine biodiversity, and fisheries productivity and economic performance, depend vitally on maintaining catchment flows as close as practical to historical seasonal and annual trends. As such, the potential for fisheries resources the marine environment to be negatively impacted by future development is extremely high.<sup>74</sup>

- 4.72 While the committee notes the economic benefits that can arise from building new water infrastructure in order to increase agricultural production and prepare for future drought conditions, such improvements should not come at the expense of environmentally, socially and culturally significant water systems in Northern Australia. A balance must be struck between improving these systems and receiving the benefits of water security, while also respecting the environmental, social and cultural importance of these areas.

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<sup>71</sup> Mr Manicaros, Northern Territory Cattlemen's Association, *Committee Hansard*, Darwin, 6 November 2019, p. 35.

<sup>72</sup> Ms Scrymgour, Northern Land Council, *Committee Hansard*, Darwin, 6 November 2019, p. 14.

<sup>73</sup> Northern Prawn Fishery Industry (NPF), *Submission 101*, p. 1.

<sup>74</sup> NPF, *Submission 101*, p. 2.

# Chapter 5

## Social infrastructure

5.1 Social infrastructure is comprised of the facilities, spaces, services, and networks that support the quality of life and wellbeing of communities. As noted in Infrastructure Australia's 2019 *An Assessment of Australia's Future Infrastructure Needs: The Australian Infrastructure Audit 2019* (Infrastructure Audit):

[Social infrastructure] helps us to be happy, safe and healthy, to learn, and to enjoy life. The network of social infrastructure contributes to social identity, inclusion and cohesion and is used by all Australians at some point in their lives, often on a daily basis. Access to high-quality, affordable social services has a direct impact on the social and economic wellbeing of all Australians.<sup>1</sup>

5.2 This chapter examines the evidence received in relation to social infrastructure such as healthcare services, water, food security, and housing, as it relates to the wellbeing and 'liveability' of northern communities. Issues regarding employment and education are discussed in chapter 7.

### Housing

5.3 Access to safe, adequate and affordable housing is a crucial foundation for enabling a person's physical and mental health and wellbeing. Without access to appropriate housing, other aspects of wellbeing such as health, education and employment suffer.

5.4 Housing in Australia is largely delivered by the private market; however, there are a range of housing types delivered by governments and not-for-profit partners. The types of housing available in Australia are detailed below.<sup>2</sup>

- **Crisis accommodation** – specialty housing provided for people who are homeless or who require emergency accommodation. It includes crisis shelters and hostels, and women and youth refuges. Crisis accommodation is short-term and generally provided by charities and not-for-profit organisations, though some funding for homelessness services is provided by state and federal governments.
- **Social housing** – an umbrella term for Australia's system of publicly subsidised housing provided to eligible households, usually those on low to very low incomes. Social housing includes both public housing owned, leased and managed by state and territory housing authorities; and community housing managed by not-for-profit organisations which can be

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<sup>1</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 388.

<sup>2</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 453.

privately or publicly owned. Community housing providers (CHPs) can access Commonwealth Rent Assistance for additional revenue. Social housing also includes programs which provide housing specifically to Aboriginal and Torres Strait Islander tenants. These programs are largely managed by state and territory governments, with the majority of remote Aboriginal and Torres Strait Islander housing located in Northern Australia.

- **Affordable rental housing** – housing provided at a subsidised rate (usually 80 per cent of market price) to households on very low to moderate incomes. Eligibility criteria vary across jurisdictions but these programs are intended to support households unable to secure adequate and affordable rental housing in the private rental market. Affordable rental housing is generally owned, managed and maintained by CHPs.
- **Private housing market (rental and ownership)** – refers to housing wholly paid for by individuals at market price. Dwellings are delivered by the private development sector and private ownership includes outright ownership and with a mortgage through a lending institution. Government assistance can be provided to support those living in private market housing, for example through first home buyers' grants or rental assistance.

### *Australian Infrastructure Audits*

- 5.5 During the course of the inquiry, the committee received evidence regarding the lack of (appropriate) housing in Northern Australia. Before exploring this evidence, it is useful to outline the findings of 2019 Infrastructure Audit in relation to housing needs.
- 5.6 The Infrastructure Audit first noted the interdependent housing continuum which exists across the types of housing outlined above. The Infrastructure Audit explained that each section of the housing continuum, which stretches from people experiencing homelessness and requiring crisis accommodation to people owning houses outright, has interdependencies with the rest of the continuum. A lack of housing options for different income brackets can push people to the lower end of the continuum, resulting in more people requiring housing assistance.<sup>3</sup>
- 5.7 The Infrastructure Audit noted that across Australia the social housing system is under significant pressure. Nationally, the social housing system suffers from a lack of funding, an ageing housing stock with high maintenance needs, increased demand due to housing affordability issues, insufficient funding to increase the supply of dwellings in the system, and tenants with increasingly diverse needs.<sup>4</sup>

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<sup>3</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 454.

<sup>4</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 457.

- 5.8 The Infrastructure Audit found that housing is at the centre of addressing Aboriginal and Torres Strait Islander inclusion and disadvantage across Australia. The Infrastructure Audit found that Aboriginal and Torres Strait Islander peoples today face systemic barriers to accessing stable, affordable housing that is appropriate for individual and community needs.<sup>5</sup>
- 5.9 The Infrastructure Audit noted that these housing challenges are often distinct to those facing other Australians, such as overrepresentation in Australia's homeless population, the need for culturally appropriate housing, overcrowding of housing and the proportion of Aboriginal and Torres Strait Islander peoples living in remote or very remote areas, where it is difficult and expensive to deliver new housing supply.<sup>6</sup>
- 5.10 The Infrastructure Audit noted that inadequate housing can lead to poor physical and mental health for communities. Overcrowding and insufficient access to functional hygiene facilities in remote Aboriginal and Torres Strait Islander housing can result in high rates of infectious diseases, and has been linked to the spread of common illnesses such as influenza.<sup>7</sup>
- 5.11 Overcrowding can also exacerbate domestic and family violence, which often takes place in a context of poor housing conditions, overcrowded dwellings and insufficient supply of housing including crisis accommodation for victims of violence or abuse. Inadequate housing can also negatively impact the educational outcomes of Aboriginal and Torres Strait Islander young people, due to a lack of housing stability and insufficient space to study or sleep.<sup>8</sup>
- 5.12 Of particular note for this inquiry, the 2019 *Infrastructure Priority List* estimated that the combined economic and social cost of overcrowding for remote Aboriginal and Torres Strait Islander populations is expected to exceed \$100 million per annum over the next 15 years based on 2019 overcrowding rates. After accounting for population growth, an additional 5,500 homes are expected to be required by 2028 to reduce levels of overcrowding in remote areas. The Infrastructure Audit noted that half of the additional need is in the Northern Territory alone, a jurisdiction with the lowest capacity to meet this pressure because of its limited revenue raising capabilities and high proportion of the population receiving government support.<sup>9</sup>

### *Social housing*

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<sup>5</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 458.

<sup>6</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 458.

<sup>7</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 458.

<sup>8</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 458.

<sup>9</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 458.

5.13 The following sections outline the evidence received in relation to a lack of social housing available in northern communities. A lack of social housing has a particularly detrimental effect on Aboriginal and Torres Strait Islander communities, including overcrowding, domestic violence, preventable disease, unemployment and reduced access to education.

5.14 Ms Hollie Faithfull, Acting Chief Executive Officer, Torres Strait Island Regional Council (TSIRC), gave evidence regarding the shortage of social housing across the Torres Strait. Ms Faithfull told the committee that the TSIRC is a housing service provider with over 900 properties across 15 communities. Ms Faithfull observed however that 'some of them are not up to standard so they cannot be used for social housing', and as a result there were 332 applicants at the time of the hearing listed on the register of need. Ms Faithfull stated:

That has resulted in overcrowding. We have 78 households in category 1. Category 1, under council's definition, is when there is homelessness, child safety issues, disability or medical reasons. Also, 166 applicants are in category 2, which means they are living in an overcrowded house. We have a significant number of applicants that we cannot supply social housing to.<sup>10</sup>

5.15 Similarly, Mr Nathan McIvor, Chief Executive Officer, Djarindjin Aboriginal Corporation, explained that many people have been waiting for social housing for many years, so long in fact, that some move to other communities before being able to obtain housing. Ms McIvor stated:

We've had people on the housing list for 5 to ten years. Their circumstances have changed. They've moved from Djarindjin, they've gone somewhere else, they've found a house somewhere else, and then they get taken off the list. So what we're trying to do is do what the state is telling us to do and get as many people on the list, but we don't feel that that is an appropriate way to deal with the housing situation. When you've only got 54 houses and you've got close to 400 living in a community, that should be evidence enough that there needs to be more infrastructure placed in the community.<sup>11</sup>

5.16 Ms Debra Goostrey, Executive Support, Kimberley Regional Group, described to the committee, that in some northern communities there is not just a need for new housing, but also a renewal of existing social housing. Ms Goostrey stated:

When we're talking housing, it's not just about new ones and new lots but about urban renewal. We also need urban renewal in some of our social housing in Broome, where we've got massive clusters of social housing in

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<sup>10</sup> Ms Hollie Faithfull, Acting Chief Executive Officer, Torres Strait Island Regional Council, *Committee Hansard*, Thursday Island, 16 December 2020, p. 24.

<sup>11</sup> Mr Nathan McIvor, Chief Executive Officer, Djarindjin Aboriginal Corporation, *Committee Hansard*, Canberra, 10 February 2021, p. 3.

the same streets. That becomes problematic as well. So we have problems in actually creating lots, in some instances, and then we need to be aware of the urban areas.<sup>12</sup>

- 5.17 Witnesses described housing as critically important and noted the impact that it has on educational and health outcomes for communities. Councillor Harold Tracey, Shire President, Shire of Broome, illustrated to the committee that 'housing has a foundation role in releasing people from intergenerational disadvantage'.<sup>13</sup> Similarly, Mr Mick McCarthy, Executive Committee Member, Unions NT, stated:

...housing is massively important. If you don't get housing right we're never ever going to solve the health and education problems, because, as was said previously, you can't have good learning from school-age students if there are 20 or 30 of them in a house—or no house at all. They're not going to perform well at school the following day...So housing is actually more important than education. We're not going to get education right without good housing.<sup>14</sup>

- 5.18 This was echoed by Ms Yananymul Mununggurr, Director, Laynhapuy Homelands Aboriginal Corporation, who stated that 'when it comes to education, kids need to have space in housing so they can have their own privacy and a space to work in and play in—a good environment'.<sup>15</sup> The Local Government Association of Queensland (LGAQ) stated:

[a] lack of housing continues to be a grave issue, as it is one of the root causes of problems experienced by these communities in the areas of health, education and community and domestic violence. For example, it is difficult for a child to attend school attentively if he or she is kept awake at night due to living in a noisy household of 20 people and is consequently overtired for school.<sup>16</sup>

- 5.19 Councillor Tracey, Shire of Broome, described the housing stock in the region as 'battling to even compete with Third World conditions'. Councillor Tracey highlighted that such housing conditions contribute to social issues and crime in the area. Councillor Tracey stated:

We all know the problems that we have with social issues and crime issues. I've taken a number of state ministers to our precincts that have been neglected not just for the last four years, but for decades. We've got

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<sup>12</sup> Ms Debra Goostrey, Executive Support, Kimberley Regional Group, *Committee Hansard*, Canberra, 9 February 2021, p. 24.

<sup>13</sup> Councillor Harold Tracey, Shire President, Shire of Broome, *Committee Hansard*, Canberra, 10 February, 2021, p. 8.

<sup>14</sup> Mr Mick McCarthy, Executive Committee Member, Unions NT, *Committee Hansard*, Darwin, 6 November 2019, p. 58.

<sup>15</sup> Ms Yananymul Mununggurr, Director, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 3.

<sup>16</sup> Local Government Association of Queensland (LGAQ), *Submission 54*, p. 3.

housing stock there that was built in the early 1980s that just keeps getting worse. I've taken ministers past these places and said, 'If you were a 6- or 7-year-old or a 14-year-old young person living in these conditions and you had a choice of going home to those conditions or hanging out with your mates and doing stupid things, I know what the answer would be.'...I can't stress enough the importance of these sort of issues being on the agenda, because it is a catalyst. While we do have a beautiful town, we have some deep-seated social issues that are never addressed when we talk about it. Housing is a real key one for us.

- 5.20 A number of witnesses called on additional funding from state, territory and federal governments to build additional, appropriate housing, and to renew existing housing infrastructure. For example, Ms Mununggurr, Laynhapuy Aboriginal Corporation, stated that the 'Northern Territory needs additional housing to stop overcrowding' and called for government funding to assist Aboriginal corporations which are currently utilising mining royalty funds to construct housing in homeland communities. Ms Mununggurr stated:

I think the government needs to reconsider its position and maybe, in the future, help in the area of housing. I'm talking about co-contribution; the government could co-contribute towards housing.<sup>17</sup>

- 5.21 Similarly, Ms Kerry Legge, Chief Executive Officer, Laynhapuy Homelands Aboriginal Corporation called on governments to assist in encouraging 'private sector investment' in housing as 'there is a benefit to having everyone in society having good, basic living conditions'.<sup>18</sup>

- 5.22 Ms Melinda Eades, Executive Officer, Torres Cape Indigenous Council Alliance (TCICA) stated that there has been a 'lack of attention by the Commonwealth in providing adequate funding to address the very significant housing shortfalls in Indigenous communities'. Ms Eades told the committee:

We believe that we won't see significant economic opportunity for Indigenous communities until the housing issues are addressed. You can't send kids to school if you can't give them a good night's sleep because they're disrupted in a household with 20-odd people. Health outcomes are severely impacted in Indigenous communities because you can't keep people healthy when you've got that many people living in a house. So that's probably the No. 1 priority for the TCICA and, indeed, for most Indigenous local governments across Australia. We would want to see that addressed in any future work in Northern Australia.<sup>19</sup>

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<sup>17</sup> Ms Yananymul Mununggurr, Director, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 3.

<sup>18</sup> Ms Kerry Legge, Chief Executive Officer, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 3.

<sup>19</sup> Ms Melinda Eades, Executive Officer, Torres Cape Indigenous Council Alliance (TCICA), *Committee Hansard*, Cairns, 15 December 2020, p. 48.

- 5.23 Ms Eades, stated that there has been a 'lack of investment' by the Australian Government in remote First Nations housing. Ms Eades told the committee:

After the 10-year NPARIH (National Partnership Agreement on Remote Indigenous Housing) ended, there was no further agreement by the Commonwealth to work with the jurisdictions to continue to fund Indigenous housing. The Commonwealth did commit a further \$105 million in Queensland, which certainly doesn't address the shortfall but it's absolutely welcome money. We're working hard, through Indigenous Australians minister Ken Wyatt, to try and get an ongoing focus on and ongoing commitments to addressing Indigenous housing issues. The government's own report identified that there was still significant attention needed to address the shortfalls.<sup>20</sup>

- 5.24 The LGAQ detailed the benefits which were seen as a result of the NPARIH. It described the NPARIH as an 'excellent program' which delivered more than 1200 new houses and refurbished nearly 1500 houses in Queensland. The LGAQ called for the Australian Government to invest in housing in a program equivalent to the NPARIH.<sup>21</sup>

- 5.25 Councillor Harold Tracey, Shire of Broome, argued that communities and government agencies urgently require financial assistance from the Australian Government. Councillor Tracey stated:

Our communities and our government agency urgently require financial assistance from the Australian government to improve the dire social and Aboriginal housing conditions across Broome and the Kimberley. The contraction of the Commonwealth-State Housing Agreement, the National Housing and Homelessness Agreement and the national partnership on remote housing has left WA, the Kimberley and Broome neglected since 2018. The Northern Australian agenda is relatively silent on housing issues. As a foundation for economic and social growth, this needs to be corrected through existing state-federal programs such as the National Housing and Homelessness Agreement and the North-West Aboriginal Housing Fund.<sup>22</sup>

- 5.26 Similarly, Mr Chris Mitchell, Chair, Kimberley Regional Group, called on the Australian Government to holistically assess the services and infrastructure which communities in Northern Australia, such as the Kimberley, require. In discussing the services and infrastructure communities require, Mr Mitchell noted that the lack of fit-for-purpose housing has 'reinforced intergenerational disadvantage'.<sup>23</sup>

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<sup>20</sup> Ms Eades, TCICA, *Committee Hansard*, Cairns, 15 December 2020, p. 48.

<sup>21</sup> LGAQ, *Submission 54*, p. 3. See also Torres Cape Indigenous Council Alliance, *Submission 98*, p. 4.

<sup>22</sup> Councillor Tracey, Shire of Broome, *Committee Hansard*, Canberra, 10 February, 2021, p. 8.

<sup>23</sup> Mr Chris Mitchell, Chair, Kimberley Regional Group, *Committee Hansard*, Canberra, 9 February 2021, p. 20.

5.27 Some witnesses were critical of the ways in which government funding to improve housing has been spent. For example, Mr Mitchell, Kimberley Regional Group, stated that in Fitzroy Crossing:

...there was substantial funding for housing in some of the communities to uplift the communities. From what I gather, all that was achieved was some new government staff housing in the community. The actual community didn't really benefit from all this additional housing.<sup>24</sup>

5.28 Councillor Tracey, Shire of Broome, also told the committee that a number of state governments had made promises of expenditure on housing in the Kimberley which did not eventuate. Councillor Tracey stated:

There have been a number of state governments over the last couple of terms and promises of \$120 million or \$200 million to be spent on housing in the Kimberley simply didn't happen...If you look at housing, Broome got about 19 or 20 houses in the last four years, and, across the Kimberley, Kununurra was the only town in the Kimberley that got a fairly decent slice of housing funded. So what we were promised to be delivered simply didn't happen. Government spending contraction has made a huge impact on our construction spend over the years.<sup>25</sup>

5.29 Councillor Peter Long, Mayor, City of Karratha, told the committee that in Karratha there were approximately 100 state government owned houses which 'weren't liveable' but that the government has 'now consented to fix those up'.<sup>26</sup>

5.30 Other witnesses also highlighted the impact that inadequate housing can have on health outcomes. Mr Matthew Burrows, Chief Executive Officer, Boab Health Services told the committee that 'access to housing is one of the key social determinants of health'. Mr Burrows explained:

You're not going to have a healthy person if they're not able to access basic shelter, and not just in a physical sense but in a mental sense as well. If you've got 25 people living in a house that's substandard to start with, then you're not going to have optimal health outcomes. We know this. This is evidence based. We need to get better at working with people living in remote areas, to make sure that we do have adequate housing.<sup>27</sup>

5.31 Mr Jeff Cook, Manager, Laynhapuy Homelands Aboriginal Corporation, noted that some communities lack 'really basic facilities' such as flushing toilets, and water for handwashing. As a result:

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<sup>24</sup> Mr Mitchell, Kimberley Regional Group, *Committee Hansard*, Canberra, 9 February 2021, p. 24.

<sup>25</sup> Councillor Tracey, Shire of Broome, *Committee Hansard*, Canberra, 10 February, 2021, p. 10.

<sup>26</sup> Councillor Peter Long, Mayor, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 12.

<sup>27</sup> Mr Matthew Burrows, Chief Executive Officer, Boab Health Services, *Committee Hansard*, Canberra, 9 February 2021, p. 28.

We have high rates of rheumatic heart disease, maybe the highest in the world, and it's simply a disease of poverty. It doesn't exist in Melbourne, and that's not for any other reason except housing, water and so on.<sup>28</sup>

- 5.32 Mr Cook further explained rheumatic heart disease is linked to living conditions, and that there is 'no real treatment'. Currently, treatment consists of attempting to prevent a recurrence of rheumatic fever through patients receiving an injection of penicillin every 28 days, a treatment described as 'quite painful'. Mr Cook explained:

So they have a penicillin needle every 21 to 28 days until they're 21 years old or for 10 years. That disease is not from anything other than living standards. It's not because people do anything wrong. It's just that no-one has hot water. So access to hot water is an issue. It's hot here now but, if you're Yolngu and you've lived here 40,000 years, it sort of gets cold in the dry season here. So it's sort of still cold. The water's cold. If you're a two-year-old kid, you don't want to get in the cold water.<sup>29</sup>

- 5.33 Ms Darlene Irvine, Executive Officer, Far North Queensland Regional Organisation of Councils (FNQROC), told the committee that social housing and overcrowding lies at the 'crux' of issues related to First Nations employment and opportunity. Ms Irvine stated:

There is significant overcrowding in our Indigenous communities, and a lot of Indigenous people won't report the numbers of people staying in their houses, because they have a fear that it'll impact on the rent that they need to pay. COVID really highlighted the numbers sitting in there. You could have anything from 12 to 20 people in there. That impacts on any of the kids who are in there. It impacts their education. It stifles their education. It impacts health. It impacts people's ability to work, get a good night's rest, eat well, sleep well and do everything else. That is the core and the crux of what will help our Indigenous communities going forward.<sup>30</sup>

### *Housing and employment*

- 5.34 Beyond the specific needs of First Nations communities, a shortage of appropriate housing in northern communities also affects the ability for communities to recruit and maintain a workforce. Mr Ryan Hall, Director of Development Services, City of Karratha, told the committee that the cost to develop new housing is often higher than has been valued by lending institutions. Mr Hall stated that 'it's really difficult for business services and for common community members to build a house, because it might cost them \$700,000 to build and it gets valued at \$500,000'. Mr Hall explained:

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<sup>28</sup> Mr Jeff Cook, Manager, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 6.

<sup>29</sup> Mr Cook, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 7.

<sup>30</sup> Ms Darlene Irvine, Executive Officer, Far North Queensland Regional Organisation of Councils (FNQROC), *Committee Hansard*, Cairns, 15 December 2020, pp. 20–21.

Getting finance or money straight out to build a house is really costly. It gets really difficult for anyone using supply. That lack of supply is contributing to increased rents. It's putting stress on businesses; businesses are having to buy and build houses for their staff, and that's exposing them and creating a lot more risk.<sup>31</sup>

- 5.35 Mr Hall also told the committee that Karratha doesn't 'have the supply to accommodate' workers moving to the town, which is 'driving up prices, and then people are having to leave town'. Mr Hall described it as a 'very self-defeating cycle' which is 'stalling our growth and productivity'. Mr Hall stated:

If we want to grow again, we do need different rules. We do need to make it easier to bring people here and even incentivise them to build houses. Our homeownership rate is probably one of the lowest in the country. We have a lot of businesses and large companies who provide company housing for staff, and the rental market is very, very high. We need to incentivise homeownership, and we think that changes to taxation would be a very good way of doing that. That staffing and that housing, there's those two interlinked issues that we're really putting forward as the key issues that we need to focus on.<sup>32</sup>

- 5.36 Councillor Long, City of Karratha stated that in Karratha there are 1,200 vacant jobs but that there are only 40 rental properties available.<sup>33</sup>

- 5.37 In addition, the cyclical nature of a project based economy which exists in many northern communities results in fluctuations in both the availability and value of housing. For example, Councillor Long told the committee:

The other problem for us has been the boom-bust economic cycle, with massive projects that suck up housing and employee resources, which drives up house prices and causes enormous stress on the wider community and often forces residents out of town, which is happening right now—even our own employees. But at the end of the boom, the price of houses drops, and there is enormous stress, with suicides and everything else, which results from that.<sup>34</sup>

- 5.38 Councillor Long, explained that when a project finishes investors are left with empty properties. Owners then factor in this potential loss of income when calculating rental costs and as such this 'pushes up rental costs'. Councillor Long highlighted that the median cost of rental properties in Karratha is \$700 per week, and the median house sale price is \$470,000. Councillor Long stated:

Our rent is twice the cost of rentals in towns of the same size in the southern part of our state. For example, Albany is \$370 per week, Bunbury

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<sup>31</sup> Mr Ryan Hall, Director of Development Services, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, pp. 9–10.

<sup>32</sup> Mr Hall, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 12.

<sup>33</sup> Councillor Long, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 12.

<sup>34</sup> Councillor Long, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 8.

is \$363 per week and Geraldton is \$320 per week. They're the median rentals of those cities. So our rental cost is already double the others and our purchase cost is between 20 and 70 per cent more, which is one of the issues.

- 5.39 The Shop, Distributive and Allied Employees' Association (SDA) similarly expressed concern that the number of fly-in-fly-out (FIFO) workers across Northern Australia has had an adverse impact on housing affordability. It noted that while the housing market can be volatile in Darwin and the north more broadly, workers on modest incomes are continually challenged by housing affordability. It noted that while median incomes across the Northern Territory are high, largely driven by the large number of high paying jobs in the resource sector, those at the lower end of the income distribution are affected by housing affordability. The SDA submitted that:

There remains room for the Commonwealth to address housing affordability in the Territory, and work with the Territory Government to invest in housing stock that accommodates those on lower incomes.<sup>35</sup>

- 5.40 Councillor Long called on the Western Australian Government to invest in housing, particularly for those working in lower paying jobs. Councillor Long stated, 'we really need government investment in the houses for the cooks and the bottle washers, the shelf stackers and the tradies, the people in the service industries who are on \$25 an hour and earning \$60,000, \$70,000 or \$80,000 a year'.<sup>36</sup>
- 5.41 A range of suggestions were made to encourage home ownership in northern communities. For example, in the past the Western Australian Government operated a scheme which provided housing for workers in regional areas. Councillor Long called for the establishment of a similar program to support businesses.<sup>37</sup>
- 5.42 It was noted that investment in building new houses, and refreshing existing housing stock provides valuable employment opportunities for northern communities. For example, the LGAQ noted that the NPARIH 'generated jobs for First Nations communities, with much of the money used to maximise local employment and increase skills'. Of particular note, a significant number of First Nations apprentices and trainees were employed under the NPARIH and:

Many of these people have since become tradespeople and either employed as fulltime employees of councils or run their own businesses. This increase in qualified tradespeople has also contributed to the rise in employment of local people by indigenous councils from 59% of council workforces in 2010 to in excess of 80% by 2018. Moreover, the number of

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<sup>35</sup> Shop, Distributive & Allied Employees' Association (SDA), *Submission 57*, p. 2.

<sup>36</sup> Councillor Long, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 12.

<sup>37</sup> Councillor Long, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 13. See also Mr Hall, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, pp. 14–15.

houses being constructed in indigenous communities by local people and businesses has risen from 10% in 2011 to 70% by 2017.<sup>38</sup>

## Health

- 5.43 Australia wide, approximately 29 per cent of people live in rural communities and remote areas where adequate access to health services and specialised health care is challenging. Rural communities and remote areas often have limited access to specialists, primary care professionals such as General Practitioners (GPs) and other healthcare practitioners, as well as reduced access to acute care infrastructure.<sup>39</sup>
- 5.44 People make choices about where they (continue or relocate to) live, and consider issues such as whether they, their children, and others in their care are able to access services that provide adequate security and opportunity. In turn, industry, employers and investors make locational decisions based on the availability of complementary and supporting infrastructure, services and resources, including human resources. As such, access to both primary and allied healthcare is critically important in considering the development of Northern Australia.<sup>40</sup>

### *2019 Australian Infrastructure Audit*

- 5.45 The Infrastructure Audit noted that remote regions where fewer than 60 per cent of the population can access a hospital service within a 60-minute drive are concentrated in Northern Australia (including East and West Arnhem, Barkly, Katherine, East Pilbara, Bowen Basin-North, Outback-North and East, and the Queensland Central Highlands), and South Western Australia.<sup>41</sup>
- 5.46 The Infrastructure Audit noted that while there are higher numbers of public hospital beds per 1,000 people in remote and very remote areas compared with cities, the key challenge is accessing these services when acute care is required.<sup>42</sup>
- 5.47 The Infrastructure Audit also highlighted that while rural and remote Aboriginal and Torres Strait Islander communities face the same challenges as other rural and remote communities in accessing appropriate health infrastructure, health outcomes are poorer. The Infrastructure Audit noted that life expectancy estimates for Aboriginal and Torres Strait Islander peoples

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<sup>38</sup> LGAQ, *Submission 54*, p. 3. See also Torres Cape Indigenous Council Alliance, *Submission 98*, p. 4.

<sup>39</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 404.

<sup>40</sup> Services for Australian Rural and Remote Allied Health (SARRAH), *Submission 66*, p. 7.

<sup>41</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 404.

<sup>42</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 404.

reduce with increasing remoteness, while life expectancy estimates for other Australians are similar between urban and remote areas.<sup>43</sup>

- 5.48 In remote and very remote areas, Aboriginal and Torres Strait Islander life expectancy is 13.9 years lower than for other Australians. This inequality has significant impacts on the social, cultural, economic and physical and emotional wellbeing of Aboriginal and Torres Strait Islander peoples.<sup>44</sup>
- 5.49 The Infrastructure Audit noted that addressing healthcare service and access needs through infrastructure, health promotion and policy simultaneously supports health outcomes. As discussed earlier, housing is a key social determinant of health, with demonstrated links between the quality and location of housing, and health and wellbeing outcomes. In addition, high quality, well-maintained health-related hardware, such as taps, toilets, showers and sinks, are basic facilities considered important components of a healthy living environment.<sup>45</sup>
- 5.50 The Infrastructure Audit noted that in 2012-13, 35 per cent of Aboriginal and Torres Strait Islander people reported living in a dwelling with one or more major structural problems. As noted above, overcrowding in housing can also lead to adverse health outcomes, with families living in overcrowded circumstances more susceptible to contracting infections through lack of hygiene and close contact with others. Overcrowding has also been identified as a risk factor for exacerbating family violence and mental health issues.<sup>46</sup>

### *Health related government initiatives*

- 5.51 The Cooperative Research Centre for Developing Northern Australian (CRCNA) noted that one of its current research focuses is health service delivery in Northern Australia. This research is conducted in conjunction with state and territory governments and is intended to:
- Improve health-seeking behaviours of Northern Australians by improving access to information, health care professionals, diagnostic tools, and treatment options.
  - Improve the early detection of diseases through the development of new technologies which assist with the flow of information, support timely decision-making and treatment options, improve access and connectivity to existing technologies, enhance workforce skills, and capability to use new or existing technologies.

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<sup>43</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 405.

<sup>44</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 405.

<sup>45</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 405.

<sup>46</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 405.

- Improve access to mental health treatment, diagnostic tools and technologies, and enhance workforce skills and capabilities in delivering treatment and diagnosis.<sup>47</sup>

5.52 The CRCNA has completed a number of healthcare related projects including the *Northern Australian health services delivery situational analysis*; and the *Developing a simple, robust telehealth system for remote communities* project. The CRCNA has also committed to the *Developing a Northern Australian model of care* project and the *Agricultural and health workforce development strategy*.<sup>48</sup>

5.53 The *Northern Australian health services delivery situational analysis* included the below key findings in relation to the current state of health service delivery:

- Healthcare and social assistance employs 13% of the region's 1.3 million people; the largest employing sector in Northern Australia.
- Northern Australian populations experience higher rates of potentially preventable hospitalisations and avoidable deaths.
- There are multiple funding streams, service providers and training, educational and regulatory frameworks for health service delivery.
- For past 5 years, circa \$7.9 million or 11% of Australian Research Council and National Health and Medical Research Council funding for Northern Australia focused on health services research.
- 2% or \$76 million is the proportion and amount of health and medical research funding from major government funding bodies received by Northern Australian institutions from 2015-2019.<sup>49</sup>

5.54 It also found that the key challenges are:

- Ongoing health workforce shortages and high turnover.
- Siloed systems of governance, finance and planning.
- The failure of health services to provide integrated and optimal care across stages of the patient journey or to involve communities in co-design.
- Under-resourcing, particularly of critical prevention services.
- Financing models that reward occasions of service rather than prevention or quality of outcomes.
- Rising costs of health care and lost productivity due to poor health.
- Vulnerability to emerging infectious diseases and natural disasters.<sup>50</sup>

5.55 The CRCNA suggested a range of identified solutions including:

- recruitment of rurally-based health professionals to assist with the retention of the local health workforce, particularly in medical "generalist" (and other health professional) roles.

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<sup>47</sup> Cooperative Research Centre for Developing Northern Australia (CRCNA), *Submission 15*, p. 9.

<sup>48</sup> Department of Industry, Science, Energy and Resources (DISER), *Submission 30.1*, p. 55-56.

<sup>49</sup> CRCNA, *Submission 15*, Attachment 2, p. 36.

<sup>50</sup> CRCNA, *Submission 15*, Attachment 2, p. 36.

- Investment in an Aboriginal and Torres Strait Islander health workforce requires the development strategies, including in innovative community roles and in leadership positions.
- eHealth and telehealth training can ensure health professionals in rural and remote areas can work to their full scope of practice in team-based models using tele-health. This will help overcome the geographical barriers to health access and reduce patient travel costs.
- Primary health strengthening of comprehensive primary health care is one of the most effective strategies for both improving health outcomes and containing health care costs.
- Cross jurisdictional planning [to] [e]stablish a permanent cross-jurisdictional health service delivery and workforce network will enable shared strategic planning and implementation of new initiatives across the northern region and appropriately fund cross-jurisdictional systems.
- Continuing to expand Aboriginal Community Controlled Health Service models of community governance will address some key macro policy issues impacting the health of northern communities (housing policy and alcohol management).
- Determine need and mechanisms to finance appropriate health service delivery models for rural and remote health service delivery.<sup>51</sup>

5.56 Through the *Our North, Our Future: White Paper on Developing Northern Australia* (the White Paper), the Australian Government also committed \$20.3 million to the development of tropical medicine research in the north. The funding has boosted tropical research capacity, fostered commercialisation opportunities and strengthened links with international research partners through several initiatives such as the HOT NORTH project led by the Menzies School of Health Research.<sup>52</sup> Charles Darwin University explained:

The grant was awarded based on competitive applications to the NHMRC [National Health and Medical Research Council] call under its Northern Australia Tropical Disease Collaborative Research Programme. The successful bid "Improving Health Outcomes in the Tropical North: A Multidisciplinary Collaboration (HOT NORTH)" was led by Menzies School of Health Research in Darwin. HOT NORTH's primary aim is to build the health research workforce across Northern Australia. In its first two years, HOT NORTH has supported 12 undergraduate and postgraduate students at universities, 17 early-career and mid-career fellows at three research institutes and seven Aboriginal and Torres Strait Islanders working in the health research sector. HOT NORTH also offers specific training to build research and research translation capacity and networking and mentoring opportunities to compensate for professional

<sup>51</sup> CRCNA, *Submission 15*, Attachment 2, p. 37.

<sup>52</sup> DISER, *Submission 30*, p. 13.

isolation caused by geographical distance. For example, it has established the 80-member Women in Tropical Health network.<sup>53</sup>

- 5.57 In addition, the Australian Tropical Medicine Commercialisation Grants program has provided support for the commercialisation of Australian tropical medicine research in partnership with international companies. Investments have also helped build links between Australian and international research institutions and a Tropical Health Short Course program has provided education and training to Indonesian health professionals in areas such as malaria prevention and treatment, with courses run in 2016, 2017 and 2018.<sup>54</sup>
- 5.58 Services for Australian Rural and Remote Allied Health (SARRAH) noted that the Australian Government has also conducted a number of major review processes that could facilitate and sustain the development of allied health services in Northern Australia, including:
- The review by Professor Paul Worley, the *National Rural Health Commissioner into Rural Allied Health Quality, Access and Distribution; Options for Commonwealth Policy and Reform, considering workforce education, training and distribution options*; and
  - The *Medicare Benefits Schedule (MBS) Review – Report from the Allied health Reference Group (2018)*, which recommended several options where modifications to the MBS would support rural access to services and rural allied health practice/employment.<sup>55</sup>

### *Need for improvement in healthcare services*

- 5.59 The committee received a range of evidence in relation to the need for improved access to healthcare services across Northern Australia. The committee heard that there is an 'immediate need' for the building of allied health and service capacity in Northern Australia. Further there are a range of benefits which would arise from doing so, including:
- improving the health and wellbeing of people in Northern Australia;
  - increasing the skilled employment and career opportunities, training pathways and economic circumstances of health professionals, and the communities in which they reside;
  - increasing the attraction and retention of a skilled workforce to northern communities; and

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<sup>53</sup> Charles Darwin University, *Submission 26*, p. 6. See also Professor Simon Maddocks, Vice Chancellor and President, Charles Darwin University, *Committee Hansard*, Darwin, 6 November 2019, p. 25.

<sup>54</sup> DISER, *Submission 30*, p. 13.

<sup>55</sup> Services for Australian Rural and Remote Allied Health (SARRAH), *Submission 66*, pp. 12–13.

- improving the employment, economic and service opportunities for communities in Northern Australia, and thereby reducing the relative impact of fluctuations in other industry sectors.<sup>56</sup>
- 5.60 Dr Inneke Wever, Medical Director, Primary Health Care, Torres and Cape Hospital and Health Service (TCHHS) explained that there are three key areas requiring investment in primary health care. These are:
- an increased medical workforce in primary care;
  - health practitioner credentialing, training and support; and
  - investment in permanently funded community based roles.<sup>57</sup>
- 5.61 Dr Wever outlined the current staff shortages faced by the TCHHS North. Dr Wever stated that at present TCHHS North has an identified need for 23 full-time equivalent primary care medical practitioners, however there are currently only eight full-time equivalent primary care medical practitioners employed. In addition, there is a need for two administrative staff and three to four health practitioners for every two to three general practitioners.<sup>58</sup>
- 5.62 Dr Wever, TCHHS, highlighted to the committee that there is an acceptance of substandard versions of healthcare delivery which is excused because it is occurring in a remote community. Dr Wever stated, 'the standards of general practice we accept in Brisbane should be the same standards we accept up here'.<sup>59</sup>

### **Mental health and preventive health**

- 5.63 The committee received evidence regarding the challenges of providing mental health and preventive services across Northern Australia. For example, Ms Sheriden Morris, Chair, CRCNA, highlighted that 'at the moment the stats for health in Northern Australia are pretty tragic, particularly mental health arrangements. It doesn't matter if you're in Indigenous communities or white communities; mental health is an issue across Northern Australia'.<sup>60</sup>
- 5.64 Mr Burrows, Boab Health Services, told the committee that Boab Health Services:

...employ mental health staff for the comorbidities, for a lot of the depression that goes across chronic diseases and is itself is a chronic

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<sup>56</sup> SARRAH, *Submission 66*, p. 1.

<sup>57</sup> Dr Inneke Wever, Medical Director, Primary Health Care, Torres and Cape Hospital and Health Service (TCHHS), *Committee Hansard*, Thursday Island, 16 December 2020, p. 10.

<sup>58</sup> Dr Wever, Primary Health Care, TCHHS, *Committee Hansard*, Thursday Island, 16 December 2020, p. 10.

<sup>59</sup> Dr Wever, Primary Health Care, TCHHS, *Committee Hansard*, Thursday Island, 16 December 2020, pp. 12–13.

<sup>60</sup> Ms Sheriden Morris, Chair, CRCNA, *Committee Hansard*, Townsville, 9 October 2019, p. 2.

disease. It is anything from subacute through to the general psychological services. When I say 'mental health', we employ clinical psychologists, psychologists, mental health nurses, social workers et cetera.<sup>61</sup>

- 5.65 However, Mr Burrows called for provision of trauma-informed counselling. Mr Burrows noted the coronial inquest into the 'untimely deaths of 13 young people' who died by suicide in the Kimberley region, and stated that current funding by the Australian Government does not allow for mental health services to provide 'trauma-informed counselling'. Mr Burrows explained:

What the Commonwealth needs to understand is that, in a region like the Kimberley, 99 per cent of people are going to be impacted by transgenerational trauma. You can't just separate one out from the other. All of our clinicians would say that, within their counselling of any of their clients, trauma is a major part of what they're dealing with. To try and put a black and white framework over it really just inhibits clinicians from getting on with the job and helping people.<sup>62</sup>

- 5.66 Dr Wever, TCHHS, told the committee that the provision of mental health services Torres Strait Island communities is inhibited by a lack of privacy, and the ability to access psychologists and psychiatrists. Dr Wever stated:

I see mental health about 30 per cent of the time in general practice—similar to some other places as well. My comment on mental health is that the logistics of being in a remote community and not having as much access to psychologists and psychiatrists and also sometimes the privacy concerns of being on a remote island are issues.<sup>63</sup>

- 5.67 Dr Wever, did however, note that the availability of telehealth services as a result of COVID-19 has improved access to mental health services. Dr Wever stated:

I have to say that telehealth has opened up a little bit more in the mental health space. Having someone being able to access a psychologist via telehealth from the privacy of their home has actually been a win over the last year.<sup>64</sup>

- 5.68 A number of witnesses discussed the importance of preventive health initiatives, particularly for First Nations communities. For example, Mr Burrows, Boab Health Services, stated:

What we'd like to see is a bigger investment in preventive health, in community based work. Even we are at fault here. As much as we are the champions of primary health care...what we really need to be thinking of is the community liaison officers, people who are actually going to bridge

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<sup>61</sup> Mr Burrows, Boab Health Services, *Committee Hansard*, Canberra, 9 February 2021, p. 26.

<sup>62</sup> Mr Burrows, Boab Health Services, *Committee Hansard*, Canberra, 9 February 2021, p. 31.

<sup>63</sup> Dr Wever, Primary Health Care, TCHHS, *Committee Hansard*, Thursday Island, 16 December 2020, p. 13.

<sup>64</sup> Dr Wever, Primary Health Care, TCHHS, *Committee Hansard*, Thursday Island, 16 December 2020, p. 13.

the cultural divide between the Western medical model and everyday community living.<sup>65</sup>

- 5.69 Similarly, Mrs Charlotte Tamwoy, Director, Primary Health Care–North, Queensland Health, told the committee that primary healthcare services deliver five core services: clinical care, disease screening, health education, health promotion and community development. Mrs Tamwoy stated however:

What could be done or required to be done by us would be more health promotion and health education...we don't have the resources to deliver the services that we're supposed to be delivering. We don't have the capacity nor the level of staffing, especially in the communities, where we also need health practitioners...With the increase in chronic diseases in our communities, we are lacking in health education and health promotion because of the lack of resources.<sup>66</sup>

- 5.70 Mr Burrows, acknowledged that it can be hard to 'quantify' what losses (personal and economic) are prevented through preventive healthcare but noted that early engagement in primary care would not only stop:

...a lot of end-stage renal failure and a lot of days on dialysis chairs but, with early intervention and putting people on self-management plans where they're able to gain their independence and take control of their diabetes early, those people would have every opportunity to be economic contributors to this nation. It's not just about the health dollar that you save; it's about how many people could be economically productive. The savings increase exponentially when you think of the savings to the community and to the carers as well.<sup>67</sup>

- 5.71 Mr Burrows concluded, 'it seems to be a no-brainer: if we invest early, prevent, intervene early and work with people to self-manage, it's so much better than just trying to cure at the end, especially when people are in that end-stage treatment phase'.<sup>68</sup>

- 5.72 Mr Burrows, Boab Health Service, highlighted the work being undertaken in relation to diabetes and kidney disease and stated that:

The burden of disease from diabetes alone is immense. The more you diagnose, the more you find, and the more you treat, the more you find at this stage. We're all hoping that you will get to that curve, where you get to a point where we believe we've got the critical mass, and hopefully we can start getting on top of it...<sup>69</sup>

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<sup>65</sup> Mr Burrows, Boab Health Services, *Committee Hansard*, Canberra, 9 February 2021, p. 26.

<sup>66</sup> Mrs Charlotte Tamwoy, Director, Primary Health Care–North, Queensland Health, *Committee Hansard*, Thursday Island, 16 December 2020, p. 11.

<sup>67</sup> Mr Burrows, Boab Health Services, *Committee Hansard*, Canberra, 9 February 2021, pp. 26–27.

<sup>68</sup> Mr Burrows, Boab Health Services, *Committee Hansard*, Canberra, 9 February 2021, p. 27.

<sup>69</sup> Mr Burrows, Boab Health Services, *Committee Hansard*, Canberra, 9 February 2021, p. 29.

5.73 However, Mr Burrows noted that 'all of the growth [in health funding] is going into dialysis and renal treatment, but not into truly health promotion and prevention activities'.<sup>70</sup> This was echoed by Dr Wever, TCHHS, who stated that government funding prioritises acute care. Dr Wever stated:

It's partly an issue of remoteness, but it's also an issue of both our federal and our state governments still prioritising acute care. When we talk about transplants, they're absolutely necessary and should be offered to people who have made it to CKD stage 5. It's a hugely expensive exercise. If we looked at investing a similar proportion of money in preventative health care here and stopped CKD from progressing to stage 1, or stopping people getting CKD, the return on investment would be phenomenal, but we're still stuck on 'We need to fund transplants and fund dialysis' and we're ignoring the primary care, which would stop the current generation from needing to have dialysis or transplants.<sup>71</sup>

### **Healthcare delivery**

5.74 The committee heard that there are a range of issues related to healthcare delivery in Northern Australia, including that it is often delivered on a FIFO basis; a lack of coordination between government agencies; and a lack of Aboriginal and Torres Strait Islander health professionals.

5.75 Ms Eades, TCICA, explained that there is a lack of service provision in communities and that health services in regional and remote areas are often delivered on a FIFO basis. Ms Eades stated:

A lot of services are delivered on a fly-in fly-out basis, particularly health services. Whilst there are clinics in communities, they don't have the level of service provision and access to specialists and so forth that you would obviously have in a bigger community. The very low population really challenges service delivery in communities. Particularly where governments are funding private sector enterprise to deliver those services, the enterprise will do it as economically as it can, which means fly in, fly out.<sup>72</sup>

5.76 Similarly, Dr Wever, TCHHS, called for investment in 'boots-on-the-ground service delivery rather than temporary projects, FIFO, and research based funding'. Dr Wever stated:

we know what works. We need enough staff on the ground in permanently funded positions who are committed to this community to provide comprehensive primary health care from preconception to palliation.<sup>73</sup>

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<sup>70</sup> Mr Burrows, Boab Health Services, *Committee Hansard*, Canberra, 9 February 2021, p. 29.

<sup>71</sup> Dr Wever, Primary Health Care, TCHHS, *Committee Hansard*, Thursday Island, 16 December 2020, p. 12.

<sup>72</sup> Ms Eades, TCICA, *Committee Hansard*, Cairns, 15 December 2020, p. 49.

<sup>73</sup> Dr Wever, Primary Health Care, TCHHS, *Committee Hansard*, Thursday Island, 16 December 2020, p. 10.

5.77 Mr Jack Bawden, Mayor, Carpentaria Shire, and Chair, North West Queensland Regional Organisation of Councils, highlighted the lack of coordination between levels of government and agencies delivering healthcare in Northern Australia. Mr Bawden stated:

We've got pretty much every available health agency there is. We've got federal and state together...I have to admit that it's better than it was five years ago, but they still lack coordination. For example, we'll have a dentist or an orthodontist turn up in town from one agency this week and then another agency will bring them in the following week. They don't get them over six months or whatever; they'll all turn up together. We can't complain about the money that's being spent on health in Normanton or Carpentaria, but what we can complain about is the lack of coordination or cohesiveness, or whatever you want to call it.<sup>74</sup>

5.78 Similarly, Mr Mitchell, Kimberley Regional Group, called for services to collaborate. Mr Mitchell stated:

The main access to Kalumburu community is, virtually, flying in on a charter flight. They had something like 17 charter flights in one day, from various agencies, all with one or two people on each plane. If you'd had a coordinated approach you would have had four flights, all full. Agencies don't talk to each other.<sup>75</sup>

5.79 Mr Burrows, Boab Health Services, did however observe that in Western Australia 'the health department and...Edith Cowan University...are trialling an electronic mapping system where we can all input our different clinics and it can all be coordinated'. Mr Burrows stated, 'there is a move to try and come together to share resources'.<sup>76</sup>

5.80 SARRAH highlighted that the need for more Aboriginal and Torres Strait Islander health professionals and workers is especially acute across Northern Australia. It explained that the health experience and outcomes of people living in rural and remote (Northern) Australia, and especially Aboriginal and Torres Strait Islander people have been extensively and repeatedly documented. SARRAH stated:

There is massive under-representation of Aboriginal and Torres Strait Islander people in the health professions – for example, requiring a 6-8 fold increase to reach population parity nationally. This constrains access to care and contributes to poorer health outcomes. In Northern Australia reaching population parity would require an increase in the order of 30-40 fold.<sup>77</sup>

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<sup>74</sup> Mr Jack Bawden, Mayor, Carpentaria Shire, and Chair, North West Queensland Regional Organisation of Councils, *Committee Hansard*, Cairns, 15 December 2020, p. 18.

<sup>75</sup> Mr Mitchell, Kimberley Regional Group, *Committee Hansard*, Canberra, 9 February 2021, p. 25.

<sup>76</sup> Mr Burrows, Boab Health Services, *Committee Hansard*, Canberra, 9 February 2021, pp. 30–31.

<sup>77</sup> SARRAH, *Submission 66*, p. 11–12. See also Indigenous Allied Health Australia (IAHA), *Submission 61*, pp. 1–2.

5.81 Similarly, Indigenous Allied Health Australia (IAHA) noted that while there are 'commendable, highly capable and committed health professionals and services working across Northern Australia', there are 'simply too few to provide anything like comparable service coverage to that enjoyed by most Australians'. IAHA submitted:

Consequently, the population of Northern Australia, the industries they work in and generate, the communities they form, and future growth prospects depend to a very great extent on a highly mobile, high churn and short-term, often inexperienced and relatively high cost health workforce. The health experience and outcomes of people living in rural and remote (northern) Australia, and especially Aboriginal and Torres Strait Islander people have been extensively and repeatedly documented.<sup>78</sup>

5.82 IAHA also raised concern that along with professional shortages; training and clinical supervisory infrastructure and capacity is of high quality but inadequate to service needs across Northern Australia. IAHA stated that:

...there is a serious risk the growing demand for health services and professionals elsewhere could exacerbate existing workforce shortages in Northern Australia across health, aged care and the NDIS, for example.<sup>79</sup>

### **Impact of poor healthcare availability on a skilled workforce**

5.83 As noted above, access to healthcare is often a deciding factor when people choose where to live. As a result, poor healthcare availability has an impact on Northern Australia's ability to attract and maintain a skilled workforce. For example, SARRAH stated that the 'extent of unmet need and chronic workforce shortages in enabling health services inhibit the workforce and productive capacity of Northern Australia'.<sup>80</sup> This was echoed by Ms Morris, CRCNA, who told the committee:

Some of the reasons we can't attract as many people to the north as we'd like are around health service delivery. There have been massive improvements over the last decade. With improved communications, improved capacity and some technical aid, we think we can improve health service delivery across the north, so that, with the opportunities of the north, you're not impeded in your health because you happen to live there.<sup>81</sup>

5.84 Mr Nick Trompf, Executive Chairman, Advance Cairns, called for the 'continued investment in...health services', describing the quality of healthcare as a 'gravitational pull' that encourages people to move to larger regional centres and capital cities. Mr Trompf stated 'it would be valuable if that divide

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<sup>78</sup> IAHA, *Submission 61*, p. 2.

<sup>79</sup> IAHA, *Submission 61*, p. 3.

<sup>80</sup> SARRAH, *Submission 66*, p. 1.

<sup>81</sup> Ms Sheridan Morris, Chair, CRCNA, *Committee Hansard*, Townsville, 9 October 2019, p. 2. See also Mr John Bearne, Director, CRCNA, *Committee Hansard*, Townsville, 9 October 2019, p. 7.

could be overcome and e-health were more widely used to allow people to stay in those regions rather than having to move for healthcare'.<sup>82</sup>

## Potable water

5.85 The issue of water security and access to potable water for northern communities was raised over the course of the inquiry. It was noted that access to healthy potable water remains a critical issue particularly for people living in remote First Nations communities. For example, Mr Colin Saltmere, Director, Dugalunji Aboriginal Corporation; and Committee Member, Northern Australia Indigenous Reference Group, told the committee that:

...between Mount Isa and Tennant Creek there is not one community, except for one, that's got potable water—not one. It doesn't meet Australian or international health standards for drinking water. It does not. The vast problem that you've got out there—and it's more pronounced now than ever—is kidney disease. Then from kidney disease you get diabetes, and from diabetes to get all the other things.<sup>83</sup>

5.86 The committee received evidence on Thursday Island about potable water on the island. Mrs Vonda Malone, Mayor, Torres Strait Council, described how much of the island's water supply comes from nearby Horn Island and into the Loggy Creek dam and pump station, which has been recently upgraded to provide better water filtration.<sup>84</sup> Ms Faithfull, Chief Executive Officer, Torres Strait Island Regional Council, raised the need for further improvements and greater investment for water and sewerage infrastructure in the region:

I think the infrastructure that would need to be looked at within our local government area would be for water and sewerage. A lot of those facilities are coming to the end of their life and there are a lot of leaks. Obviously, we have a significant amount of desalination plants, which are ensuring that our community members have water that they are able to drink. With those leaks, the water that we're catching from the rain is just going out.<sup>85</sup>

5.87 Generation One, Minderoo Foundation stated that water quality across remote communities is affected by poor local infrastructure and issues with local aquifers. It noted that 'some communities are forced to rely on bottled water for human consumption'. Generation One, Minderoo Foundation stated that

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<sup>82</sup> Mr Nick Trompf, Executive Chairman, Advance Cairns, *Committee Hansard*, Cairns, 15 December 2020, p. 30.

<sup>83</sup> Mr Colin Saltmere, Director, Dugalunji Aboriginal Corporation; and Committee Member, Northern Australia Indigenous Reference Group, *Committee Hansard*, Mt Isa, 10 October 2019, p. 30.

<sup>84</sup> Mrs Vonda Malone, Mayor, Torres Strait Council, *Committee Hansard*, Thursday Island, 16 December 2020, pp. 29-30.

<sup>85</sup> Ms Faithfull, Torres Strait Island Regional Council, *Committee Hansard*, Thursday Island, 16 December 2020, p. 24.

this issue appears to have arisen as a result of funding constraints and differing approaches to regulation. It submitted:

For example, in Western Australia, remote community water supplies are delivered through a combination of service agreements with local communities and the Remote Area Essential Services Program (RAESP) and not, as in other communities throughout the State, the State's Water Corporation. Regulatory arrangements concerning water service delivery are vague and not subject to the same licensing requirements of other communities.<sup>86</sup>

- 5.88 Generation One, Minderoo Foundation recommended that an investigation into the quality of potable water supplies in remote communities across Northern Australia should examine both the cost of delivery and any regulatory controls which exist. It suggested that 'a program of rectification provides an opportunity for further investment into infrastructure which could be structured around greater Indigenous employment'.<sup>87</sup>

### **Accessibility**

- 5.89 This section considers the social necessity of a viable system of roads and other forms of transport throughout Northern Australia. For a consideration of road and transport infrastructure itself, see chapter 3 of the report, which examines road and transport funding and improvements.
- 5.90 The importance of road infrastructure to northern communities for the delivery of critical services such as healthcare and education, access to food, and employment was highlighted throughout the inquiry. For example, Ms Scrymgour, Northern Land Council, told the committee that in addition to roads 'providing the foundation for any development in the Northern Territory', adequate road infrastructure is also a safety and accessibility issue.<sup>88</sup>
- 5.91 A number of witnesses highlighted that current road infrastructure is poor and due to weather events such as flooding during the wet season, remote communities have limited access. Mr McIvor, Djarinjin Aboriginal Corporation, described the road conditions in Djaridnjin as being in a 'Third World state'. Mr McIvor explained that the 'roads have completely washed away in some parts and you need a four-wheel-drive to drive around community'.<sup>89</sup> Similarly, Ms Eades, TCICA, stated:

The community access roads are still problematic. Some communities have a fully sealed road, or they're very close to being fully sealed, but, again, Lockhart River, because it also quite hilly terrain, is very expensive. It will

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<sup>86</sup> Generation One, Minderoo Foundation, *Submission 9*, p. 8.

<sup>87</sup> Generation One, Minderoo Foundation, *Submission 9*, p. 8.

<sup>88</sup> Ms Scrymgour, Northern Land Council, *Committee Hansard*, Darwin, 6 November 2019, p. 14.

<sup>89</sup> Mr McIvor, Djarinjin Aboriginal Corporation, *Committee Hansard*, Canberra, 10 February 2021, p. 3.

still be some years before you can get in and out of Lockhart on a sealed road.<sup>90</sup>

5.92 Witnesses told the committee that improved road infrastructure is required so that communities are able to access fresh food. Mr Joel Bowden, General Secretary, Northern Territory Trades and Labour Council, stated that the price of fresh food in remote communities is 'astronomical' and that as a result people are unable to afford it and that this has an effect on health outcomes.<sup>91</sup>

5.93 Ms Mununggurr, Laynhapuy Homelands Aboriginal Corporation, noted that during the wet season roads with good access are required to allow those living in Aboriginal homeland communities to travel to nearby towns to buy food. Ms Mununggurr stated:

In the wet season we need good access roads. That would make a difference for people. They could drive all year round and go shopping. They have to come into town for shopping because some of our homelands don't have shops. I think only three homelands have got little shops.<sup>92</sup>

5.94 Mr Jeff Cook, Manager, Laynhapuy Homelands Aboriginal Corporation, explained that the Corporation provides health care to Gangan, ancestral land of the Dhalwanju people, a remote inland riverside community and one of the largest homelands in east Arnhemland. Mr Cook noted that in the past, he and a doctor would fly to the community to provide healthcare but because two river crossings would flood early in the wet season, community members would not have access to food. Mr Cook explained:

I was pretty well paid. The doctor was pretty well paid. It cost us 900 bucks to get there. But we were checking the blood pressure of people who had no food, which was a bit morally challenging... We run a store now in Gangan. We started a grocery store in Gangan. Now we feel good about our health service because we're running this grocery store that doesn't sell cigarettes and doesn't sell soft drink. We have a dietician and best choice products. Now we're delivering services to people who have something to eat, and it feels a lot better.<sup>93</sup>

5.95 Witnesses also noted that projects to upgrade road infrastructure provides important employment opportunities for local communities. Ms Mununggurr, Laynhapuy Homelands Aboriginal Corporation, explained that:

People in our communities used to be grader drivers, used to drive big trucks and used to be road workers. It can create opportunities for those

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<sup>90</sup> Ms Eades, TCICA, *Committee Hansard*, Cairns, 15 December 2020, p. 56.

<sup>91</sup> Mr Joel Bowden, General Secretary, Northern Territory Trades and Labour Council, *Committee Hansard*, Darwin, 6 November 2019, p. 62.

<sup>92</sup> Ms Mununggurr, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 6.

<sup>93</sup> Mr Jeff Cook, Manager, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 7.

people and the younger generations if they have the proper training to drive a vehicle. If they have a licence, they would be able to do that work on the road.<sup>94</sup>

- 5.96 Witnesses on Thursday Island emphasised that investment in wharfs and jetties were much needed, as boats are the main form of transportation on the island. This included not only the initial building of such infrastructure, but its maintenance over time. Mr Napau Pedro Stephen, Chairperson, Torres Strait Regional Authority noted that many of the wharves of Thursday Island were funded 20 years ago and had now become aged infrastructure.<sup>95</sup> Mr Phillemon Mosby, Mayor, Torres Strait Island Regional Council, outlined on the impact of this on the community:

The high cost of living up here means that a lot of our people will resort to travelling by dinghy. The infrastructure has been in place for over 30 or 40 years. It doesn't even meet the minimum requirement, the DVA compliance. Council doesn't have the funds and, if it closes, it is closing off an important infrastructure for the community, and there are a number of spinoff benefits economically to the community. The barge comes to bring supplies to the islands, and, because of the state of the wharves, some communities have to go another week without a food supply. It's something that people on the mainland take for granted. For us, it's absolutely critical.<sup>96</sup>

- 5.97 Further to this, Mrs Malone, Torres Strait Council, noted how the improvement of wharf and port facilities would enable greater tourism to the island, and also emphasised how essential these facilities were to ensuring that law-enforcement services are provided to the island.<sup>97</sup>

## **Telecommunications and connectivity**

- 5.98 Telecommunications infrastructure covers the networks that carry voice and data between users, impacting the liveability and productivity of communities. This includes wires, fibre, towers, sensors, satellites, radio spectrum and physical infrastructure such as data centres and cable landing stations, which come together as networks to deliver communications to users.
- 5.99 Telecommunications are increasingly central to the lives of Australians with business and government rapidly moving services online. The Infrastructure Audit noted that almost 90 per cent of Australians accessed the internet

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<sup>94</sup> Ms Mununggurr, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 5.

<sup>95</sup> Mr Napau Pedro Stephen, Chairperson, Torres Strait Regional Authority, *Committee Hansard*, Thursday Island, 16 December 2020, p. 3.

<sup>96</sup> Mr Phillemon Mosby, Mayor, Torres Strait Island Regional Council, *Committee Hansard*, Thursday Island, 16 December 2020, p. 23.

<sup>97</sup> Mrs Malone, Torres Strait Council, *Committee Hansard*, Thursday Island, 16 December 2020, pp. 30-31.

through mobile phones in 2018. Further, 59 per cent of Australians now use four or more devices to access the internet.<sup>98</sup>

5.100 However, the Infrastructure Audit found that in regional centres and rural and remote areas, telecommunications infrastructure often delivers costly services which provide poor connectivity, speeds and data allowances. This means people often require extra equipment, such as devices and other hardware, to access services, or can only access mobile data services. This creates impacts for both businesses and individuals, which can exacerbate spatial inequalities.<sup>99</sup>

### *Importance of connectivity*

5.101 The committee heard that better telecommunications and connectivity are needed in regional, rural and remote Australia including Northern Australia. AgForce told the committee that connectivity improves the liveability and economic potential of communities. Further, 'telecommunications projects, especially in remote areas, have a significant public benefit'. AgForce explained:

For example, improving poor telecommunications allows a range of businesses to thrive including agribusiness and tourism. Provisions of service or service upgrades improve safety, liveability, attract investors, workers, families and communities to Northern Australia and make an area more attractive for business hubs and tourist events. Improved connectedness to online services also improves quality of life, health and education and allows individuals to work from remote locations.<sup>100</sup>

5.102 The committee heard that there is a critical need for digital infrastructure to support rural and remote communities' business and enterprise connectivity. Meat and Livestock Australia submitted that there is a risk that without improved telecommunications infrastructure, northern producers will 'miss out on being engaged in the digital economy, putting them at a significant economic disadvantage'. Meat and Livestock Australia submitted that:

It is key that mainstream telecommunications and internet infrastructure allows adequate and affordable connectivity, that can support farming businesses to participate in the digital economy and utilise new technologies that help drive business performance.<sup>101</sup>

5.103 Dr Keith Noble noted that the agriculture sector is a dynamic and innovative industry capable of adopting new technology, but that the ability to capitalise on innovation is hampered by current NBN internet service delivery. Dr Noble described this as 'a particular disservice when high-speed internet would

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<sup>98</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 559.

<sup>99</sup> Infrastructure Australia, *Australian Infrastructure Audit 2019*, p. 585.

<sup>100</sup> AgForce, *Submission 83*, p. 2.

<sup>101</sup> Meat and Livestock Australia, *Submission 73*, p. 3.

improve planning and adaptation capacity, enable family connectedness, and facilitate increased situational awareness'.<sup>102</sup>

5.104 Mr Jed Matz, Chief Executive Officer, CRCNA, told the committee that the CRCNA has identified that connectivity is a major impediment to developing Northern Australia. As a result, it has partnered with a number of universities to gain a deeper understanding of the issue, and to develop potential technological solutions which will benefit health services and the agricultural sector.<sup>103</sup>

5.105 Regional Development Australia Townsville and North West Queensland noted that telecommunications infrastructure has improved over the past four years, however 'there are still gaps in service access and quality'. It noted that telecommunications were not a focus area of the White Paper, and recommended that:

...in the next stage of development in the north we encourage a focus on fixing these telecommunications access gaps. Benefits will accrue to all businesses, the health and education sectors, not-for-profits and individual families.<sup>104</sup>

5.106 The Torres Cape Indigenous Council Alliance (TCICA) submitted that 'the Australian Government must prioritise Northern Australia infrastructure to overcome service standard challenges, irrespective of the diseconomies resulting from the small scale of markets'. It concluded that:

The Australian Government cannot expect the private sector to take responsibility for addressing gaps in public infrastructure like roads, ports and marine infrastructure, energy networks, water storage facilities and telecommunications networks.<sup>105</sup>

5.107 Witnesses emphasised the importance of a coordinated government response to managing connectivity and coverage issues in Northern Australia. For example, Mr Bawden, Carpentaria Shire, and Chair, North West Queensland Regional Organisation of Councils, stated:

My view is that this communications thing is going to finish up as hairy as a dog's back, because everybody is doing their own thing and we're not communicating. We're not very good communicators. There needs to be a uniform or blanket...At the moment, in the Gulf, we've probably got three

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<sup>102</sup> Dr Keith Noble, *Submission 14*, p. 2.

<sup>103</sup> Mr Jed Matz, Chief Executive Officer, CRCNA, *Committee Hansard*, Townsville, 9 October 2019, p. 7.

<sup>104</sup> Regional Development Australia Townsville and North West Queensland, *Submission 47*, p. 3.

<sup>105</sup> Torres Cape Indigenous Council Alliance (TCICA), *Submission 98*, p. 3.

or four projects...There's no way in the world that we're all coordinated. We need to be coordinated.<sup>106</sup>

5.108 Ms Darlene Irvine, FNQROC, noted that regional and remote councils are also 'having to fight to find innovative ways' to resolve telecommunications infrastructure issues which are readily resolved by industry and government in cities. Ms Irvine explained:

The frustrating thing is that it's our resources, it's our time and it's our money. That is just a given in urban areas, and they don't have to fight for these telecommunications. Councils such as Cairns or Brisbane don't have to develop up solutions for mobile communications; it happens. It happens because it is a business prospect for Telstra, Vodaphone and Optus. It is not a viable business option up here. We spend time, money and resources on finding innovative solutions for that, when they could be spent on normal council business, or services that we provide to the community under normal council business.<sup>107</sup>

5.109 The importance of telecommunications infrastructure in supporting cohesive and resilient communities in Northern Australia, particularly in the context of disaster preparedness and recovery was also noted. For example, Mr Nico Padovan, Chief Executive Officer and Chief Operating Officer, National Drought and North Queensland Flood Response and Recovery Agency, told the committee that the Australian Government sees 'improved communications as being absolutely critical and, in part, a key enabler for access to information'. Mr Padovan explained:

In the case of the flood event, as I think you might already be aware, there was a lot of data in the region, whether it was from river gauges or rain gauges, already being collected by various parties, but the means to share it simply weren't there. The collection wasn't automated, the underpinning communications weren't there. Had that information been available, people would have been much better placed than was the case to make decisions about the preservation of livestock and property.<sup>108</sup>

5.110 Mr Padovan acknowledged that while services such as Sky Muster are available, and that work is being undertaken through the Mobile Black Spot Program, 'there is clearly a significant way to go in having the level of access to information on which to base business decisions and conduct operations remotely'.<sup>109</sup>

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<sup>106</sup> Mr Jack Bawden, Mayor, Capentaria Shire, and Chair, North West Queensland Regional Organisation of Councils, *Committee Hansard*, Cairns, 15 December 2020, p. 16.

<sup>107</sup> Ms Irvine, FNQROC, *Committee Hansard*, Cairns, 15 December 2020, p. 16.

<sup>108</sup> Mr Nico Padovan, Chief Executive Officer and Chief Operating Officer, National Drought and North Queensland Flood Response and Recovery Agency, *Committee Hansard*, Canberra, 8 May 2020, p. 3.

<sup>109</sup> Mr Padovan, National Drought and North Queensland Flood Response and Recovery Agency, *Committee Hansard*, Canberra, 8 May 2020, p. 3.

### *Current issues with connectivity*

5.111 The committee received a range of evidence in relation to inadequate internet and mobile connectivity causing repeat disruption to business operations and community-based activity.<sup>110</sup>

5.112 Generation One, Minderoo Foundation, noted that across Northern Australia:

The current roll out of mobile services is on a case by case basis is ad hoc and sporadic, based on assessment by local Officers and on anecdotal information. Identified black spot funding and roll out is not leading to an inclusive and seamless access to internet and mobile services.<sup>111</sup>

5.113 Generation One, Minderoo Foundation explained that while Telstra services are widespread across towns in Northern Australia, services in remote communities are delivered by a range of other providers, and the service quality can be poor. It submitted that:

It is reported that Indigenous people can be required to carry two different phones which are switched on and off depending on where they are at the time. Given the high level of transience between communities this both increases cost and reduces the reliability of service to Indigenous people. An example is the remote community of Billiluna, where residents are serviced by Optus, whereas nearby Balgo is serviced by Telstra.<sup>112</sup>

5.114 Generation One, Minderoo Foundation concluded that, 'the digital divide restricts access to job opportunities, education and training, government services, and the wider digital economy'.<sup>113</sup>

5.115 This was echoed by Ms Scrymgour, Northern Land Council, who told the committee that:

...in the Northern Territory there are substantial areas across the Territory that still have poor or no mobile phone or internet coverage. We lose the opportunity for learning and creative ways of education via using technology as a means to transmit to remote areas when we can't fix it and make sure that we can at least get mobile coverage or internet coverage out to some of these remote communities.<sup>114</sup>

5.116 The Groote Eylandt and Bickerton Island Enterprises (GEBIE) also told the committee that Groote Eylandt has 'very poor telecommunications' including that the signal continuously drops out, disconnecting phone calls repeatedly. In addition, the bandwidth provided by National Broadband Network (NBN)

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<sup>110</sup> Town of Port Hedland, *Submission 35*, p. 9.

<sup>111</sup> Generation One, Minderoo Foundation, *Submission 9*, p. 8.

<sup>112</sup> Generation One, Minderoo Foundation, *Submission 9*, p. 8.

<sup>113</sup> Generation One, Minderoo Foundation, *Submission 9*, p. 8.

<sup>114</sup> Ms Marion Scrymgour, Chief Executive Officer, Northern Land Council, *Committee Hansard*, Darwin, 6 November 2019, p. 14.

satellites being 'similar to dial up' speeds. GEBIE was critical of what it described as a monopoly held by Telstra. It submitted:

Being a monopoly provider of telecommunications, the Telecommunications Universal Service Guarantee (USG) should be covering all areas in the North of Australia, especially those with just Telstra as the carrier. It should cover all types of telephony including data and internet, especially in remote areas where they are the only telco provider. These market challenges highlight the need for a continued focus on investment in infrastructure to enable economic development, particularly in remote Northern Australia.<sup>115</sup>

5.117 Councillor Jane McNamara, Mayor, Flinders Shire Council, also described the internet speeds provided by the NBN as 'inferior' when compared to the services previously provided. Councillor McNamara told the committee that poor internet service is impeding businesses, particularly during peak periods. Councillor McNamara stated that the Flinders Shire Council has invested in wi-fi hotspots to assist with connectivity both for businesses, and visiting tourists.<sup>116</sup>

5.118 The committee also heard that poor internet connectivity has an impact on school students, and the provision of telehealth services. Councillor McNamara further noted that current telecommunications infrastructure will be 'woefully inadequate' particularly if the Flinders Shire Council experiences expected population growth over the next five years.<sup>117</sup>

5.119 Mrs Susan Kinobe, Executive Director Corporate Services (Northern) TAFE Queensland, also noted that poor telecommunications infrastructure is having an impact on students undertaking study with TAFE Queensland. Mrs Kinobe explained:

Our Bowen campus is one really good example—the NBN doesn't reach our campus. It's about a kilometre away. So we actually don't have some viable telecommunication technology that's going to get to an area like Bowen that can then feed into the rest of our other pools so someone in Mornington Island could participate in that. Without some of those technological advancements, we're a little bit challenged.<sup>118</sup>

5.120 Submitters highlighted that many areas in Northern Australia do not have mobile communication coverage, so-called 'black spots'. This has an impact on the safety, and economic development of northern communities. For example,

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<sup>115</sup> Groote Eylandt and Bickerton Island Enterprises (GEBIE), *Submission 87*, pp. 1–2.

<sup>116</sup> Councillor Jane McNamara, Mayor, Flinders Shire Council, *Committee Hansard*, Townsville, 9 October 2019, p. 18.

<sup>117</sup> Councillor McNamara, Flinders Shire Council, *Committee Hansard*, Townsville, 9 October 2019, pp. 18–19.

<sup>118</sup> Mrs Susan Kinobe, Executive Director Corporate Services (Northern) TAFE Queensland, *Committee Hansard*, Townsville, 9 October 2019, p. 30.

the FNQROC noted the impact of mobile phone black spots and submitted that their 'own mobile communication audit of major roads and tourist routes identified that nearly 70% is in a blackspot, this compares to 1% in urban areas'. FNQROC stated that:

The Federal government has a key role in this area and it would be encouraging to see a strategic mobile communication implementation plan for Northern Australia to support economic development, workplace health and safety and community wellbeing (connectedness).<sup>119</sup>

5.121 Representatives of Mackay Sugar Limited noted that gaps in mobile phone coverage area 'a bit of a problem'. Mr Mark Day, Executive Director and Chief Executive Officer, Mackay Sugar Limited, told the committee that mobile phone black spots limit the company's ability to communicate directly with sugar cane growers. Mr Day explained:

If we wanted to be at the front edge of first-class telecoms we should be able to communicate directly with growers in all parts of the region. We have hills and valleys up in certain corners and there are blind spots, so that limits our ability to communicate. We run our own radio network for the trains that we run, for cane transport, and so on top of mountains we've got towers and things. It would help us if we had a better network, out to some of those other farms, for faster communication.<sup>120</sup>

5.122 Likewise, the Australian Logistics Council submitted that the lack of adequate telecommunications infrastructure across regional areas and along key freight routes is impeding the implementation of the National Freight and Supply Chain Strategy. This strategy outlined the need for improved freight data collection, sharing and analysis practices to enable industry and government freight sector participants to make better informed operational, planning and investment decisions. The Australian Logistics Council submitted that it:

...supports Commonwealth initiatives such as the mobile blackspot program, however believes that more attention should be focused on rectifying telecommunications blackspots across Northern Australia, in particular along key freight routes.<sup>121</sup>

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<sup>119</sup> FNQROC, *Submission 27*, p. 11. See also Ms Irvine, FNQROC, *Committee Hansard*, Cairns, 15 December 2020, p. 15.

<sup>120</sup> Mr Mark Day, Executive Director and Chief Executive Officer, Mackay Sugar Limited, *Committee Hansard*, Mackay, 12 March 2020, p. 19.

<sup>121</sup> Australian Logistics Council, *Submission 33*, pp. 4–5.

# Chapter 6

## Investment, opportunities and engagement with First Nations people

- 6.1 The *Our North, Our Future: White Paper on Developing Northern Australia* (White Paper) clearly stated that 'developing the north will need to be in full partnership with Indigenous Australians, with a focus on creating opportunities through education, job creation and economic development'.<sup>1</sup> The necessity of this partnership is made clear when one considers that First Nations land tenure comprises a vast proportion of the Northern Australia landmass, including 66 per cent of north Queensland, 80 per cent of the Northern Territory and 94 per cent of northern Western Australia. Further, Aboriginal and Torres Strait Islander people make up approximately 15 per cent of the population in Northern Australia and over 25 per cent of the population in the Northern Territory.<sup>2</sup>
- 6.2 Any assessment of the effectiveness of the Australian Government's Northern Australia agenda must therefore necessarily examine the economic and social benefits which have arisen from investment in Northern Australia, particularly for First Nations people. This chapter examines the evidence received in relation to these social and economic benefits, and areas for improvement in policy and engagement. A discussion of First Nations peoples' economic engagement with the renewable energy sector is discussed in Chapter 8.
- 6.3 Additionally, the committee made recommendations in its interim report in this area, specifically:

### **Recommendation 3**

The committee recommends that the Australian Government consider converting part of the NAIF to a combination of small grants, equity stakes and guarantees, supported by rigorous guidelines including caps on funding and business size, to ensure that small scale projects and First Nations projects are adequately supported.

### **Recommendation 4**

The committee recommends that the NAIF further develop linkages with other government programs and funds that are available for building capacity among proponents of small or First Nations led projects to meet NAIF's administrative requirements, including funds to support early explorative work and feasibility studies.

### **Recommendation 5**

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<sup>1</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 4.

<sup>2</sup> *Indigenous Business Australia, Submission 91*, p. 11.

The committee recommends that the Australian Government require project proponents to produce and publish a local procurement and employment strategy in line with and in addition to the Indigenous Engagement Strategy.<sup>3</sup>

- 6.4 At the time of writing, the government is yet to respond to the interim report. The committee again encourages the government to prioritise the implementation of these recommendations.

## **White Paper**

- 6.5 The White Paper noted that secure land rights underpin investment and development. In the White Paper, the Australian Government made a commitment to work with First Nations communities, business and northern jurisdictions to simplify and modernise land arrangements in the north. It stated that this would create more certainty for investors, and increase the value of land.<sup>4</sup>
- 6.6 The White Paper noted that native title and First Nations land holding is of particular importance to Northern Australia as the majority of determinations and current native title claimant applications are in Western Australia, Northern Territory and Queensland.<sup>5</sup>
- 6.7 The White Paper stated that land in Northern Australia has the potential to support greater and more diverse economic activity. It noted however that some of the rules governing land use in the north adversely affect economic development and discourage investment. For example, the complexity of land arrangements has slowed development to date.<sup>6</sup>
- 6.8 The White Paper highlighted that First Nations groups, business and communities have generally recognised the need for reform; and argued that the White Paper's 20-year vision provides the clear policy direction needed for sustained reform.<sup>7</sup>
- 6.9 It was acknowledged that land is of fundamental importance to First Nations Australians for cultural, social and economic purposes. However, The White Paper stated that in many cases, Indigenous Australians do not have the same opportunities as other Australians to leverage their land assets to generate wealth. In the White Paper, the Australian Government made a commitment to

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<sup>3</sup> Select Committee on the Effectiveness of The Australian Government's Northern Australia Agenda, *Interim Report*, December 2020, p. vii.

<sup>4</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 15.

<sup>5</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 15.

<sup>6</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 15.

<sup>7</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 15.

reform native title to ensure that native title holders and Indigenous businesses and communities should have this opportunity.<sup>8</sup>

6.10 The White Paper stated that there is strong support in Northern Australia to try new ways of using land to promote economic opportunity. This would increase the value of land for all – through the creation of a native title regime that has a greater focus on economic opportunity for First Nations Australians; increasing individual property rights in township areas for willing First Nations communities; and developing pastoral leasehold into a simpler and broader form of tenure.<sup>9</sup>

6.11 The White Paper established 10 actions related to land use and First Nations people in Northern Australia. These were, as follows<sup>10</sup>:

- \$10.6 million to support pilot reforms that broaden economic activity on land and demonstrate the benefits of reform to investors, Indigenous Australians and other stakeholders.
- Supporting the native title system (with funding of approximately \$110 million a year over four years) with the aspiration of finalising all existing native title claims within a decade.
- More efficient native title processes that create more certainty for investors and opportunities for native title claimants and holders (through the Council of Australian Governments (COAG) Indigenous land review).
- \$20.4 million to better support native title holders engage with potential investors.
- Consult on options to use exclusive native title rights for commercial purposes (through the COAG Indigenous land review).
- \$17 million to support freehold/99 year leases for willing Indigenous communities, including rolling out more township leases in the Northern Territory and finalising cadastral surveys and area mapping across the north.
- Consult on new models to manage native title funds for development.
- More business friendly information on the different land tenure arrangements to increase the appeal of investing in the north.
- Pursue a set of principles and actions to improve the security, bankability and efficiency of pastoral land.

6.12 On 19 August 2020, the Australian Government provided an update on these measures, stating that they are now regarded as 'delivered' and 'on track'.<sup>11</sup> As

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<sup>8</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 15.

<sup>9</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 15.

<sup>10</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 11.

<sup>11</sup> For further detail, see: Department of Industry, Science, Energy and Resources, 'Progress update: meeting measures on the Our North Our Future White Paper', 19 August 2020,

noted in chapter 2, the basis for 'delivery' of these factors is based on announced funding, ongoing commitments and continuing works in most cases, as opposed to the actual finalisation of works and confirmation that actual goals have been achieved. As is discussed below, there is clearly work that remains incomplete in this area.

### **Government policies and investment**

- 6.13 Since the release of the White Paper, the Australian Government has developed a range of policy initiatives and made investments in programs to support First Nations entrepreneurship and businesses, many of which are based on First Nations land tenure and native title arrangements.
- 6.14 The Department of Industry, Science, Energy and Resources (DISER) submitted that the inclusion of First Nations Australians in the Northern Australia agenda is critical in maximising the full potential of the region. As such, supporting First Nations entrepreneurs and businesses is a priority for the Australian Government, and opportunities are being made available for First Nations Australians to benefit economically from their land.<sup>12</sup>
- 6.15 DISER noted that pilot reform programs for land tenure are now operating across Northern Australia to support innovative changes to land use arrangements and to simplify and boost investment on First Nations land. It submitted that 'the National Native Title Council is also preparing case studies of the development of Indigenous land-related resources, and developing a Prescribed Body Corporates curriculum and training'.<sup>13</sup>
- 6.16 DISER noted that township leasing is helping to provide a strong foundation for increased economic activity and inter-generational wealth in towns on Aboriginal land in the Northern Territory. Township leasing establishes a head lease over the whole community, which encourages local decision-making, streamlined land administration and decision making in commercial timeframes. DISER noted that a number of communities in the Northern Territory have negotiated township leases and are seeing the benefits of economic activity. For example, Mutitjulu in Central Australia, Pirlangimpi on the Tiwi Islands, the Binjari housing lease near Katherine and in Gunyangara in northeast Arnhem Land. It should be noted that these leases are 'community-entity township leases' held by Indigenous-controlled entities, as opposed to previous models of township leasing where leases were held by the Commonwealth and had been strongly critiqued by Indigenous stakeholders. DISER submitted that lease negotiations are occurring at Jabiru

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<https://www.industry.gov.au/news-media/progress-update-meeting-measures-on-the-our-north-our-future-white-paper> (accessed 9 April 2021).

<sup>12</sup> Department of Industry, Science, Energy and Resources (DISER), *Submission 30*, p. 9.

<sup>13</sup> DISER, *Submission 30*, p. 9.

in Kakadu National Park and at Yarralin in the Victoria Daly region of the Northern Territory.<sup>14</sup>

- 6.17 DISER submitted that the Australian Trade and Investment Commission has also developed business friendly, investor focused online guides to land tenure and native title systems in Northern Australia.<sup>15</sup>
- 6.18 The clean, pest and disease free status of Australia is described by DISER as 'one of the nation's greatest assets and gives the north a competitive edge in a global market where quality and safety is highly valued'. In recognition of this, the Australian Government invested \$200 million into biosecurity across Australia through the Northern Australia Biosecurity Framework. This investment included \$12.4 million provided to expand biosecurity activities by First Nations ranger groups in Northern Australia. Sixty-nine skilled ranger groups are now playing a biosecurity role, with many located along northern coastlines in very remote areas.<sup>16</sup>
- 6.19 DISER also noted that the Northern Australia Indigenous Development Accord, an intergovernmental agreement focused on progressing First Nations economic development in Northern Australia, was launched at the Ministerial Forum on Northern Development in December 2019.<sup>17</sup>
- 6.20 The Accord sets out the commitment of governments to strengthen First Nations economic participation and the mechanisms for jurisdictions and the Commonwealth, led by the National Indigenous Australians Agency (NIAA), to continue to work together to progress the Indigenous Reference Group's recommendations. One of the joint activities in the Accord is expanding fee-for-service opportunities for First Nations ranger groups across the north.<sup>18</sup> At the time of writing, there is yet to be a progress update on the Accord's outcomes.
- 6.21 The Department of Foreign Affairs and Trade (DFAT) and Austrade submitted that they are advocates of the Indigenous Procurement Policy and strive to build long-term strategic commercial partnerships with First Nations businesses to build capacity in both Australia and overseas. It was noted that DFAT (as at July 2019) had awarded over 530 contracts to First Nations-owned businesses with a total-value of over \$41.5 million, with a significant portion of these businesses located in Northern Australia.

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<sup>14</sup> DISER, *Submission 30*, p. 9.

<sup>15</sup> DISER, *Submission 30*, p. 9.

<sup>16</sup> DISER, *Submission 30*, p. 9.

<sup>17</sup> DISER, *Submission 30.1*, p. 4.

<sup>18</sup> DISER, *Submission 30.1*, p. 4.

6.22 DFAT and Austrade also submitted that DFAT is advocating for greater participation by First Nations businesses within the Australian aid program, as subcontractors. DFAT noted that it launched an online market place, AusConnect, to link suppliers with opportunities to engage more broadly. DFAT stated:

DFAT prime contract holders are now required to list all subcontracting opportunities on the portal. This requirement extends to all suppliers in the supply chain. Austrade is implementing its Indigenous International Business Strategy, aiming to assist more Indigenous owned businesses succeed internationally.<sup>19</sup>

6.23 However, witnesses raised the need for improved coordination of government programs and services, as there is ongoing duplication in this area. Mr Napau Pedro Stephen, Chairperson, Torres Strait Regional Authority, stated that identifying duplication in different structures was a key focus for the Authority.<sup>20</sup> Ms Melinda Eades, Executive Officer, Torres Cape Indigenous Council Alliance expanded on this point, outlining how such duplication of funding and services impacted on-the-ground organisations:

Both the Commonwealth and the state have various programs that are seeking to better deliver services on the ground ... A lot of the money that is going to those organisations to deliver services into communities doesn't hit the ground. There are huge amounts of duplication because a lot of those programs are funded in isolation. There's not a lot of conversation and collaboration between those organisations because they're all in a competitive process as well for that funding. As a consequence, it's the communities that continue to miss out.<sup>21</sup>

### **Leveraging economic opportunities from land**

6.24 The Committee heard evidence of the challenges facing First Nations communities seeking to leverage economic benefit from their rights and interests in land.

6.25 Thirteen legislative acts govern land use in the north:

- Australian Government: *Native Title Act 1993, Aboriginal Land Rights (Northern Territory) Act 1976*;
- Northern Territory: *Pastoral Land Act 2011, Associations Act 2012, Crown Lands Act 1992, Special Purposes Lease Act 1953*;

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<sup>19</sup> Department of Foreign Affairs and Trade and Austrade, *Submission 63*, p. 7.

<sup>20</sup> Mr Napau Pedro Stephen, Chairperson, Torres Strait Regional Authority, *Committee Hansard*, Thursday Island, 16 December 2020, p. 3 and p. 5.

<sup>21</sup> Ms Melinda Eades, Executive Officer, Torres Cape Indigenous Council Alliance, *Committee Hansard*, Cairns, 15 December 2020, p. 52

- Queensland: *Land Act 1994, Aboriginal and Torres Strait Islander Land Holding Act 2013, Land Act 1994, Aboriginal Land Act 1991, Torres Strait Islander Land Act 1991*;
- Western Australia: *Land Administration Act 1997, The Aboriginal Affairs Planning Authority Act 1972*.<sup>22</sup>

6.26 First Nations communities hold a diverse array of rights and interests in land under these frameworks.

6.27 In their submission, Professor Altman and Dr Markham identify three primary types of Indigenous land tenure in Northern Australia: land rights and native title exclusive and non-exclusive possession. They note:

As a general rule property rights are most clearly defined and strongest in the first, land rights, especially in the Northern Territory where traditional owners are afforded free, prior and informed consent rights. Property rights are weaker in land where native title has been determined exclusive and weaker again in areas of non-exclusive or shared native title rights.<sup>23</sup>

6.28 The Cooperative Research Centre for Developing Northern Australia (CRCNA) provided an overview of the key challenges in managing Indigenous INS. It submitted that these challenges are:

- Past development priorities have often been misaligned to Traditional Owner aspirations and interests.
- Broad scale mapping of soils and water resources in Indigenous lands is mostly too coarse to inform selection or design and commercial interests of individual developments based on soil quality.
- Limited efforts in enabling Indigenous workforce participation and economic activity results in labour and other input being sourced from outside the region.
- A low awareness of economic opportunities arises from Traditional Owners only recently restoring their rights and interests in land and sea country and a lack of long term support for country-based planning.
- Communal ownership of land can complicate and prolong decision-making for large projects.
- North Australian governments vary in the extent to which they have recognised or supported Indigenous-led development and the ownership of conservation areas. Further, there is a Traditional Owner expectation that these areas will continue to be used at varying levels of intensity for Indigenous-led management and research services, commercial tourism and other opportunities.<sup>24</sup>

<sup>22</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 17.

<sup>23</sup> Professor Jon Altman and Dr Francis Markham, *Submission 13*, p. 9.

<sup>24</sup> Cooperative Research Centre for Developing Northern Australia (CRCNA), *Submission 15, Attachment 2*, p. 34.

- There is a high cost to scale operations and the variability of favourable development opportunities across the Indigenous estate increases the costs of infrastructure to support development or to maintain a dispersed operation.
  - Capital raising opportunities are hard for Indigenous landholders to secure because of complexities in land and sea tenure arrangements.
  - Public investment in infrastructure is needed to foster opportunity and encourage meaningful development.
- 6.29 Several stakeholders noted the challenge of limited resourcing provided to the Aboriginal organisations that manage interests in land, including Land Councils and Registered Native Title Body Corporates (RNTBCs).
- 6.30 Professor Altman and Dr Markham noted that the given the large amount of Northern Australia covered by First Nations land interests, 'there is a critical and growing role for Land Councils, Native Title Representative Bodies and Prescribed Bodies Corporate in representing landowners in dealings with often powerful corporate and state interests.'<sup>25</sup>
- 6.31 The Torres Cape Indigenous Council Alliance submitted that the limited organisational capacity and resourcing of many RNTBCs can lead to a loss of investor confidence, as well as drawn out and complex negotiations which may impact on the viability of projects.<sup>26</sup> The Torres Cape Indigenous Council Alliance further noted the provision of ongoing support to build the capacity and resourcing of RNTBCs is critical if the aim of tenure resolution is to deliver equitable economic, social and cultural benefits to communities.<sup>27</sup>
- 6.32 Other stakeholders raised the absence of knowledge about natural resources and commercial potential of land and water assets as barriers to First Nations communities leveraging economic benefits from their land.
- 6.33 To address this issue, the Indigenous Reference Group to the Ministerial Forum on Northern Development (IRG) recommended the provision of technical support for First Nations communities to collect data about land and water resources and map it to inform regulatory decision-making and identify opportunities for economic development.<sup>28</sup>

### *First Nations land tenure*

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<sup>25</sup> Professor Jon Altman and Dr Francis Markham, *Submission 13*, p. 16.

<sup>26</sup> Torres Cape Indigenous Council Alliance, *Submission 98*, p. 3.

<sup>27</sup> Torres Cape Indigenous Council Alliance, *Submission 98*, p. 3.

<sup>28</sup> Indigenous Reference Group to the Ministerial Forum on Northern Development (IRG), *Submission 92*, p. 36.

- 6.34 The committee heard divergent views about whether current forms of First Nations land tenure were in themselves a barrier to economic and social development in Northern Australia.
- 6.35 Regional Development Australia Far North Queensland and Torres Strait (RDAFNQTS) argued that 'land tenure is a significant impediment to opening up First Nations opportunities'. The RDAFNQTS recommended 'a mechanism to allow freehold tenure for First Nations people who chose to live and work on their traditional lands'.<sup>29</sup>
- 6.36 The Association of Mining and Exploration Companies (AMEC) supported reform of the native title system to increase the 'clarity, certainty, efficiency and effectiveness of native title processes'.<sup>30</sup> AMEC submitted that these reforms should support a reduction in delays and costs for stakeholders, and 'ensure fair, equitable and quality negotiated outcomes and benefits for governments, industry and Aboriginal Australians'.<sup>31</sup>
- 6.37 In the Northern Territory context, AMEC also called for a review of the operation of Part IV of the *Aboriginal Land Rights (Northern Territory) Act 1976* (ALRA). AMEC submitted that the ALRA 'currently provides Indigenous people with a right to veto for five years'. They argue this 'is a dis-incentive to AMEC member companies wanting to undertake mineral exploration and subsequent mining activities in the Northern Territory'.<sup>32</sup>
- 6.38 The IRG submitted broadly that efforts must be made to improve the land tenure system to facilitate opportunities for economic development. It noted that 'after centuries of dispossession and limited inter-generational wealth transfer that is the result of oppressive and discriminatory policy, relatively recently recognised legal rights to land is often the only significant assets that Indigenous communities have'.
- 6.39 The IRG identified 'the typically weak and/or inflexible nature of Indigenous tenure, absence of knowledge as to natural resources and commercial potential of land'<sup>33</sup> and recommended that the security of tenure and the fungibility of Indigenous lands and waters, and capacity building be a policy priority.<sup>34</sup>

### *Indigenous land tenure is not a barrier*

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<sup>29</sup> Regional Development Australia Far North Queensland and Torres Strait, *Submission 36*, p. 3.

<sup>30</sup> Association of Mining and Exploration Companies, *Submission 55*, p. 3.

<sup>31</sup> Association of Mining and Exploration Companies, *Submission 55*, p. 3.

<sup>32</sup> Association of Mining and Exploration Companies, *Submission 55*, p. 3.

<sup>33</sup> Indigenous Reference Group to the Ministerial Forum on Northern Development (IRG), *Submission 92*, p. 17.

<sup>34</sup> IRG, *Submission 92*, p. 17.

- 6.40 The characterisation of Indigenous land tenure as a barrier to economic development was strongly opposed by some submitters, particularly by First Nations submitters. The Indigenous Business Australia (IBA) told the committee that 'whilst the nature of tenure of the Indigenous estate can vary from jurisdiction, this should not be considered a barrier to realising the economic development aspirations of Northern Australia'.<sup>35</sup> As an example, IBA noted that its business solutions, investments, asset management and housing solutions programs are carried out across Northern Australia, irrespective of the underlying land tenure arrangements.<sup>36</sup>
- 6.41 Similarly, Ms Marion Scrymgour, Chief Executive Officer, Northern Land Council, stated:
- Aboriginal land tenure and culture should not be considered as a barrier or blockage or seen as red tape—or black tape—but as providing integrity, strengths and opportunities.<sup>37</sup>
- 6.42 The IBA was of the view that the White Paper 'places an overemphasis on Indigenous land reform, when there is already capacity for such land to be used for economic development purposes'. It explained
- For example, whilst Aboriginal land pursuant to the *Aboriginal Land Rights (Northern Territory) Act 1976* provides communal title to Traditional Owners in the form of Aboriginal freehold held by Land Trusts, this has not hindered substantial investment or the grant of long-term interests. Long-term leases for commercial stores, tourism ventures, schools, private business etc. operate successfully on Indigenous land, regardless of the inalienable nature of the underlying title (and indeed many millions of dollars have been invested in oil and gas and mining ventures on Indigenous land both in Northern Australia and elsewhere in Australia).<sup>38</sup>
- 6.43 This was echoed by Dr Kamaljit Sangha and Professor Jeremy Russell-Smith (Sangha and Russell-Smith) who submitted that the White Paper 'perpetuates the "myth of Indigenous interests as barriers to sustainable northern development"'.<sup>39</sup>
- 6.44 Other submitters argued that—far from posing a barrier to development—First Nations property rights should be strengthened across Northern Australia. Professor Jon Altman and Dr Francis Markham noted that First Nations landowners currently enjoy differential property rights, ranging from the 'free prior informed consent rights' enjoyed under *Aboriginal Land Rights (Northern*

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<sup>35</sup> Indigenous Business Australia, *Submission 91*, pp. 9–10.

<sup>36</sup> Indigenous Business Australia, *Submission 91*, p. 10.

<sup>37</sup> Ms Marion Scrymgour, Chief Executive Officer, Northern Land Council, *Committee Hansard*, Darwin, 6 November 2019, p. 13.

<sup>38</sup> Indigenous Business Australia, *Submission 91*, pp. 9–10.

<sup>39</sup> Dr Kamaljit Sangha and Professor Jeremy Russell-Smith, *Submission 11*, p. 2.

*Territory) Act 1976* to far weaker rights of consultation afforded to those with a non-exclusive native title determination.<sup>40</sup>

- 6.45 In their submission, Professor Altman and Dr Markham note '[i]t is likely that there will be growing political pressure from Indigenous stakeholders for property rights to be strengthened'. They recommend that a minimum standard of 'free prior and informed consent' be adopted consistent with the UN Declaration on the Rights of Indigenous Peoples and that additional resources be earmarked to enhance the capacity of First Nations mediating institutions.<sup>41</sup>

### **First Nations poverty in Northern Australia**

- 6.46 While the housing and health needs of First Nations peoples are discussed in chapter 5 (social infrastructure), this section considers the impacts of poverty outside of these areas. While the issues are, of course, profoundly interrelated, for clarity housing and health infrastructure will be considered with social infrastructure.

- 6.47 Regarding the impact of poverty on First Nations communities, the committee received evidence that 'despite any attempts to facilitate private and public investment in infrastructure and economic development in Northern Australia, the situation for Indigenous people has deteriorated' between 2014–2019. Professor Jon Altman and Dr Francis Markham (Altman and Markham) explained:

...there is clear evidence that Indigenous poverty rates by Northern jurisdictions, be it the Northern Territory as a whole or very remote Australia that is primarily in the north have increased both in absolute and relative (to non-Indigenous people and non-remote Indigenous people).<sup>42</sup>

- 6.48 Altman and Markham went on to explain that 'arguably investments made under the Australian government's Northern Australia agenda might not yet be apparent'. However, there is no evidence to suggest that any of mainstream employment or major project development in the north would have changed this situation of increased poverty'.<sup>43</sup>

- 6.49 The Regional Implementation Committee (RIC), a Pilbara based forum established in 2016 made up of representatives from eight Pilbara Traditional Owner groups<sup>44</sup> and Rio Tinto similarly outlined the findings of Professor John

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<sup>40</sup> Professor Jon Altman and Dr Francis Markham, *Submission 13*, p. 16.

<sup>41</sup> Professor Jon Altman and Dr Francis Markham, *Submission 13*, p. 17.

<sup>42</sup> Professor Jon Altman and Dr Francis Markham, *Submission 13*, p. 2.

<sup>43</sup> Professor Jon Altman and Dr Francis Markham, *Submission 13*, p. 2.

<sup>44</sup> The eight groups are the: Banjima, Puutu Kunti Kuruma Pinikura (PKKP), Ngarlawangga, Ngarluma, Nyiyaparli, Robe River Kuruma, Yinhawangka and Yindjibarndi Pilbara Traditional Owner groups.

Taylor who was commissioned to undertake an analysis of social indicators for Pilbara Aboriginal people. The RIC stated that in 2017 it commissioned Professor Taylor to:

...conduct an analysis of change in social indicators for Pilbara Aboriginal people from 2001 - 2016, around health; education, employment and training; participation in regional labour markets; housing; and crime and justice.<sup>45</sup>

6.50 The RIC submitted that this study found that while some aspects of the lives of Pilbara Aboriginal people improved, 'in many respects, outcomes are worse now than they were before the mining boom'. The RIC stated:

As representatives of eight Traditional Owner groups in the Pilbara, we feel that this failure to 'raise all boats' on the back of massive government and private sector investment in our region is an indication that current systems of engagement with Traditional Owners are ineffective.<sup>46</sup>

6.51 The IRG similarly told the committee that:

Despite holding legal rights pertaining to over 80 percent of the Northern Australian land mass, socio-economic disadvantage among the Northern Australian Indigenous population is extensive and in some instances, severe.<sup>47</sup>

6.52 The IRG further noted that statistical analysis has found that the socioeconomic disadvantage among First Nations residents in Northern Australia is worse than in southern Australia, and that the environment that must be navigated to address this is more challenging.<sup>48</sup>

6.53 The IRG recommended that the both the Australian Government and state and territory governments 'elevate addressing the extensive and severe nature of Northern Australian Indigenous socioeconomic disadvantage through the facilitation of participation in the Northern Australian economy as a priority of the Northern Australia Agenda'.

6.54 Generation One, Minderoo Foundation told the committee that First Nations Australians suffer from low levels of home ownership in Northern Australia which has negative consequences such as preventing the development of intergenerational equity, and eroding a sense of empowerment among families.<sup>49</sup> They suggested that:

The key to increasing home ownership opportunities is the ongoing need for land tenure reform to unlock lands for housing. Private land ownership

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<sup>45</sup> Regional Implementation Committee, *Submission 74*, p. 3.

<sup>46</sup> Regional Implementation Committee, *Submission 74*, p. 3.

<sup>47</sup> IRG, *Submission 92*, p. 8.

<sup>48</sup> IRG, *Submission 92*, p. 8.

<sup>49</sup> Generation One, Minderoo Foundation, *Submission 9*, p. 9.

either through leasehold or freehold underpins Australia's home ownership system. However, the current reserve system in remote Western Australia and limits on private ownership in other parts of Northern Australia removes that option.<sup>50</sup>

- 6.55 The Cape York Land Council Aboriginal Corporation supported the Queensland model of 'Aboriginal freehold tenure' provided for under the *Aboriginal Land Act 1991* (Qld). Aboriginal freehold does not extinguish native title but 'provides an ideal platform for investment and development' because leases can be for periods of up to 99 years and may be renewed, mortgaged and traded through transfer to another party. In their view, the granting of Aboriginal freehold tenure, given its leasing potential is 'one of the keys to unlocking the potential of Cape York'.<sup>51</sup>
- 6.56 As outlined above, however, not all submitters agree with the need for land tenure reform or see home ownership as a primary solution to high levels of First Nations poverty and disadvantage in Northern Australia.<sup>52</sup>
- 6.57 Reflecting on the decline in social indicators for Pilbara Aboriginal communities following the mining boom, the Regional Implementation Committee (RIC) noted the need to alleviate a broad range of circumstances preventing engagement in employment, including adverse health issues, patchy school attendance, the growing need for carer support, and disproportionate incarceration rates.<sup>53</sup>
- 6.58 The RIC noted the importance of regional First Nations forums to identify 'community-based solutions to entrenched social and economic issues'.<sup>54</sup>
- 6.59 Professor Altman and Dr Markham submitted that there is 'a total regional absence of sufficient jobs and commercial opportunity' in many First Nations contexts in Northern Australia. They argue:

In such contexts innovative institutions like Universal Basic Income should be trialled or relatively successful programs from the past like the Community Development Employment Projects (CDEP) scheme should be revisited. Little consideration is given to alternative forms of Indigenous economy in the Australian Government's Northern Australia agenda despite over a decade of Closing the Gap developmental failure.<sup>55</sup>

## First Nations enterprise

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<sup>50</sup> Generation One, Minderoo Foundation, *Submission 9*, p. 9.

<sup>51</sup> Cape York Land Council Aboriginal Corporation, *Submission 58*, p. 8.

<sup>52</sup> See Chapter 5 for a further discussion on housing.

<sup>53</sup> Regional Implementation Committee, *Submission 74*, p. 3.

<sup>54</sup> Regional Implementation Committee, *Submission 74*, p. 2.

<sup>55</sup> Professor Jon Altman and Dr Francis Markham, *Submission 13*, p. 6.

- 6.60 The committee received evidence that though 'well-resourced social programs are obviously critical to improving the dire health and education status of many Northern Australian Indigenous communities, reliance on government funding itself can often create perverse incentives'.<sup>56</sup> This reliance in turn discourages enterprise, including through competition between government organisations and First Nations managed non-government organisations (NGOs) for service delivery contracts.<sup>57</sup>
- 6.61 The IRG argued that without concurrent economic development and pathways to economic self-determination, 'a significant number' of First Nations people in Northern Australia will 'remain welfare dependent and continue to live with the negative impacts of dependency and passivity'.<sup>58</sup>
- 6.62 The IRG noted however, that First Nations enterprises in Northern Australia face both the same structural challenges as all businesses in Northern Australia, as well as those unique to the circumstances and history of First Nations people. These generic challenges include: small and sparse markets; remoteness including limited access due to seasonal weather conditions; poor infrastructure; harsh climate; and a degree of political irrelevance derived from the electoral imbalance between northern and southern Australia. In addition to these structural challenges, First Nations businesses in Northern Australia face challenges which have arisen as a 'result of two centuries of discriminatory dispossession, oppressive and punitive policy that has resulted in widespread...intergenerational socio-economic disadvantage'. The IRG noted that the unique challenges faced by First Nations people in Northern Australia 'manifests itself in many ways, including limited inter-generational wealth transfer, relatively limited capacity to engage in the workforce and to own, successfully operate and grow commercial enterprise'. The IRG concluded that:
- ...the market failure in the development of Northern Australia that is the result of the generic challenges targeted by the Commonwealth's Northern Australia Agenda are greatly exacerbated in the case of the Northern Australian Indigenous economy.<sup>59</sup>
- 6.63 The IRG made a number of recommendations to enhance and accelerate the engagement of Indigenous interests in Northern Australia which include:
- Create jobs and foster labour participation, entrepreneurship and business acumen among the Northern Australian Indigenous population;

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<sup>56</sup> IRG, *Submission 92*, p. 6.

<sup>57</sup> IRG, *Submission 92*, p. 6.

<sup>58</sup> IRG, *Submission 92*, p. 6.

<sup>59</sup> IRG, *Submission 92*, p. 6.

- Develop knowledge management systems and commission research and development that is designed to improve the decision-making environment for Indigenous managers and business owners in Northern Australia;
- Develop infrastructure that supports Indigenous economic development in Northern Australia;
- Provide improved access to capital and international markets for Indigenous businesses in Northern Australia;
- Initiatives to activate the economic value of land, water, sea and cultural resource rights and interests of Northern Australian Indigenous people; and
- Give effect to institutional arrangements that work to activate, accelerate and optimise Indigenous economic development across Northern Australia.<sup>60</sup>

6.64 The IRG submitted that 'there is a clear prima facie case for a dedicated institutional arrangement to support the development of the Northern Australian Indigenous economy'. It proposed the establishment of the Northern Australian Indigenous Economic Development Body (NAIEDB) which would have the following core functions:

- Growing successful ideas through working with Indigenous individuals, communities and organisations to identify Indigenous economic development ideas that have a strong chance of success, and support the development of proof of concept;
- Generating and effectively communicating knowledge that informs better strategies, operational and financial decision making; and
- Supporting the delivery of a Northern Australia Indigenous Enterprise and Employment Hub System by providing access to existing support programs, professional service providers, potential investors, research and analysis and other resources; and
- Serving as an informed advocacy voice for the Indigenous economy in Northern Australia. This would include, securing effective Indigenous representation in planning processes for infrastructure investment (large and small scale) and land, sea and water use regimes as these are critical to ensuring government and private sector investment facilitates Indigenous economic development.<sup>61</sup>

6.65 The RIC argued the importance of a legislatively enacted Indigenous Business Incubator (IBI). The RIC stated that an IBI:

...would assist with incubation programs to allow private companies and municipal entities, public institutions i.e. colleges / universities access to

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<sup>60</sup> IRG, *Submission 92*, p. 7.

<sup>61</sup> IRG, *Submission 92*, p. 19.

some of the non-mainstream ideas of Indigenous businesses and entrepreneurs.<sup>62</sup>

6.66 The IRG submitted that 'fundamental' to its 'approach to enhancing Indigenous economic development in Northern Australia is empowerment of Indigenous people to own their own risk and drive economic development at a local level'.<sup>63</sup>

6.67 The RIC submitted that commercial funding assistance could also be acquired through the IBI, differentiating it from a capital style investment model utilised by, for example, First Nations bank structures that only lend according to low risk and high return principles. The RIC submitted that the IBI could act less as a lender and have more of a mentor role.<sup>64</sup>

6.68 Ms Tahnee Davies, Facilitator, RIC, explained to the committee that a business incubator could provide mentoring and 'support for ideas that are in their infancy'. Ms Davies stated that:

It's a matter of finding an organisation that traditional owners are comfortable with. It's quite hard for locally based traditional owners to go to yet another government agency to talk about this; it really has to be a locally based support and mentoring arrangement where people feel comfortable going with ideas and getting support for those ideas.<sup>65</sup>

6.69 In order to support the First Nations economy, the RIC called for greater support of and investment in government entities such as Supply Nation and the IBA. It submitted:

There is a serious movement in the Pilbara towards an Aboriginal Industry. The first step in supporting such an industry is to support the existing entities established to assist Pilbara Aboriginal businesses. It would be a game changer to have Supply Nation and Indigenous Business Australia (IBA) take a more proactive, less analytical approach.<sup>66</sup>

6.70 Ms Melinda Eades, Executive Officer, Torres Cape Indigenous Council Alliance (TCICA), similarly told the committee that:

...where those business support services don't exist in communities, people don't know where to go. Often, they don't have access to digital technologies to do that research, so their idea remains just an idea.<sup>67</sup>

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<sup>62</sup> Regional Implementation Committee, *Submission 74*, p. 2.

<sup>63</sup> IRG, *Submission 92*, p. 19.

<sup>64</sup> Regional Implementation Committee, *Submission 74*, p. 2.

<sup>65</sup> Ms Tahnee Davies, Facilitator, Regional Implementation Committee, *Committee Hansard*, Canberra, 20 November 2020, p. 3.

<sup>66</sup> Regional Implementation Committee, *Submission 74*, p. 2.

<sup>67</sup> Ms Melinda Eades, Executive Officer, Torres Cape Indigenous Council Alliance (TCICA), *Committee Hansard*, Cairns, 15 December 2020, p. 56.

6.71 Ms Eades explained that businesses also may require ongoing support 'while the business gets off the ground and while that business owner understands their reporting obligations, their statutory obligations and how to run a set of accounts'. Ms Eades noted that the Lockhart River Aboriginal Shire Council appointed a 'business development or support officer to provide exactly that sort of service, in community, to support that ongoing opportunity for private sector business development'. Ms Eades described this as a 'fantastic initiative' and called for:

...either the state or the Commonwealth fund a program that helps local government provide those sorts of services within their community, so people don't have to try and navigate a system that is really difficult to navigate.<sup>68</sup>

6.72 The North Australian Indigenous Land and Sea Management Alliance argued that a productive approach to realising diversification and engaging First Nations people in expanded economic activity should include a:

- systematic and properly-resourced support for landholders and managers to work through land use options and plan to implement favoured opportunities;
- serious consideration of markets in environmental services; and
- funding of pilot studies in land use diversification, including regional-scale initiatives that cross tenure boundaries.<sup>69</sup>

### **On-country work**

6.73 The importance of on-country work opportunities for First Nations communities was widely noted by witnesses throughout the inquiry. This included on-country ranger programs and cultural tourism.

6.74 The Northern Land Council told the committee that it is responsible 250,000 square kilometres of land in Northern Territory, including 85 per cent of the coastline, and that it employs some 250 staff, including 125 land and sea management rangers.<sup>70</sup> Similarly, Ms Yananymul Mununggurr, Director, Laynhapuy Homelands Aboriginal Corporation gave evidence regarding the ranger program the corporation manages. Ms Mununggurr stated:

...the Yirrkala Rangers program...looks after country. We've got a partnership with what's now called the Laynhapuy homelands schools, when it comes to learning on-country programs. As we speak, there's a workshop happening out in one of the homelands, which is a galtha workshop. It's a partnership with the Laynha homelands school. It has

<sup>68</sup> Ms Melinda Eades, Executive Officer, Torres Cape Indigenous Council Alliance (TCICA), *Committee Hansard*, Cairns, 15 December 2020, p. 56.

<sup>69</sup> Northern Australian Indigenous Land and Sea Management Alliance, *Submission 62*, p. 3.

<sup>70</sup> Ms Marion Scrymgour, Chief Executive Officer, Northern Land Council, *Committee Hansard*, Darwin, 6 November 2019, p. 12.

children coming into a place called Djarrakpi and working with the community and the rangers to learn about country and to learn about culture, and the story about that particular homeland.<sup>71</sup>

- 6.75 Representatives of the Dhimurru Aboriginal Corporation also provided evidence regarding the Dhimurru ranger program. Ms Christine Burke, Executive Officer, Dhimurru Aboriginal Corporation, stated:

Our rangers are paid for through the Ranger Employment Program and also the Indigenous Protected Area Program. We have about 10 rangers, Mandaka and a senior cultural adviser, who are all Yolngu and work for the organisation. Those rangers are responsible for land management across 550,000 hectares of land and sea country...It's very well known across Australia, and it does very good work. So yes, it's one of the ranger groups that is a very good success story in terms of greater employment for Yolngu. It's employment that Yolngu relate to. It's working on country, caring for culture, making sure that the land stays how Mandaka's elders asked for it to be.<sup>72</sup>

- 6.76 Ms Leilani Bin-Juda, Chief Executive Officer, Torres Strait Regional Authority (TSRA), told the committee that the TSRA manages a ranger program employing approximately 60 people. Ms Bin-Juda noted that this program receives multi-year funding from the Australian Government's National Indigenous Australians Authority, and provides environmental protection and preservation services to 16 or 17 communities.<sup>73</sup>

- 6.77 Professor Ian Gordon, Director, Wet Tropics Management Authority (WTMA) and Chair, Scientific Advisory Committee WTMA, told the committee that the authority received \$2.6 million under the Reef Assist program to train First Nations rangers.<sup>74</sup>

- 6.78 It was submitted that the Australian Government's support for land and sea management has been highly successful in building long term social and economic development for remote families and communities. Establishing active local First Nations land management organisations provides a broad spectrum of benefits for individuals and their communities.<sup>75</sup>

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<sup>71</sup> Ms Yananymul Mununggurr, Director, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 2.

<sup>72</sup> Ms Christine Burke, Executive Officer, Dhimurru Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 12.

<sup>73</sup> Ms Leilani Bin-Juda, Chief Executive Officer, Torres Strait Regional Authority (TSRA), *Committee Hansard*, Thursday Island, 16 December 2020, p. 2.

<sup>74</sup> Professor Ian Gordon, Director, Wet Tropics Management Authority and Chair, Scientific Advisory Committee Wet Tropics Management Authority, *Committee Hansard*, Cairns, 15 December 2020, p. 60.

<sup>75</sup> Pew Charitable Trust, *Submission 85*, p. 3.

6.79 The Pew Charitable Trust submitted that First Nations land and sea management programs provide a broad spectrum of benefits including:

- establishing and building stable land management organisations capable of taking on contract work for government and private industry services such as quarantine services, and invasive weed, feral animal and fire management of public and private land;
- establishing stable local organisations that increase communities' capacity to engage with other private enterprise possibilities such as tourism, carbon farming and commercialised bush food;
- providing highly sought after job opportunities for school leavers in remote communities; including for teenagers in vulnerable family situations, and those who may have had difficulties with schooling;
- providing an opportunity for young Indigenous rangers to become more confident and work ready which enables them to take up opportunities in higher level roles in land management, or shift to other work sectors;
- providing Indigenous school children with active role models of people in their immediate families and communities who have long term jobs and careers;
- providing job pathways for Indigenous women in remote communities; and
- providing an organised body of well-equipped rangers to carry out emergency service work.<sup>76</sup>

6.80 The Wet Tropics Management Authority (WTMA) also stated that investment by both the Australian and state and territory governments in First Nations ranger programs 'provides meaningful employment, particularly for young people, with measurable benefits for family and the broader community'. The WTMA noted that in 2016, the Australian Government found that:

...an investment from government and a range of third parties in the national Indigenous ranger program generated a three-fold return on investment. The review found that the program is 'effectively overcoming barriers to addressing Indigenous disadvantage and engaging Indigenous Australians on country in meaningful employment to achieve large-scale conservation outcomes, aligning the interests of Indigenous Australians and the broader community'.<sup>77</sup>

6.81 Sangha and Russell-Smith likewise described the engagement of First Nations people living in remote communities to manage the landscape as of 'enormous' benefit. Sangha and Russell-Smith submitted that these benefits include: reduced domestic violence and dependence on welfare; improved health outcomes and childhood learning; as well as reduced costs for weed and pest management; and the protection of biodiversity and water resources. Sangha and Russell-Smith stated that in order to realise there is 'great scope to expand

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<sup>76</sup> Pew Charitable Trust, *Submission 85*, p. 3.

<sup>77</sup> Wet Tropics Management Authority, *Submission 16*, p. 5.

existing land management and support new land sector programs in the region.<sup>78</sup>

- 6.82 Ms Christine Burke, Dhimurru Aboriginal Corporation, highlighted the work that First Nations rangers undertake on behalf of the Australian Government in relation to biosecurity. Ms Burke also told the committee that there is scope for First Nations rangers to undertake additional work, with the provision of appropriate funding. Ms Burke told the committee that currently, the corporation has:

...a contract with AQIS [Australian Quarantine Inspection Service], in the Australian government, to do some biosecurity checks over the course of the year. That program is a fee-for-service arrangement, but it's only a very limited amount of money—less than \$10,000. So it's quite a small fee-for-service arrangement, and really it just covers our costs; it doesn't actually generate additional funds for us in the sense of profit that can go back to be used for the organisation.<sup>79</sup>

- 6.83 The committee also heard that First Nations rangers undertake work to collect marine pollution such as 'ghost' fishing nets, sewage and plastic.<sup>80</sup> On this point, both Gamarard and AgForce submitted that First Nations rangers across Northern Australia can provide border protection and help protect against biosecurity risks that could enter and traverse Northern Australia.<sup>81</sup> They submitted:

Indigenous rangers can assist with monitoring sentinel herds, insect pest traps and weed outbreaks for new biosecurity incursions, creating positive outcomes for both First Nation peoples and Northern Australian agriculture and the environment.<sup>82</sup>

- 6.84 Sangha and Russell-Smith told the committee that the public funding of First Nations ranger programs has served a number of important employment, cultural site and environmental management, and socio-economic policy objectives. Sangha and Russell-Smith suggested that an appropriate expansion of regional development strategies could focus on providing foundational investment to build the capacity of Indigenous Ranger Groups to contract their services, and develop sustainable, autonomous regional enterprises. Sangha

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<sup>78</sup> Dr Kamaljit Sangha and Professor Jeremy Russell-Smith, *Submission 11*, p. 4

<sup>79</sup> Ms Christine Burke, Dhimurru Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 13.

<sup>80</sup> Ms Christine Burke, Dhimurru Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 14; Mr Mandaka Marika, Managing Director, Dhimurru Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 14; Mr Witiyana Marika, Board Member, Dhimurru Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 14.

<sup>81</sup> Gamarard, *Submission 84*, p. 6; and AgForce Queensland Farmers, *Submission 83*, p. 3.

<sup>82</sup> AgForce Queensland Farmers, *Submission 83*, p. 3.

and Russell-Smith noted that a number of Indigenous Ranger Groups currently:

...contract services for a range of activities outside their mandated public funding commitments, e.g. mine-site management, road maintenance, quarantine surveillance, and fire management around outstations.<sup>83</sup>

6.85 The Pew Charitable Trust described the First Nations land and sea management programs as 'a model for successful Federal Government engagement in Northern Australian development'.<sup>84</sup>

6.86 The committee heard that First Nations ranger programs give hope to young First Nations people living in communities through the provision of employment opportunities, and training. Ms Christine Burke, Dhimurru Aboriginal Corporation told the committee that the corporation, in partnership with the Yirrkala Bilingual School, developed a Learning on Country program where the ranger group works with school student, and provides an employment pathway. Ms Burke stated:

That program is a clear pathway for employment for young people. They start at school, they learn cert II in school and then they go into an internship or work experience with Dhimurru. At the end, what we'd like to see is that we can give them a job.<sup>85</sup>

6.87 The committee received evidence calling for additional powers to be granted to First Nations rangers, an expansion in the types of work undertaken, and additional funding. Ms Christine Burke, Dhimurru Aboriginal Corporation, noted for example that the corporation was given responsibility for crocodile management but that no additional funding was provided. Ms Burke explained:

We have issues with crocodile management and making sure that people are safe. We've been handed that responsibility through the Northern Territory government when they originally had a position located here, which was withdrawn, and the responsibility for that management has now gone over the Dhimurru, but we never received additional funding for that. Rangers do trapping of crocodiles when we have problem crocodiles. That management is an additional management responsibility that strictly speaking we're not funded for.<sup>86</sup>

6.88 Ms Burke explained that while the ranger program is funded, many of the services it carries out for government are not done on a fee-for-service basis

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<sup>83</sup> Dr Kamaljit Sangha and Professor Jeremy Russell-Smith, *Submission 11*, pp. 4–5. See also AgForce Queensland Farmers, *Submission 83*, p. 4.

<sup>84</sup> Pew Charitable Trust, *Submission 85*, p. 3.

<sup>85</sup> Ms Christine Burke, Dhimurru Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 17.

<sup>86</sup> Ms Christine Burke, Dhimurru Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 14.

and that with increasing costs, 'funds are now becoming tight'. Ms Burke stated:

There are things around weed management, crocodile management, fisheries management, recreation area management, which we get an amount of funding for, but with increasing costs and increasing costs of staff those funds are now becoming quite tight. Our ability to do fee for service through AQIS [Australian Quarantine and Inspection Service] and things is good, but those programs don't necessarily pay on a business rate. They pay on a rate that's just covering our costs.<sup>87</sup>

6.89 In addition to increased funding or payment on a fee-for-service basis, Mr Mandaka Marika, Managing Director, Dhimurru Aboriginal Corporation, told the committee that he would like to see First Nations rangers be granted appropriate authority to manage matters such as unauthorised access and hunting. Mr Marika stated that 'there's hunting and shooting on our land, and we cannot do anything about it' and that 'we would like powers—powers to kick people out, power to search and powers to sue'.<sup>88</sup>

6.90 Ms Burke, Dhimurru Aboriginal Corporation, told the committee that the corporation is responsible for the management of 20 recreation areas, licenced through the Northern Land Council (NLC). Ms Burke explained that while the rangers undertake works such as checking permits, rangers have not been granted any enforcement powers. Ms Burke, stated:

Dhimurru runs 20 recreation areas, which are licensed through the NLC. Those recreation areas provide access to the wider community to come and visit and also to camp. So it's on those recreation areas also that powers are required, because there are conditions that people are supposed to abide by when they visit, like a national park. So we check permits, we make sure that people are doing the right thing, not putting rubbish anywhere. But rangers don't have any powers at the moment in regard to how we do that. They do that work, but we don't have an automatic issue of a ticket if you haven't got a permit. We don't have those kinds of things.<sup>89</sup>

### *Value of First Nations land management practices*

6.91 The CYCL argued that Aboriginal land management practices should be considered an emerging industry, and invested in with public resources. It submitted that the Australian Government's Northern Australia agenda should:

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<sup>87</sup> Ms Christine Burke, Dhimurru Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 14.

<sup>88</sup> Mr Mandaka Marika, Managing Director, Dhimurru Aboriginal Corporation, *Committee Hansard*, 7 November 2019, p. 12.

<sup>89</sup> Ms Christine Burke, Dhimurru Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 13.

...should facilitate the Australian public and Aboriginal land owners entering into a purchaser – provider arrangement where the Australian public purchase clean air, clean water etc from Aboriginal land owners who produce these commodities through their land management practices.<sup>90</sup>

- 6.92 The CYCL concluded that 'managing Aboriginal land to produce public good conservation outcomes must be treated as a form of development on Indigenous land and recompensed as such'.<sup>91</sup>

### **The issue of 'black cladding'**

- 6.93 The committee received evidence on the troubling practice of 'black cladding', wherein companies exaggerate their commitment to First Nations employment in order to meet First Nations employment requirements. Ms Elsia Archer, Chair, Regional Development Kimberley submitted that government First Nations employment targets may be resulting in a higher incidence of the practice:

We support the aspirational targets for Aboriginal employment. The reality is that current targets are often unattainable for businesses, given the percentage of suitably trained and willing workforce. The current targets also increase the incidence of 'black cladding' and government tenders being awarded outside of our region to larger firms, which further disadvantages our local operators.<sup>92</sup>

- 6.94 Ms Archer further stated that, while the practice was not directly related to NAIF funding, in her experience it had occurred with government contracts, wherein an organisation seeking a contract falsely indicates that they have hired First Nations staff member(s).<sup>93</sup> Mrs Danelle Dowding, Executive Officer, Regional Development Australia Kimberley, provided another example:

I might add that there has been definite evidence in the East Kimberley of construction businesses that haven't put forward tenders, knowing that they can't meet the requirements for Indigenous workforce. Those tenders have been awarded to companies in Perth that have said that they will meet those tender requirements but who in fact don't. But they're not held accountable like the local businesses are. So those works are going to agencies outside the region and there's no follow-up to make sure that those targets are actually being met.<sup>94</sup>

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<sup>90</sup> Cape York Land Council, *Submission 58*, p. 18.

<sup>91</sup> Cape York Land Council, *Submission 58*, p. 18.

<sup>92</sup> Ms Elsia Archer, Chair, Regional Development Australia Kimberley, *Committee Hansard*, Canberra, 10 February 2021, p. 15

<sup>93</sup> Ms Elsia Archer, Chair, Regional Development Australia Kimberley, *Committee Hansard*, Canberra, 10 February 2021, p. 18.

<sup>94</sup> Mrs Danelle Dowding, Executive Officer, Regional Development Australia Kimberley, *Committee Hansard*, Canberra, 10 February 2021, p. 18.

6.95 The Torres Cape Indigenous Council Alliance also noted the corrosive impact of this practice in its submission:

Indigenous procurement policies are helping to drive this change, although more focus on supporting Indigenous-owned businesses to access tendering opportunities for large-scale infrastructure projects in their local area is needed. The practice of 'Black cladding' need to stop if local people are to benefit from government investments through business development opportunities, supply and servicing arrangements, and employment and training.<sup>95</sup>

6.96 It is the committee's view the practice of 'black cladding' is unacceptable. It is imperative that the Australian Government ensure that tenderers are actually employing the staff they claim to and that First Nations-owned business have access to tendering opportunities. The publication of First Nations jobs data in relation to government tenders, as well as government departments undertaking due diligence in their hiring practices, must be undertaken in order to reduce the incidence of this deeply undesirable practice.

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<sup>95</sup> Torres Cape Indigenous Council Alliance, *Submission 98*, p. 4.

# Chapter 7

## Employment and education

- 7.1 Throughout the inquiry, the committee received evidence regarding the need for an appropriately skilled workforce in Northern Australia; the measures which have been implemented to facilitate the development of such a workforce; and areas for improvement. This evidence canvassed issues such as fly-in fly-out (FIFO) workers, the importance of local supply chains, migrant workers and tertiary and vocational education and training (VET).
- 7.2 A stable and resilient local population provides the foundation upon which programs to develop an appropriately skilled workforce relies. As such, the issue of developing and maintaining an appropriately skilled workforce necessarily encompasses issues such as the 'liveability' of Northern Australian cities and towns which includes healthcare, water security, community safety, and education. Many of these issues are also discussed in the chapter on social infrastructure. For a discussion of the value of First Nations rangers, see chapter 6 (Investment, opportunities and engagement with First Nations people, subsection On-country work).

### Rates of unemployment

- 7.3 The issue of employment and education in Northern Australia is particularly pertinent. As at February 2021, the unemployment rate in the entirety of Western Australia was 6.0 per cent, the entirety of Queensland was 6.1 per cent, and Northern Territory's rate was 4.9 per cent.<sup>1</sup> While employment figures are not maintained for Northern Australia specifically, areas within Northern Australia have extremely high levels of unemployment that are markedly different from overall state averages.
- 7.4 Appearing before the committee in October 2019, Ms Glenys Schuntner, Chief Executive Officer, Regional Development Australia Townsville and North West Queensland, described the unemployment in her area:

In our region we cover 15 local government areas and about 10 of those are on CDP. Sadly, they have the highest rates of unemployment in our region. So while the population and unemployment numbers are highest in Townsville and Mount Isa, it's our communities like Palm, Burke,

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<sup>1</sup> Australian Government, Labour Market Information Portal, 'Unemployment Rates (15+) by State and Territory, February 2021 (%)', [https://lmip.gov.au/default.aspx?LMIP%2FLFR\\_SAFOUR%2FLFR\\_UnemploymentRate](https://lmip.gov.au/default.aspx?LMIP%2FLFR_SAFOUR%2FLFR_UnemploymentRate), accessed 21 April 2021.

Doomadgee, Carpentaria and Mornington that have the highest unemployment rates, ranging from 35 per cent to 45 per cent.<sup>2</sup>

7.5 The committee received evidence from stakeholders during 2019 and 2020 that also reflected higher localised unemployment rates:

- In 2019, Councillor Les Walker, Deputy Mayor, Townsville City Council, described how unemployment in Townsville has remained well above the national average, sitting at 7.6 per cent, with First Nations and youth unemployment rates continuing at around 20 per cent.<sup>3</sup>
- In 2020, Mr Lyall (Jack) Bawden, Mayor, Carpentaria Shire and Chair, North West Queensland Regional Organisation of Councils, reported that the unemployment rate in his area persists at 30 per cent.<sup>4</sup>
- In 2021, Mrs Danelle Dowding, Executive Officer, Regional Development Australia Kimberley, reported that unemployment rate in the Kimberley is at 16.1 per cent. For First Nations people, the rate of workforce participation was about 27 per cent, as opposed to the non-Indigenous rate of 82 per cent.<sup>5</sup>
- Also in 2021, Mr Patrick Green, Chairperson, Leedal; Fitzroy Crossing Network reported an unemployment rate of 31 per cent for Derby Shire and a rate of above 30 per cent for the Fitzroy and Halls Creek areas.<sup>6</sup>

7.6 The Generation One, Minderoo Foundation, in its September 2019 submission, collated data in this area and noted that Australian Bureau of Statistics employment data for the quarter ending 30 March 2019 identifies:

high pockets of unemployment in Northern Australia concurrent with high levels of Indigenous populations. Halls Creek and Derby in the Kimberley with high proportion of Indigenous people (80% and 60% respectively) top the state of WA's unemployment rate with 34% and 30% respectively. In the NT, the suburbs of Moulden, Gray and Berrimah all have unemployment rates of over 15% followed by Tanami, West Arnhem, Tiwi Islands, Gulf, East Arnhem, Yuendumu and Thamarrur with unemployment rates of over 10%...in Queensland with an unemployment rate of over 20%, ten of these are in Northern Queensland (Kowanyama, (59%), Yarrabah (56%), Palm Island (46%), Carpentaria (35%), Torres Strait

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<sup>2</sup> Ms Glenys Schuntner, Chief Executive Officer, Regional Development Australia Townsville and North West Queensland, *Committee Hansard*, Townsville, 9 October 2019, p. 12.

<sup>3</sup> Councillor Les Walker, Deputy Mayor, Townsville City Council, *Committee Hansard*, Townsville, 9 October 2019, p. 14.

<sup>4</sup> Mr Lyall (Jack) Bawden, Mayor, Carpentaria Shire and Chair, North West Queensland Regional Organisation of Councils, *Committee Hansard*, Cairns, 15 December 2020, p. 21.

<sup>5</sup> Mrs Danelle Dowding, Executive Officer, Regional Development Australia Kimberley, *Committee Hansard*, Canberra, 10 February 2021, p. 15.

<sup>6</sup> Mr Patrick Green, Chairperson, Leedal; Fitzroy Crossing Network, *Committee Hansard*, Canberra, 10 February 2021, p. 29.

(46%), Cape York (27%), Northern Peninsula (24%), Redland Islands (23%) and three are located in Brisbane (Woodridge, Logan and Riverview).<sup>7</sup>

- 7.7 Given these extreme rates of unemployment and associated disadvantage, it is imperative that change takes place in the areas of employment and education.

## White Paper

- 7.8 The *Our North, Our Future: White Paper on Developing Northern Australia* (the White Paper) noted that businesses in the north require an adaptable and mobile labour force with a range of skills: from engineers to fruit pickers; from welders to medical specialists and managerial staff. However, it argued that Northern Australia is hampered by localised worker shortages and high wage costs which deter investment. Retaining workers and better matching their skills will drive future growth in the north.<sup>8</sup>
- 7.9 The White Paper explained that the northern workforce faces a number of challenges, some of which are unique to Northern Australia. For example, key industries in the north require flexible and mobile labour but are regularly faced with a shortage of workers. Some businesses close operations or reduce staffing during the wet season or as tourist numbers reduce. Others, such as in mining and agriculture, require workers to be onsite, often in difficult conditions, away from their families and without typical suburban conveniences such as shopping malls, medical facilities, services and entertainment and sporting facilities.<sup>9</sup>
- 7.10 Further, many businesses and workers are more vulnerable to volatile economic conditions influenced by the significant number of construction projects in Northern Australia. Typically, a number of businesses relocate to new projects at the end of each construction project.<sup>10</sup>
- 7.11 The White Paper noted that there are significant personal and financial barriers for labour to move to, and within, Northern Australia. These barriers include the financial costs of relocating including housing and occupational licensing, a (real or apparent) lack of infrastructure and services, and strong family and community ties to current locations. The White Paper stated that these barriers are a major source of high wage costs, identified as one of the top 10 constraints on investment in Australia.<sup>11</sup>

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<sup>7</sup> Minderoo Foundation, *Submission 9*, p. 1.

<sup>8</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 102.

<sup>9</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 104.

<sup>10</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, pp. 104–105.

<sup>11</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 105.

- 7.12 The White Paper also highlighted that large globally driven resource projects have pulled labour from some areas in the north to others, which has resulted in higher wages for some local business.<sup>12</sup>
- 7.13 The White Paper identified that economic and labour market conditions differ significantly both at regional and sub regional level across Northern Australia. The reasons for these differences are many and varied and include factors such as age, family and industry structures. For example, unemployment in Alice Springs, Darwin and Katherine is regularly under four per cent, whereas other northern areas face unemployment rates of around 40 per cent. The White Paper also noted that youth unemployment is significantly higher in Northern Australia.<sup>13</sup>
- 7.14 The White Paper noted that local pockets of high unemployment are also found alongside large differences in incomes for communities in Northern Australia. It stated that the average earnings in some parts of the north are almost double the national average, while other areas may only earn half. The White Paper highlighted that this reflects the widely different skills and labour market conditions in different regions. For example, major resource projects have contributed to localised wage booms, but occur in proximity to remote communities with extreme rates of unemployment and other severe disadvantage.<sup>14</sup>
- 7.15 The White Paper emphasised the need to manage the intricate connections between the attraction of workers to contribute to a stable population base in Northern Australia; the retention of skills and resident expertise when projects conclude or public funding shrinks; and the need to flexibly assist access by industry to temporary (including migrant) workforces.<sup>15</sup>
- 7.16 Efforts to increase the population of Northern Australian communities must simultaneously support efforts to address future export growth and competitiveness agendas (agribusiness, tourism, education, resources, etc.), by identifying future skills shortages that will impede progress.<sup>16</sup>
- 7.17 The White Paper established the following priorities to address the need to attract and retain a skilled workforce in Northern Australia:
- make it easier for businesses seeking to expand into Northern Australia to receive advice and grants that upgrade their skills under the Industry Skills Fund;

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<sup>12</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 105.

<sup>13</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 105.

<sup>14</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, pp. 105–106.

<sup>15</sup> Charles Darwin University, *Submission 26*, p. 5.

<sup>16</sup> Charles Darwin University, *Submission 26*, p. 5.

- establish employment targets for First Nations Australians, reflecting local First Nations working age population, for road projects (and other relevant expenditure) funded through the White Paper;
- support the Northern Territory Government to allow workers licensed from other Australian jurisdictions to have their licences more easily recognised in the Northern Territory;
- reform the Remote Jobs and Communities Programme to allow participants to work in local businesses;
- pursue more flexible foreign worker arrangements in high demand areas by finalising the Northern Territory Designated Area Migration Agreements (DAMA); continuing to work with Western Australia on a DAMA for the Pilbara; and inviting Queensland to propose a DAMA;
- expand and streamline the Seasonal Worker Programme by reducing costs to business, increasing worker numbers and allowing more countries and industries to participate;
- expand the Working Holiday Maker Visa Programme to allow participants to work for longer in high demand areas in Northern Australia, with a small number allowed a second year on their visa if they work in northern tourism and agriculture; and
- establish a pilot two-year visa for up to 250 citizens of the Pacific microstates (Nauru, Tuvalu and Kiribati) for work in the north.<sup>17</sup>

## **Government investment and policies**

7.18 To support a diversified economy in Northern Australia, the Australian Government and state and territory governments have implemented a number of strategies intended to develop a sustainable and appropriately skilled workforce.

### *Skills programs*

7.19 Two initiatives which were developed as a result of the White Paper, include the Pacific Microstates Northern Australia Worker Pilot, and the Seasonal Worker Programme. The Department of Industry, Science, Energy and Resources (DISER) argued that the Skilling Australians Fund and the Pacific Labour Scheme have also contributed to helping 'build a stronger labour pool for the north'.<sup>18</sup>

7.20 DISER also noted that the Australian Government's \$525 million skills package, *Delivering Skills for Today and Tomorrow*, is also designed to ensure that 'Australians have the right skills to get a job, build a career and to reskill and retrain over the course of their lifetime'.<sup>19</sup> The Skills Package:

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<sup>17</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 13.

<sup>18</sup> Department of Industry, Science, Energy and Resources (DISER), *Submission 30*, p. 11.

<sup>19</sup> DISER, *Submission 30*, p. 11.

...takes immediate actions to support Australians everywhere to make the best choices for their careers and equip themselves with the right skills for the future. Skills needs vary across the nation and that areas such as Northern Australia face unique challenges.

- 7.21 The measures in the Skills Package are designed to ensure that the VET system is responsive and flexible, and does not impose a 'one size fits all' approach.<sup>20</sup>
- 7.22 As part of the Skills Package, four pilot programs in remote communities in north Queensland, South Australia, the Northern Territory, and Western Australia will deliver tailored, flexible and locally developed training. These programs were co-designed with First Nations leaders and community members in order to meet local needs.
- 7.23 In 2019, DISER submitted that ten pilot Industry Training Hubs were being established in regions with high youth unemployment, including in Alice Springs and Townsville. These Hubs are intended to improve opportunities for young people through the creation of better links between local industry, employers and schools. The Commonwealth Scholarships for Young Australians program will also provide 400 VET scholarships to young people in the same ten regions, including Alice Springs and Townsville.<sup>21</sup>
- 7.24 DISER concluded:
- Measures under the Skills Package will assist students in Northern Australia to gain the skills they need to participate in the labour market, boost the ability of employers in the north to recruit and retain apprentices, improve youth employment opportunities in regions with high youth unemployment, and increase the availability of quality careers information for job seekers.<sup>22</sup>

### *Defence industry*

- 7.25 In February 2019, the Australian Government released the Defence Industry Skilling and STEM Strategy to implement initiatives to help Australia's defence industry to meet workforce skills requirements over the next decade. The Strategy established a National Defence Industry Skills Office (NDISO) to improve the collaboration and coordination between defence industry stakeholders, including with state and territory governments, businesses, and the education sector.<sup>23</sup>
- 7.26 Through the Strategy the Australian Government agreed to provide \$32 million from 2018-19 to 2021-22 to fund defence industry skills support through the Defence Industry Skills Flexible Funding Pool. This includes:

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<sup>20</sup> DISER, *Submission 30*, pp. 11–12.

<sup>21</sup> DISER, *Submission 30*, p. 12.

<sup>22</sup> DISER, *Submission 30*, p. 12.

<sup>23</sup> Department of Defence, *Submission 76*, p. 5.

- \$4 million per year skilling support grants program administered through the Centre for Defence Industry Capability, focusing on improving accessibility for small to medium enterprises and reducing the barriers faced by defence industry in upskilling or retraining staff, and
- \$1.4 million per year to expand the Defence Industry Internship Program to 50 student placements per year.<sup>24</sup>

7.27 These initiatives are available to eligible defence industry businesses and students in Northern Australia.<sup>25</sup>

7.28 A skilled workforce is critical to the success of the National Naval Shipbuilding Enterprise. The Australian Government is working together with industry to ensure that a workforce with the right skills is available when required to meet the needs of the naval shipbuilding industry. As such, the Naval Shipbuilding College (the College) is an Australian Government initiative aimed at ensuring a coordinated, national approach to workforce development and skilling across the National Naval Shipbuilding Enterprise.<sup>26</sup>

7.29 The College, funded at \$62 million over three years, commenced operation in March 2018 and is working to progressively facilitate the increased capacity and capability of Australia's skilled workforce, in line with naval shipbuilders' needs as they evolve. The College is engaging closely with selected ship and submarine designers and builders, and forming strong partnerships with national education and training providers.<sup>27</sup>

7.30 The College has endorsed programs of study at TAFE QLD's Cairns campus, and Charles Darwin University.<sup>28</sup>

### *Visa programs*

7.31 As noted above, the Australian Government contributes to the development of an appropriately skilled workforce in Northern Australia through the provision of visa services required to attract suitably skilled migrants to the region. Specifically the Australian Government:

... provides incentives for migrants to live and work in regional areas, and prioritises the processing of visa applications from skilled migrants wanting to work and live in regional Australia. This supports key industries—including agriculture, forestry, fisheries, tourism, hospitality,

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<sup>24</sup> Department of Defence, *Submission 76*, p. 5.

<sup>25</sup> Department of Defence, *Submission 76*, p. 5.

<sup>26</sup> Department of Defence, *Submission 76*, p. 5.

<sup>27</sup> Department of Defence, *Submission 76*, p. 5.

<sup>28</sup> Department of Defence, *Submission 76*, p. 5.

mining, construction, and disability and aged care—to attract skilled staff to Northern Australia.<sup>29</sup>

7.32 Programs such as Designated Area Migration Agreements (DAMA) are designed to address the difficulties faced in recruiting and retaining Australian workers in regional areas. These agreements allow employers in regions experiencing skills and labour shortages to sponsor skilled and semi-skilled overseas workers, on the proviso that employers recruit Australian workers as a first priority.<sup>30</sup> Mr Michael Willard, First Assistant Secretary, Immigration and Community Protection Policy Division, Department of Home Affairs explained:

DAMAs...sit within the broader skilled migration program, but they are very much a niche product designed to be targeted to the very specific needs of a regional area. They sit underneath a program where visas are broadly available to any employer in Australia under the broader employer sponsored program. We have a regional employer sponsored program which provides certain concessions for employers in regional areas. Underneath that sits a DAMA, where arrangements can be tailored to suit a particular area.<sup>31</sup>

### **New visas to support regional Australia**

7.33 Commencing in November 2019, three new visas became available to support migration to regional Australia, including Northern Australia. The Skilled Work Regional (Provisional) and Skilled Employer Sponsored Regional (Provisional) visas require visa holders to live and work in regional Australia. Permanent Residence visas provide a permanent pathway for Skilled Work Regional and Skilled Employer Sponsored Regional visa holders once the visa holder has met a minimum taxable income threshold and regional compliance visa conditions for three years.<sup>32</sup>

### **Extension of Temporary Graduate Visa period**

7.34 International students who complete a bachelors or higher qualification in a regional area and who reside in a regional area for the duration of their first Temporary Graduate visa (granted for periods of two to four years, depending on the study completed) will be eligible to apply for a second Temporary Graduate visa (for a period of one year).<sup>33</sup>

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<sup>29</sup> Department of Home Affairs, *Submission 32*, p. 7.

<sup>30</sup> Department of Home Affairs, *Submission 32*, p. 7.

<sup>31</sup> Mr Michael Willard, First Assistant Secretary, Department of Home Affairs, *Committee Hansard*, Canberra, 5 June 2020, p. 3.

<sup>32</sup> Department of Home Affairs, *Submission 32*, p. 7.

<sup>33</sup> Department of Home Affairs, *Submission 32*, pp. 7–8.

7.35 The Department of Home Affairs stated that 'this will help share the benefits of the education industry across Northern Australia and help address regional skill shortages'.<sup>34</sup>

### **Attracting skilled migrants to regional areas**

7.36 The Australian Government has introduced a range of initiatives to attract skilled migrants to regional areas, including Northern Australia. This includes expanding the use of DAMAs, supporting enhanced visa processing for regional areas, and enhancing regional outreach to support regional employers' access to skilled migrant workers. Working in regional Australia also increases the points awarded under the Skilled Migration Points Tests, which is intended to encourage skilled migrants to move to regional Australia.<sup>35</sup>

7.37 The Department of Home Affairs works with the Northern Territory Department of Trade, Business and Innovation; the Cairns Chamber of Commerce; the Office of Northern Australia; DISER; and the Commonwealth Department of Education, Skills and Employment to ensure that these initiatives remain tailored to the needs of Northern Australia.<sup>36</sup>

7.38 The Department of Home Affairs executed two five year DAMAs in Northern Australia to provide flexibility and agreed concessions to access overseas workers to fill skilled and semi-skilled labour needs. These DAMAs are the Northern Territory DAMA executed in December 2018, and the Far North Queensland DAMA in April 2019.<sup>37</sup> Mr Willard, Home Affairs, stated:

Within the two DAMAs, we've seen that the Northern Territory currently has 80 labour agreements in effect; that means 80 employers have signed up to the DAMA and are able to sponsor visa holders under that arrangement. The Far North Queensland DAMA has five labour agreements currently in effect.<sup>38</sup>

7.39 Additional incentives for temporary visa holders in the Working Holiday Maker program are designed to encourage such visa holders to stay longer by working in Northern Australia. These include the optional extension of the six-month limit on working for any one employer to 12 months for high-demand industries across Northern Australia, and the introduction of a third year visa for Working and Holiday visa holders who undertake six months

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<sup>34</sup> Department of Home Affairs, *Submission 32*, p. 8.

<sup>35</sup> Department of Home Affairs, *Submission 32*, p. 8.

<sup>36</sup> Department of Home Affairs, *Submission 32*, p. 8.

<sup>37</sup> Department of Home Affairs, *Submission 32*, p. 8.

<sup>38</sup> Mr Willard, Department of Home Affairs, *Committee Hansard*, Canberra, 5 June 2020, p. 3.

work in tourism, agriculture, forestry, fisheries or hospitality in Northern Australia whilst on their second visa.<sup>39</sup>

- 7.40 These initiatives are intended to help employers retain trained and experienced employees for longer. In July 2019, the option of a third visa was introduced for second Work and Holiday visa holders who complete six months of work in the same specified industries in Northern Australia.<sup>40</sup>

### **Impact of COVID-19 on migrant programs**

- 7.41 The committee received evidence that COVID-19 and the associated closure of borders has had a major impact on migration programs. In June 2020, the Department of Home Affairs provided the committee with an overview of this evidence.

- 7.42 Mr Willard, Department of Home Affairs, advised that following the introduction of travel restrictions, there was a 'drop-off in applications' under the Working Holiday Maker program. Mr Willard estimated that there had been a 20 per cent reduction in applications. In addition, Mr Willard also noted a reduction of less than 5 per cent in employer-sponsored permanent and skilled visa applications.<sup>41</sup>

- 7.43 Mr Willard explained that in relation to the Seasonal Worker and Pacific Labour Schemes, there had been a reduction of approximately 10 per cent in year-on-year comparisons since the introduction of travel restrictions.<sup>42</sup>

- 7.44 Mr Willard further explained that the Australian Government had introduced measures to allow temporary visa holders to remain working in critical sectors. Mr Willard stated:

One of those sectors was agriculture. In particular, for those sectors, a pathway was made available for those seasonal workers who were in Australia to extend their stay and continue to work in the agricultural sector. We're talking about 7½ thousand people in that context who were able to extend their stay beyond the normal stay period for a seasonal worker and continue to work in the agricultural sector. I mention that because it somewhat offsets the impact of no workers being able to enter for a period of time since the travel restrictions came into effect.<sup>43</sup>

- 7.45 It was explained that these changes were, in part, a response to industry concerns regarding the difficulty in finding labour in regional and Northern Australia.<sup>44</sup>

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<sup>39</sup> Department of Home Affairs, *Submission 32*, p. 8.

<sup>40</sup> Department of Home Affairs, *Submission 32*, p. 8.

<sup>41</sup> Mr Willard, Department of Home Affairs, *Committee Hansard*, Canberra, 5 June 2020, p. 2.

<sup>42</sup> Mr Willard, Department of Home Affairs, *Committee Hansard*, Canberra, 5 June 2020, p. 2.

<sup>43</sup> Mr Willard, Department of Home Affairs, *Committee Hansard*, Canberra, 5 June 2020, pp. 1–2.

<sup>44</sup> Mr Willard, Department of Home Affairs, *Committee Hansard*, Canberra, 5 June 2020, p. 2.

7.46 Mr Willard also informed the committee that changes were made to allow student visa holders to work for longer hours:

Normally, student visa holders are limited to working 40 hours a fortnight, but, in the circumstances of COVID, there was a concession provided that allowed student visa holders working in health, disability, aged care and nursing, and also medicine, to work longer. That short-term response was put in place in, I think, early April.<sup>45</sup>

7.47 By December 2020, decreases in visas being lodged and granted continued. In the six months from 1 July to 31 December 2020, as compared with the same period in 2019, for the Working Holiday Maker program there was:

- A total of 20,939 Working Holiday Maker (WHM) (subclass 417 and subclass 462) visas granted, an 80 per cent decrease from 104,795;
- a 99.5 per cent decrease in first Working Holiday (subclass 417) visa grants from 70,193 to 348;
- a 24.1 per cent decrease in second Working Holiday (subclass 417) visa grants from 15,851 to 12,035;
- a 99.5 per cent decrease in first Work and Holiday (subclass 462) visa grants from 15,342 to 83; and
- a 5.4 per cent increase in second Work and Holiday (subclass 462) visa grants from 3,409 to 3,594.<sup>46</sup>

7.48 This was accompanied by an overall decline of Working Holiday Visa holders in Australia, with a 64.9 per cent decrease in the number of visa holders in Australia from 141,142 in 31 December 2019 to 49,542 in 31 December 2020.<sup>47</sup>

7.49 For skilled temporary workers (subclass 457), there was likewise a 36.4 per cent decline in the number of applicants in the 2020-21 period (13,070 applicants), as compared to the 2019-20 period (20,530 applicants).<sup>48</sup>

7.50 Information on the Temporary Work (International Relations) visa (subclass 403), which includes the Seasonal Worker and Pacific Labour Schemes, is not maintained online in a comparable way to other programs. Additionally, the impact of the COVID-19 pandemic on international students is discussed in the education section of the report.

### *JobKeeper*

7.51 In response to the COVID-19 pandemic, the Federal Government introduced the JobKeeper subsidy, which was announced on 30 March 2020 and ran until 28 March 2021. The subsidy initially gave businesses and not-for-profit

<sup>45</sup> Mr Willard, Department of Home Affairs, *Committee Hansard*, Canberra, 5 June 2020, pp. 3–4.

<sup>46</sup> Department of Home Affairs, *Working Holiday Maker visa program report*, 31 December 2020, p. 5.

<sup>47</sup> Department of Home Affairs, *Working Holiday Maker visa program report*, 31 December 2020, p. 5.

<sup>48</sup> Department of Home Affairs, *Temporary resident (skilled) report*, 31 December 2020, p. 4.

organisations \$1,500 per fortnight per employee to assist in paying wages. From 28 September 2020 to 3 January 2021, the payment rate was stepped down to \$1,200 per fortnight for eligible employees working 20 hours a week or more and \$750 for employees working less than 20 hours a week. From 4 January 2021 to the completion of the program, the rate again decreased to \$1,000 per fortnight for eligible employees working 20 hours a week or more and \$650 for employees working less than 20 hours a week.<sup>49</sup>

7.52 DISER provided figures to the committee regarding the uptake of JobKeeper in Northern Australia. DISER only provided numbers for April and May 2020, but indicated that applications for JobKeeper in northern Australia totalled 31,778 at that time (4,649 in Northern Territory, 25,224 in Queensland, and 1,905 in Western Australia).<sup>50</sup> The highest amount of uptake in Northern Australia was in the health care and social assistance, retail, and construction sectors.<sup>51</sup>

7.53 In August 2020, Ms Linda Lee, General Manager, Office of Northern Australia, Northern Australia and Major Projects Division, Department of Industry, Science, Energy and Resources, stated that nearly 32,000 businesses in north Australia have benefited through that program and that more than 100,000 individuals were part of the JobSeeker program.<sup>52</sup>

7.54 Witnesses in the inquiry expressed anxiety about what would occur to businesses when the JobKeeper subsidy ended entirely. Mr Gareth Phillips, Chief Executive Officer, Association of Marine Park Tourism Operators, described how his industry viewed the situation:

The operators are talking about the two cliffs when this bubble holiday period ends and then also the cliff when JobKeeper winds back. Already banks are starting to call on the deferred loans and the sting is in the tail of that. A lot of our operators have that optimism where they are hoping they can try and put some money in the bank or recoup something to see them as far through as possible, and then we'll continue to lobby for what can be done—is there is there an extension of the JobKeeper or some similar scheme?<sup>53</sup>

7.55 Mr Kevin Byrne, President, Cairns Tourism Industry Association, described how the impact on the tourism sector could be particularly dire:

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<sup>49</sup> DISER, *Submission 30.1*, p. 11.

<sup>50</sup> DISER, *Submission 30.1*, p. 11.

<sup>51</sup> DISER, *Submission 30.1*, p. 11.

<sup>52</sup> Ms Linda Lee, General Manager, Office of Northern Australia, Northern Australia and Major Projects Division, Department of Industry, Science, Energy and Resources, *Committee Hansard*, Canberra, 7 August 2020, p. 9.

<sup>53</sup> Mr Gareth Phillips, Chief Executive Officer, Association of Marine Park Tourism Operators, *Committee Hansard*, Cairns, 15 December 2020, p. 15.

I'd like to go one step further: there's going to be a day of reckoning for the tourism industry here, which is fast approaching, at the end of the school holiday period. That's it, unless the period runs into Chinese New Year. That's not going to happen anytime soon. That's the first day of reckoning. The other day of reckoning is: how long do you keep these artificial stimuli going in the economy?<sup>54</sup>

7.56 Councillor Bob Manning, OAM, Mayor, Cairns Regional Council, explained how JobKeeper was ending at a particularly difficult time for tourism businesses:

...the position of council regarding the tourism industry and the tourism bodies is that JobKeeper needs to be carried through, maybe to June or beyond June next year. Nobody is too sure. Once we get to the end of January and we step into February, we generally step over a cliff. From February through to June, there's very little activity. We used to get international activity, which had lower numbers but higher spend, which was helpful for a business to remain operational and even profitable. What could happen here is that we get to February and find out that we're going into a big black hole and we remain there until possibly May or June. We could start to lift out of that with the beginnings of our normal winter activity. If that were the case, a number of operators would not get through that. JobKeeper has really been what's kept a lot of people involved in the industry—maybe not at a profitable level.<sup>55</sup>

7.57 However, JobKeeper did ultimately cease on 28 March 2021. While the committee's tabling date has meant that it is unable to look into the ongoing impact of the loss of JobKeeper in Northern Australia over the upcoming months, it anticipates that other inquiries—such as those undertaken by the Senate Select Committee on COVID-19—will examine this matter further.

## Sources of labour

7.58 Submitters highlighted several issues in relation to difficulties sourcing labour in Northern Australia, and wide support was offered for programs for skilled migration.

7.59 The Northern Territory Farmers Association (NT Farmers) explained to the committee that all sectors of their industry are reliant on the availability of skilled, semi-skilled and unskilled staff for casual and permanent roles. However, due to the often remote employment locations and the sometime harsh environmental conditions in which staff are required to work, the sector faces significant challenges in accessing and retaining staff. NT Farmers

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<sup>54</sup> Mr Kevin Byrne, President, Cairns Tourism Industry Association, *Committee Hansard*, Cairns, 15 December 2020, p. 35.

<sup>55</sup> Councillor Bob Manning, OAM, Mayor, Cairns Regional Council, *Committee Hansard*, Cairns, 15 December 2020, p. 42.

observed that these challenges are often most pronounced during peak operational periods such as harvests.<sup>56</sup>

7.60 Similarly, AgForce Queensland Farmers (AgForce) explained that the agricultural 'labour force is ageing, there are fewer young people entering agriculture and drought and other competing industries have had a significant impact on the amount of labour available'.<sup>57</sup>

7.61 NT Farmers explained that staff shortages have a range of negative consequences on individual businesses and the broader industry, and can threaten the successful harvesting of an entire year's investment in crops.<sup>58</sup>

7.62 For this reason, NT Farmers advocated for policy settings which mitigate an over-dependence on the one source of casual harvest labour, for example, working holiday makers. NT Farmers concluded that 'the development of an agriculture specific visa would be beneficial for the sector'.<sup>59</sup>

7.63 AgForce also offered its support for initiatives which increase migration and the flow of workers to Northern Australia:

Programs such as the Seasonal Worker Program, expansions to the Working Holiday Makers Visa Program and the development and finalisation of a Designated Area Migration Agreement for Far North Queensland, are strong initiatives that help direct workers to where they are needed in the agricultural industry and Northern Australia more widely. AgForce supports the intention behind programs such as the Pacific Microstates Northern Australia Worker Pilot but, recommends that the program be expanded, as participating workers were primarily directed toward hospitality.<sup>60</sup>

7.64 Mr Burke, Chief Executive Officer, Northern Territory Farmers Association, offered his support for the Seasonal Worker Program. Mr Burke described it as an 'outstanding success'. Mr Burke stated:

Now we're in the second year. Organisations like almonds and mangoes are having the same workers come back from the same country for a second year and they're actually now investing in upskilling some of those seasonal workers with things like forklift tickets and the like. So I think that program has been an outstanding success.<sup>61</sup>

7.65 The Northern Territory Seafood Council also stated that 'there are issues impacting on migration options to address skills shortages in the aquaculture

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<sup>56</sup> Northern Territory Farmers Association (NT Farmers Association), *Submission 2*, p. 4.

<sup>57</sup> AgForce Queensland Farmers (AgForce), *Submission 83*, p. 5.

<sup>58</sup> NT Farmers Association, *Submission 2*, p. 4.

<sup>59</sup> NT Farmers Association, *Submission 2*, pp. 4–5.

<sup>60</sup> AgForce, *Submission 83*, p. 5.

<sup>61</sup> Mr Burke, Northern Territory Farmers Association, *Committee Hansard*, Darwin 6 November 2019, p. 38.

industry'. It stated that there are inconsistent definitions and interpretations in the regulatory regime, and that employment pathways have been hindered by issues relating to the permanent residency pathway for certain occupations.<sup>62</sup>

7.66 Similarly, Mr Nick Trompf, Executive Chairman, Advance Cairns, told the committee that there are a number of issues with DAMAs which are impacting the ability for businesses to recruit required staff. Mr Trompf stated that there is a view:

... that the volume of roles is not enough. There are different types of roles that they would like to see qualify for DAMA that don't currently qualify... Given the stresses on workforce and some of the growth areas that are emerging, the designated area migration agreement could be one of the key opportunities to unlock some of that growth opportunity, if it can be tweaked.<sup>63</sup>

7.67 However, other submitters had concerns about programs that imported out-of-state and out-of-country workers into Northern Australia, instead favouring the development of local workforces. The Australian Manufacturing Workers' Union (Queensland and Northern Territory) described how developing local workforces should be given priority:

In order to deliver the government's broader Northern Australia agenda, priority should be given to projects that will expand local supply chains and deliver long-term, secure and skilled jobs as this is in the best interests of Northern Australian communities and their developing economies.<sup>64</sup>

### **Fly-in-fly-out workers**

7.68 A range of submitters provided evidence regarding the use of FIFO workers<sup>65</sup> in Northern Australia, and the effects of this type of workforce on northern communities. For example, Regional Development Australia Pilbara (RDA Pilbara) stated that:

There has been considerable debate on the issue of FIFO workers in recent years. RDA Pilbara fully supports initiatives that enhance residential communities, while recognising that under certain circumstances (construction, maintenance shutdown etc) FIFO is the logical business choice.<sup>66</sup>

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<sup>62</sup> Northern Territory Seafood Council, *Submission 64*, p. 3.

<sup>63</sup> Mr Nick Trompf, Executive Chairman, Advance Cairns, *Committee Hansard*, Cairns, 15 December 2020, pp. 30–31.

<sup>64</sup> Australian Manufacturing Workers' Union (Queensland and Northern Territory), *Submission 51*, p. 2.

<sup>65</sup> The issue of FIFO workforces will also be explored further in the chapter on social infrastructure and liveability of regional towns.

<sup>66</sup> Regional Development Australia Pilbara, *Submission 17*, p. 4.

7.69 The Indigenous Reference Group to the Ministerial Forum on Northern Development (IRG) noted that a large number of private and public sector organisations still rely on FIFO workers despite historical incentives intended to encourage workers to relocate to regions. It submitted:

...historical incentives such as the Remote Area Taxation and Payment Scheme have largely failed to adequately incentivise worker relocation, with a large number of private and public sector organisations across Northern Australia still significantly dependent on Fly-In-Fly-Out (FIFO) human resources strategies to fulfil workforce requirements with respect to both manpower and access to specific skill-sets.<sup>67</sup>

7.70 RDA Pilbara highlighted that the workforce in the Pilbara is primarily reliant on the resource sector, with a small population of only 61,483 and approximately 64,000 jobs. It explained that the number of FIFO workers fluctuates 'in line with the fortunes of the resources sector and its business cycle'. RDA Pilbara stated that with greater certainty for small and medium enterprises the number of employees would rise, and that this would improve the socio-economic wellbeing of the population.<sup>68</sup>

7.71 The Shop, Distributive and Allied Employees' Association (SDA) described the 'embrace' of FIFO jobs as 'an alarming trend' that all levels of government must address. It acknowledged that FIFO jobs are at times 'unavoidable across Australia's north' but that 'the proliferation of FIFO workers in major centres' was a cause for concern. The SDA explained that FIFO employment arrangements in the Northern Territory exist much more broadly beyond the resource sector, including in construction, government administration and defence, agriculture, forestry and fishing, and manufacturing.<sup>69</sup>

7.72 The SDA expressed its concern regarding the extent to which employment in the Northern Territory has been driven by FIFO workers. It explained that SDA members are largely local residents working in jobs which are reliant on consumer spending in that location. As such, the proliferation of high-income FIFO jobs in Northern Australia results in less money being spent locally, impacting on job security for local SDA workers.<sup>70</sup>

7.73 The Queensland Council of Unions (QCU) was stronger in its criticism of FIFO arrangements, describing them as 'one of the greatest threats to public and private investment in infrastructure and its associated economic development in regional Australia'. It stated that 'this would also appear to be the case in

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<sup>67</sup> Indigenous Reference Group to the Ministerial Forum on Northern Development (IRG), *Submission 92*, p. 23.

<sup>68</sup> Regional Development Australia Pilbara, *Submission 17*, p. 4.

<sup>69</sup> Shop, Distributive and Allied Employees' Association (SDA), *Submission 57*, pp. 10–11.

<sup>70</sup> SDA, *Submission 57*, p. 2.

Northern Australia'. The QCU also noted that 'FIFO has extended to employment and industries beyond its traditional use'.<sup>71</sup>

- 7.74 Mrs Adrienne Rourke, General Manager, Resource Industry Network, described her 'frustration' regarding the number of FIFO workers in Mackay. Mrs Rourke stated:

There is still a significant amount of fly-in fly-out, though. One of the frustrations, as someone who does have to travel to Brisbane or other capital cities for work, is the number of fly-in fly-out people on our flights from Mackay. I just wish I could encourage them to move to Mackay. We want more people living here and spending their income here rather than taking the money that they've made from our region back to wherever it is they reside. We'd like them to be living here in our region.<sup>72</sup>

- 7.75 The Town of Port Hedland (TPH) noted that the Queensland Government has passed legislation designed to regulate the use of FIFO workforces, and ensure that regional communities enjoy the benefits of local projects. It submitted:

The Queensland government has taken responsible steps to embed strong communities in statute with enactment of the *Strong and Sustainable Communities Resource Act 2017*. The Act applies to large resource projects within 125 kilometres of a nearby regional community and it prevents 'operational' large resource projects from having a 100 percent FIFO workforce; discrimination against locals when recruiting and terminating workers; prioritises recruitment from local and regional communities, then recruitment of workers who will relocate and live in nearby communities; and makes social impact assessments mandatory. The Act also establishes an oversight of the Act and complaint handling mechanism through a position of Coordinator General.<sup>73</sup>

- 7.76 In addition, Economic Development Queensland released the *Non-Resident Worker Accommodation* guidelines in 2015 for:

...planners and resource companies to ensure the quality of accommodation developments for workers; improve built form; manage duplicate infrastructure in townships; address demands on town facility and services; contribute financially to the town; and locate developments so as not to impact on adjoining uses.<sup>74</sup>

- 7.77 The TPH noted that while the Western Australian Government has been 'applauded for introducing the *Western Australian Jobs Act 2017*, which embeds buy local in government supply contracts, this does not apply to mining companies'. The TPH submitted:

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<sup>71</sup> Queensland Council of Unions, *Submission 90*, p. 2.

<sup>72</sup> Mrs Adrienne Rourke, General Manager, Resource Industry Network, *Committee Hansard*, Mackay, 12 March, p. 28.

<sup>73</sup> Town of Port Hedland, *Submission 35*, p. 10. See also Queensland Council of Unions, *Submission 90*, pp. 2–3.

<sup>74</sup> Town of Port Hedland, *Submission 35*, pp. 10–11.

While it is acknowledged that it is important not to constrain competition, it would be economically beneficial for government to negotiate local supply chain opportunities as part of licensing agreements with mining companies.<sup>75</sup>

- 7.78 The TPH was also critical that the *Australian Jobs Act 2013* only broadly defines 'local' as 'Australian Businesses'. The TPH stated, however, that there are opportunities for improvement:

There may be opportunity; however, for the federal government to embedding policy related to Australian Industry Participation Plans, mandatory for projects over \$500 million, the requirement for proportionate reliance (where feasible and competitive) on town supply chain opportunities.<sup>76</sup>

- 7.79 The TPH concluded by recommending that the Australian Government consider reviewing the policy for Australian Industry Participation Plans with a view to facilitating industry agreement for proportionate use of local supply chains and workers at the regional and town level. It also recommended Queensland's statutory and policy frameworks should be explored to determine broader application across Northern Australia.<sup>77</sup>

### *Fringe Benefits Tax*

- 7.80 Witnesses called for changes to be made to current tax arrangements – namely Fringe Benefit Tax (FBT) and remote area allowances to reduce the number of FIFO workers being employed. For example, Mr Paul Everingham, Chief Executive Officer, Chamber of Minerals and Energy of Western Australia, stated:

The introduction of FBT meant the incentive was taken away from the employer to provide company housing—housing often being the most expensive component of your personal expense if you try to live in Northern Australia, because the cost of land and the cost of building is so high in north Western Australia—as an incentive. So we definitely support reform in that area.<sup>78</sup>

- 7.81 Similarly, the Australian Labor Party Mt Isa Branch stated that FIFO, encouraged by the imposition of FBT on company provided housing, has been the principal reason for the depopulation of mining and mineral processing regions.<sup>79</sup>

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<sup>75</sup> Town of Port Hedland, *Submission 35*, p. 10.

<sup>76</sup> Town of Port Hedland, *Submission 35*, p. 10.

<sup>77</sup> Town of Port Hedland, *Submission 35*, p. 11.

<sup>78</sup> Mr Paul Everingham, Chief Executive Officer, Chamber of Minerals and Energy of Western Australia, *Committee Hansard*, Canberra, 11 February 2021, p. 26.

<sup>79</sup> Australian Labor Party Mt Isa Branch, *Submission 59*, p. 3.

7.82 The TPH noted that while one of the targets of the Northern Australia White Paper is a substantial population growth by 2035, this is 'constrained by the continued use of FIFO, favoured by mining companies due to federal tax incentives which discourage residential settlement'. The TPH highlighted that in 2018, it was estimated that 63 per cent of Western Australia's workforce were FIFO.<sup>80</sup>

7.83 The Australian Labor Party Mt Isa Branch also recommended that criteria for Tax Zone Rebates be amended to ensure that only permanent residents residing continuously in an area be eligible for rebates. It submitted:

Removing the benefits now enjoyed by fly-in fly-out workers residing in populous cities and increasing benefits to residents in remote communities is an attempt to properly compensate for the disadvantages of remote location, and also to encourage more permanent residents to settle in remote Australia. This paper has indicated that these minimum proposals require little or no additional cost to revenue.<sup>81</sup>

7.84 Similarly, the Port Hedland Community Progress Association submitted that 'to foster permanent growth we require the current taxation system be adjusted to support permanent population development'.<sup>82</sup>

### **Access to employment opportunities**

7.85 Submitters such as the Torres Shire Council highlighted the urgent need for employment opportunities particularly for the large number of 'well-educated young people' residing in northern communities.<sup>83</sup>

7.86 Councillor Les Walker, Deputy Mayor, Townsville City Council observed that in Townsville:

Both Indigenous and youth unemployment rates are unacceptably high at around 20 per cent. It needs to be strongly noted that that is very, very high. The population remains relatively static, with the five-year average annual growth of just 0.8 per cent.<sup>84</sup>

7.87 Mrs Danelle Dowding, Executive Officer, Regional Development Australia Kimberley, also highlighted the difficulty in the Kimberley of retaining and attracting an appropriately skilled workforce despite significantly high unemployment rates. Mrs Dowding stated:

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<sup>80</sup> Town of Port Hedland, *Submission 35*, p. 10.

<sup>81</sup> Australian Labor Party Mt Isa Branch, *Submission 59*, pp. 3–4.

<sup>82</sup> Port Hedland Community Progress Association, *Submission 82*, p. 1. See also Darwin Major Business Group, *Submission 72*, p. 8.

<sup>83</sup> Torres Shire Council, *Submission 89*, p. 6.

<sup>84</sup> Councillor Les Walker, Deputy Mayor, Townsville City Council, *Committee Hansard*, Townsville, 9 October 2019, p. 14.

One of the greatest challenges that we continue to face is the retention and attraction of an appropriately skilled workforce, despite the fact that our unemployment rate is 16 per cent—up four per cent over the past four years, compared to the relatively stable national average. In a region with high unemployment, and despite the substantial funding and effort to employ more local people, there continues to be this shortage of labour and a reliance on visa workers in several key industries.<sup>85</sup>

- 7.88 The Torres Shire Council highlighted that both First Nations and non-First Nations residents in the Torres Shire Local Government Area (LGA) outperform the rest of Queensland in terms of obtaining both year 12 qualifications, and non-school qualifications. Despite this, twice the number of people who are most disadvantaged reside in the Torres Shire LGA compared to the rest of Queensland.<sup>86</sup>
- 7.89 The Torres Shire Council stated that these statistics demonstrate weaknesses in current government strategies which have resulted in 'an intelligent reserve army of labour unable to be gainfully employed'. The Torres Shire Council stated that this situation has arisen for to the following reasons:
- there has been an historical disjuncture between training and skill development and sustainable employment, perfectly exemplified by industry skill based programs being subsidised so long as some sort of employment results (such as casual engagement);
  - strategies aimed at skill development have many times lacked Indigenous agency;
  - overcrowding of employment placement agencies whether government or non-government, has diluted focus and resulted in enormous amount of effort and resources being directed towards attraction to their agencies and not to sustainable employment; and
  - the focus of government support has more often than not been premised on a policy construction of First Nations peoples as a supply of labour rather than from the perspective of First nations peoples being business owners and providers of employment.<sup>87</sup>
- 7.90 Generation One, an initiative of the Minderoo Foundation also stated that while there has been significant investment in training, a supply driven approach to training and work readiness has resulted in 'many Indigenous people being trained with an ever-increasing list of certificates to add to their CVs but no regular employment history'.<sup>88</sup>

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<sup>85</sup> Mrs Danelle Dowding, Executive Officer, Regional Development Australia Kimberley, *Committee Hansard*, Canberra, 10 February 2021, p. 16.

<sup>86</sup> Torres Shire Council, *Submission 89*, pp. 6–7.

<sup>87</sup> Torres Shire Council, *Submission 89*, p. 7.

<sup>88</sup> Generation One; Minderoo Foundation, *Submission 9*, p. 4.

- 7.91 Similarly, the IRG noted an absence of sector and regional workforce planning for current and future work opportunities, and that this is coordinated with localised delivery of training and education. The IRG stated that this has resulted in an First Nations population that does not have capacity to engage in the workforce or to compete with a transient workforce.<sup>89</sup>
- 7.92 Witnesses also highlighted the reliance on projects for employment opportunities which creates a 'feast or famine' situation where opportunities are sporadic. For example, Generation One explained that demand for employment in Northern Australia can be low or at the very best variable, with a heavy reliance on social services (through the government and non-government sector) and short-term infrastructure projects, such as roads, engineering and seasonal agriculture. Mining also plays an important part in some parts of Northern Australia, but the distribution of projects is inconsistent across the north.<sup>90</sup>
- 7.93 This also creates issues in ensuring that there is an adequately skilled workforce ready for future projects. For example, Mr Neil Lethlean, Regional Economic Development Manager, Capricorn Enterprise stated:
- I'd like to talk about the skilled workforce that's confronting our region and is a fairly major issue for our region currently and for the next five years. We're working significantly with seven major projects in our region. It's either feast or famine, regrettably, in regional Australia, and we're feeding off that feast at the moment. The downside of that is that we could be up to 3,000 skilled workers short, probably at the peak time of around 2021 through to 2023, when all of these projects are at major workforce stage. Recruiting a skilled workforce to the regions is a very difficult task, and we're looking at strategies to achieve that, whether it's upskilling regional capacity or bringing new capacity to our regions.<sup>91</sup>
- 7.94 Similarly, the Australian Manufacturing Workers' Union (QLD and NT) noted that regional workers, particularly in Northern Australia, are vulnerable to unplanned economic transition. For example, a significant proportion of Northern and Western Queensland's heavy industrial capacity is reliant on the coal industry for ongoing work, and therefore vulnerable to the winding down of the thermal coal industry. It noted that 'most workers in this sector are highly skilled and are capable of adapting their existing skills' however, it is crucial that assistance be provided to develop and sustain regional vocational training capabilities. The Australian Manufacturing Workers' Union (QLD and

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<sup>89</sup> IRG, *Submission 92*, p. 23.

<sup>90</sup> Generation One; Minderoo Foundation, *Submission 9*, p. 4.

<sup>91</sup> Mr Neil Lethlean, Regional Economic Development Manager, Capricorn Enterprise, *Committee Hansard*, Mackay, 12 March 2020, p. 22.

NT) recommended 'ongoing funding to support the delivery of contemporary skills that meet the emerging needs of Northern Australia'.<sup>92</sup>

### *Childcare*

7.95 The committee notes that affordable and accessible childcare is an absolute necessity for many Australians to fully access employment and education opportunities. The Town of Port Headland submitted that it was short 300 childcare placements.<sup>93</sup> The East Kimberley Chamber of Commerce and Industry likewise noted the ongoing issues with accessing childcare in the area.<sup>94</sup>

7.96 Mr Vernon Lawrence, Chief Executive Officer, Shire of Wyndham East Kimberley, told the committee that a lack of childcare was impacting the ability to attract workers to his region:

Our ability to attract and retain skilled workers is severely hampered by liveability issues in the region. These issues are a barrier to economic development in the region. Apart from the high air transport costs, the lack of adequate childcare places and access to fast broadband and mobile services are extremely concerning. For child care, for instance, at any one time the waiting list at one of our centres ranges from between 80 and 100 places. As an example, the shire recently lost two of its employees, who resigned and left the region as they were unable to secure childcare services.<sup>95</sup>

7.97 Furthermore, the ability to attract childcare workers to the region to increase facilities in this area was limited by the lack of available housing for childcare workers to live in. Regarding the training of locals to fill this role, Mr Lawrence noted that appropriate courses had only recently been introduced at the local TAFE.<sup>96</sup>

### **Education**

7.98 Submitters argued that the development of an appropriately skilled workforce 'requires a greater focus on education'. This includes 'education infrastructure, support to stay and succeed in school, pathways to training, employment and career opportunities and partnerships with education providers'.<sup>97</sup>

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<sup>92</sup> Australian Manufacturing Workers' Union (QLD and NT), *Submission 51*, p. 4.

<sup>93</sup> Town of Port Headland, *Submission 35*, p. 9.

<sup>94</sup> See East Kimberley Chamber of Commerce and Industry, *Answers to questions taken on notice at the 9 February 2021 public hearing Kununurra*.

<sup>95</sup> Mr Lawrence, Shire of Wyndham East Kimberley, *Committee Hansard*, Canberra, 9 February 2021, p. 9.

<sup>96</sup> Mr Vernon Lawrence, Chief Executive Officer, Shire of Wyndham East Kimberley, *Committee Hansard*, Canberra, 9 February 2021, p. 11.

<sup>97</sup> Rio Tinto, *Submission 20*, p. 4.

### *Educational outcomes and attainment*

7.99 There is a growing body of research commissioned by both government and private agencies which indicates that regional areas of Australia, including across Northern Australia, do not achieve the same educational outcomes and attainment as metropolitan areas of Australia. CQUniversity explained that educational disparities can be identified from a very young age with the *Australian Curriculum, Assessment and Reporting Authority's National Report for 2017* identifying that students from major metropolitan areas consistently outperform students from regional and remote areas, across all National Assessment Program Literacy and Numeracy (NAPLAN) achievement domains.<sup>98</sup>

7.100 These differences in educational attainment and outcomes continue throughout the educational system. Studies in 2015 found that while 34.6 per cent of 20–24 year olds in Australia's cities were enrolled in tertiary study, only between 12.5–12.7 per cent of 20–24 year olds in regional Australia were enrolled in similar programs. Students from regional backgrounds were also found to face greater challenges in completing tertiary study with only 69.8 per cent of students from regional areas, and 59.5 per cent of students from remote areas completing bachelor level studies commenced. By comparison, 75 per cent of students from metropolitan areas completed their studies. CQUniversity submitted that:

These lower completion rates correspond with the lower rates of educational attainment realised by regional and remote students through primary and secondary education; and demonstrates the need to better prepare and support regional and remote students for tertiary study.<sup>99</sup>

7.101 The committee received evidence that many of these educational trends are apparent in Northern Australia. For example, Australian Census Data (2016) indicates that only 50.7 per cent of all persons in Central and Northern Queensland had completed years 11 or 12, compared to 60.6 per cent of persons in the balance of Queensland. In addition, surveys conducted by Education Queensland in 2015 found that while 48.3 per cent of high school graduates in Brisbane enrol in university at the completion of year 12, only 29.6 per cent of school-leavers from regional Queensland, and 16.4 per cent of school-leavers from rural Queensland do so.<sup>100</sup>

7.102 CQUniversity stated that 'these differences in educational attainment have significant economic consequences for regional communities, and for Australia as a whole'.<sup>101</sup> Similarly Business Foundations, a national not-for profit

<sup>98</sup> CQUniversity, *Submission 23*, p. 4.

<sup>99</sup> CQUniversity, *Submission 23*, pp. 4–5.

<sup>100</sup> CQUniversity, *Submission 23*, p. 5.

<sup>101</sup> CQUniversity, *Submission 23*, p. 5.

business advisory and training organisation based in Western Australia submitted:

Our experience is that there is a deficit in functional literacy and numeracy that needs to be addressed, particularly in the post-school age adult cohort who may have slipped through the educational cracks.<sup>102</sup>

- 7.103 Research on the economic impact of regional disparities in educational attainment in Australia suggests that addressing such disparities could improve Australia's Gross Domestic Product by 3.3 per cent or \$56 billion.<sup>103</sup>
- 7.104 In addition, it is estimated that the fiscal and social cost of people not engaged in full-time work or study by the age of 24 is approximately \$412,000 per person. Many of these costs fall directly on the local community.<sup>104</sup>
- 7.105 CQUniversity highlighted that the 2019 Next Step Survey conducted by the Queensland Government identified that 37.7 per cent of school leavers from regional Queensland were not engaged in tertiary study or full-time work. As such, the economic consequences for Central and Northern Queensland are significant.<sup>105</sup>

### *Access to higher education*

- 7.106 The ability to access higher education institutions also has a significant impact on regional communities. For example, admissions data from 2015 indicated that while 92 per cent of school-leavers proceeding to university in Brisbane were able to enrol at a local institution, only 35 per cent of Mackay school-leavers enrolling in university were able to do so. The remaining students from Mackay largely chose to move to Brisbane, resulting in more than 300 individuals moving away from their local community. CQUniversity stated:

The social cost to regional communities of having their "best and brightest" leave the community each year is considerable, as is the financial burden to families in supporting those students for the duration of their study.<sup>106</sup>

- 7.107 AgForce noted that the closure of the largest provider of agriculture training in Northern Australia, the Queensland Agricultural Training Colleges (QATC), as well as a number of private providers such as the Northern Skills Alliance in Cairns has left a shortage of agricultural training capacity in Northern Australia.<sup>107</sup>

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<sup>102</sup> Business Foundations, *Submission 4*, p. 4.

<sup>103</sup> CQUniversity, *Submission 23*, p. 5.

<sup>104</sup> CQUniversity, *Submission 23*, p. 5.

<sup>105</sup> CQUniversity, *Submission 23*, p. 5.

<sup>106</sup> CQUniversity, *Submission 23*, p. 5.

<sup>107</sup> AgForce, *Submission 83*, p. 5.

7.108 CQUniversity also explained that studies have found that a significant number of students who move away from their regional communities fail to return. As a result, regional businesses have to pay a premium to attract graduates (not necessarily from local communities) to fill vacancies.<sup>108</sup>

7.109 CQUniversity recommended that:

To fully develop Northern Australia's potential, it is recommended the Australian Government better recognise the educational challenges that exist in Northern Australia and develop policy and funding mechanisms that specifically address those challenges.<sup>109</sup>

### *Focus on education and the skills shortage*

7.110 Submitters made a range of suggestions regarding the types of education and training which should be facilitated in Northern Australia to best develop an appropriately skilled workforce. For example, Business Foundations suggested that:

Innovative approaches are required and a focus on taskbased job skills and VET learning is perhaps more important than a university focus to meet the jobs that are currently available in Northern Australia.<sup>110</sup>

7.111 This was echoed by Mr John Hine who submitted that 'a significant rebuilding of Australia's VET system seems warranted. That Australia has to import people with such core skills as welders and motor mechanics from overseas seems a national failure'.<sup>111</sup> Similarly, Dr John Martin, Research and Policy Officer, Queensland Council of Unions, called for the restoration of funding to the TAFE system. Dr Martin stated that:

...the amount of funding that has been taken out of TAFE, out of vocational education, which, according to this, has seen a decline of 21.3 per cent from its peak in 2012, it appears, with the skill shortages...that there is this attitude that we will rely upon skilled migrants rather than making our own skilled workers, which obviously is not a good thing for the Australian workforce.<sup>112</sup>

7.112 This decline in take-up of apprenticeships and traineeships has continued since Dr Martin gave his evidence in March 2020. The National Centre for Vocational Education Research released its data for the September 2020 quarter, found that nationally there was a 23 per cent decline in commencements and a 17.2 per cent decrease in completions. In the 12 months to 30 September 2020, when compared with the 12 months ending 30

<sup>108</sup> CQUniversity, *Submission 23*, p. 5.

<sup>109</sup> CQUniversity, *Submission 23*, p. 6.

<sup>110</sup> Business Foundations, *Submission 4*, p. 4.

<sup>111</sup> Mr John Hine, *Submission 68*, p. 3.

<sup>112</sup> Dr Martin, Queensland Council of Unions, *Committee Hansard*, Darwin, 12 March 2020, p. 34. See also Australian Manufacturing Workers' Union (QLD and NT), *Submission 51*, p. 4.

September 2019, commencements decreased by 18.8 per cent and completions decreased by 9.8 per cent.<sup>113</sup>

7.113 While the National Centre for Vocational Education Research does not break down data into the Northern Australia area, it does provide statistics for states. Regarding apprenticeships and traineeships, it found that:

- in Western Australia, there were 14,845 commencements (down 13.6 per cent from 2019) and 8,955 completions (down 16.9 per cent from 2019);
- in Queensland, there were 30,580 commencements (down 18 per cent from 2019) and 20,120 completions (down 10.3 per cent from 2019); and
- in the Northern Territory, there were 1,665 commencements (down 28.4 per cent from 2019) and 1,015 completions (down 6.1 per cent from 2019).<sup>114</sup>

7.114 Data on apprenticeships and traineeships from across Queensland show a clear decline, as is illustrated in Table 7.1.

**Table 7.1 Queensland apprenticeships and traineeships**

Location	2013	2020	Drop	Percentage change
QLD overall	88,549	55,502	-33,047	-37.32%
Central and West QLD	7,886	4,876	-3,010	-38.17%
North QLD	17,837	11,638	-6,199	-34.75%

Source: Department of Education, Skills and Employment Data - received 18 December 2020 (September 2020 quarter)

7.115 Wilmar Sugar Australia Limited argued that the Australian Government should offer support for programs which encourage the uptake of trade qualifications by school leavers. It stated:

We recommend the Federal Government work with Queensland education agencies (especially TAFE) and industries such as the sugar industry to grow the job pool and the skilled workforce in the north, ensuring the training and development infrastructure and services that will support all industries.<sup>115</sup>

7.116 Ms Patricia O'Callaghan, Chief Executive Officer, Townsville Enterprise Limited, explained that while Townsville's unemployment rate was the lowest it had been in five years, youth unemployment remained high.

<sup>113</sup> National Centre for Vocational Education Research, *Apprentices and trainees 2020: September quarter – Australia*, 20 March 2021.

<sup>114</sup> National Centre for Vocational Education Research, *Apprentices and trainees 2020: September quarter – Australia*, 20 March 2021.

<sup>115</sup> Wilmar Sugar Australia Limited, *Submission 53*, p. 12.

Ms O'Callaghan also noted that despite the high rate of youth unemployment there also exists a skills shortage in a range of sectors including professional services, mining industries, and health care.<sup>116</sup> This is a perverse outcome and shows a clear failure of training and employment policy.

7.117 AgForce highlighted the impact of 'brain drain' on maintaining a population in Northern Australia and offered its support for initiatives such as post-graduate scholarships offered by the Cooperative Research Centre for Developing Northern Australia (CRCNA). AgForce suggested that such 'initiatives could be expanded by industry-targeted skilling for workers through subsidies from the Office of Northern Australia in agricultural higher education programs or ag colleges'.<sup>117</sup> Ms O'Callaghan, Townsville Enterprise Limited, also noted the 'brain drain' from regional areas. Ms O'Callaghan stated:

There is a romance around cities. We do see our younger people leaving not just to study but to have a career path outside of our northern areas. I don't think anyone would discount our youth travelling and enjoying the experiences of different regions around the country, but we also want them to come back, or we would like them to stay in the first place, and to do that we do need to provide career pathways for them; we need to provide jobs for the future.<sup>118</sup>

7.118 Regional Development Australia Far North Queensland and Torres Strait (RDAFNQTS) advised that unemployment is statistically far higher in the regions than in capital cities, and that 'this indicates the existence of an unengaged, unskilled labour source'. RDAFNQTS suggested that the introduction of a National Trades Initiative could provide access to trades and skills training, particularly for school leavers not undertaking tertiary education. The RDAFNQTS suggested that under such a scheme, participants could receive the same stepped wage rate as an apprentice, which would replace unemployment benefits or alternative government payments.<sup>119</sup>

7.119 Regional Development Australia Townsville and North West Queensland (RDATNWQ) submitted that in order to 'drive the future of our region, we need to put a strong emphasis on the future skills needed by industry and businesses'. It noted that:

Technological advances and opportunities associated with innovation, not only in the IT and online environment but across all industries, need to be captured and encouraged in the North to ensure we diversify and provide pathways for future industries, businesses and jobs. Investment into skills,

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<sup>116</sup> Ms O'Callaghan, Townsville Enterprise Limited, *Committee Hansard*, Townsville, 9 October 2019, p. 4.

<sup>117</sup> AgForce, *Submission 83*, p. 5.

<sup>118</sup> Ms O'Callaghan, Townsville Enterprise Limited, *Committee Hansard*, Townsville, 9 October 2019, p. 8.

<sup>119</sup> Regional Development Australia Far North Queensland and Torres Strait, *Submission 36*, pp. 3–4.

infrastructure and communities will enhance the north's ability to access, leverage and develop these new opportunities.<sup>120</sup>

7.120 As such, RDATNWQ suggested that there needs to be an increased focus on science, technology, engineering and maths (STEM) skills. It explained:

While a focus on skilling our existing workforce in STEM related work is important, we should also focus on the future workforce and provide children across our region opportunities to access STEM related learning. With a focus on increasing their access to STEM learning opportunities, we could see an increased take up of STEM appropriate tertiary and vocational education and therefore be preparing the appropriately skilled workforce for the future.<sup>121</sup>

### *International students*

7.121 The committee received evidence regarding both the positive economic impact international students have on the regions in which they study; and that many international students contribute to the regions in which they studied by choosing to live and work there upon graduation.

7.122 The International Tertiary Education Council Australia (ITECA) noted the Department of Education, Skills and Employment's 2019 report entitled *International students studying in regional areas* which found that three of the top five regional centres for international student enrolments were in Northern Australia. These were:

- Darwin (at number two) with 2,625 students;
- Cairns (at number three) with 2,745 students; and
- Townsville (at number five) with 1,860 students.<sup>122</sup>

7.123 ITECA submitted that in 2017, the contribution to the economy from each individual international student studying with an independent VET provider was \$28,051. It explained that:

There is no reason to believe that the economic contribution would be substantially different at a regional level or for students in higher education. This highlights the substantial benefit that Northern Australia seeks to gain by raising its international student numbers.<sup>123</sup>

7.124 ITECA noted that the Northern Territory Government has undertaken significant work to develop international education in order to diversify the territory's economy. The *2021-24 Northern Territory International Education and Training Strategy* seeks to position the region as a destination of choice for

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<sup>120</sup> Regional Development Australia Townsville and Far North Queensland, *Submission 47*, p. 5.

<sup>121</sup> Regional Development Australia Townsville and Far North Queensland, *Submission 47*, p. 5. See also Mr Frank Beveridge, Regional Development Australia Townsville and Far North Queensland, *Committee Hansard*, Townsville, 9 October 2019, p. 4.

<sup>122</sup> International Tertiary Education Council Australia, *Submission 38*, p. 1.

<sup>123</sup> International Tertiary Education Council Australia, *Submission 38*, pp. 1–2.

international students. The measures established under the strategy, including the establishment of StudyNT, were developed in consultation with ITECA and its members in the independent tertiary education sector. Similarly, the Queensland Government has proactively sought to attract international students to study in the north of the state. For example, programs such as Study Townsville and Study Cairns contribute to attracting international students to these cities.<sup>124</sup>

7.125 ITECA stated that while there is certainly a role for the Australian Government to lead a reinvigorated national strategy for international education, the 'excellent work of the Northern Territory and Queensland Governments needs to be both recognised and supported in future approaches'.<sup>125</sup> It stated:

ITECA notes the high degree of engagement and support that both the Northern Territory Government and the Queensland Government afford. As these jurisdictions introduce and monitor programs to support the current and future generations of workers, there is a clear commitment to empowering independent tertiary education providers so that they can deliver education, training and skills to international students studying across Northern Australia.<sup>126</sup>

7.126 Though ITECA was supportive of the 2019 announcement by the Australian Government that the Destination Australia Program would provide 4,720 scholarships of up to \$15,000 a year for domestic and international students to study at a regional provider of tertiary or VET education, it also raised a number of concerns. ITECA explained that in encouraging international students to study in regional areas, consideration should also be given to ensuring enhanced and appropriate support networks are available to students. It noted that while these networks are strong in metropolitan areas, such networks do not always exist in regional areas. ITECA submitted:

It is unfair to overseas students to place them in a locale without the support to help them adapt to challenges in being away from home, and often in a different culture, for sustained periods of time.<sup>127</sup>

7.127 Charles Darwin University favourably noted the progress of DAMAs in Northern Australia, particularly the introduction of the Temporary Graduate visa with an extra year of post-study work rights for international students who graduate from a regional campus and maintain ongoing residence in regional areas while holding their first Temporary Graduate (subclass 485) visa. It stated that this initiative has:

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<sup>124</sup> International Tertiary Education Council Australia, *Submission 38*, p. 1.

<sup>125</sup> International Tertiary Education Council Australia, *Submission 38*, p. 2.

<sup>126</sup> International Tertiary Education Council Australia, *Submission 38*, p. 2.

<sup>127</sup> International Tertiary Education Council Australia, *Submission 38*, p. 2.

...had a positive impact on workforce growth in the region and will be a strong attractor for international student enrolment growth. This could be extended to 5 years' post-graduation working visas with a pathway to permanent residency.<sup>128</sup>

### *Impact of COVID-19 on the university sector*

7.128 The COVID-19 pandemic, and associated international border closures, has had an unprecedented impact on the international student program in Australia. In the 2020-21 program year to December 2020, there were 133,139 student visa applications lodged, which is a decrease of 41.3 per cent compared with the same period in the previous program year.<sup>129</sup> Additionally, visa applications lodged by applicants outside Australia in the 2020-21 program year to 31 December 2020 decreased by 65.3 per cent to 43,292 lodgements, as compared with the same period in the previous program year.<sup>130</sup>

7.129 In terms of visas granted, there were 120,962 student visas granted in the 2020-21 program year to 31 December 2020, a decrease of 39.8 per cent compared with the same period in the previous program year. The Department of Home Affairs reported how this impact varied across sectors:

All sectors experienced a decrease in visa grants in the 2020-21 program year to 31 December 2020 with a decrease of 24.6 per cent in the VET Sector, 32.5 per cent in the Higher Education Sector, 82.2 per cent in the ELICOS [English Language Intensive Courses for Overseas Students] sector and 27.9 per cent in the Postgraduate Research Sector when compared with the previous program year.

7.130 During this time, the Department of Home Affairs put measures in place to assist student visit holders who are currently in Australia:

The grant rate for applicants in Australia was 99.9 per cent in the 1 October 2020 to 31 December 2020 quarter. As a result of COVID-19 when travel restrictions became widely in force and flight availability was restricted, adverse decisions relating to Student visa applicants lodging from within Australia were deprioritised. This is reflected in the high grant rate for this period for applications lodged within Australia.<sup>131</sup>

7.131 The Australian Government has provided some support to the university sector, which has faced substantial challenges during the COVID-19 pandemic.

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<sup>128</sup> Charles Darwin University, *Submission 26*, p. 6.

<sup>129</sup> Department of Home Affairs, *Student visa and Temporary Graduate visa program report*, 31 December 2020, p. 7.

<sup>130</sup> Department of Home Affairs, *Student visa and Temporary Graduate visa program report*, 31 December 2020, p. 7.

<sup>131</sup> Department of Home Affairs, *Student visa and Temporary Graduate visa program report*, 31 December 2020, p. 8.

This support included, the Higher Education Relief Package, announced on 12 April 2020, which:

- increased flexibility in use of Commonwealth Grant Scheme (CGS) funding across designated and non-designated places;
- created new short online courses; and
- offered some regulatory fee relief.<sup>132</sup>

7.132 However, the significant loss of international students' revenues has meant that Australian universities still suffered economic substantial losses. Universities Australia reported to the Senate Select Committee on COVID-19 that, as no university was eligible for JobKeeper despite a revenue shortfall of \$3.1 billion to \$4.8 billion in 2020, job losses of 4,729 staff were announced.<sup>133</sup>

7.133 The Regional Universities Network noted that the Higher Education Support Package did not provide hardship support for domestic and international students who were currently in Australia, who may have lost their jobs due to the COVID-19 pandemic and did not qualify for other government assistance, nor did the program assist universities in coping with the loss of international student revenue. The Regional Universities Network cited modelling that suggested that Australia's universities were facing a cumulative loss of between \$10 to \$19 billion from 2020-23 because of the collapse in international student revenue.<sup>134</sup>

7.134 James Cook University submitted to the Senate Select Committee on COVID-19 that the university was continuing to face ongoing challenges from the pandemic:

We are now working hard to ensure that our operations are financially sustainable going into the economic conditions forecast over 2021 – 2025. This is difficult as the impact of fewer students in 2020 will 'pipeline' into 2021, 2022 and will not wash out of the system until 2023. That said, our academics and professional and technical staff are looking to ensure we are offering the right educational opportunities and support at the right time and in the right way. Participation in higher education in northern Queensland is lower than state and national averages – and now more than ever we need to find new ways to lift and regenerate the region's capability.<sup>135</sup>

7.135 The Regional Universities Network—which includes Charles Sturt University, CQUniversity, Federation University Australia, Southern Cross University, University of New England, University of Southern Queensland, and University of the Sunshine Coast—likewise submitted that its members have

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<sup>132</sup> Senate Select Committee on COVID-19: Regional Universities Network, *Submission 110*, p. 1.

<sup>133</sup> Senate Select Committee on COVID-19, *First interim report*, December 2020, p. 75.

<sup>134</sup> Senate Select Committee on COVID-19: Regional Universities Network, *Submission 110*, p. 2.

<sup>135</sup> Senate Select Committee on COVID-19: James Cook University, *Submission 155*, p. 2.

been impacted by the decline in international student numbers, the transition to online delivery, higher attrition rates for students and lower re-enrolment rates.<sup>136</sup>

7.136 James Cook University further noted the ongoing importance of regional universities to their local areas and communities:

Finally, the Australian Government has an important role to play in ensuring universities, particularly in regional areas, serve as anchor institutions that stabilise and regenerate regional economies through direct and indirect employment. We cannot afford to lose the highly skilled academic, research, and professional and technical staff that we need to fulfil our missions in the communities we serve or diminish our capacity to support our broader community.<sup>137</sup>

7.137 The Regional Universities Network made recommendations relating to areas where the Australian Government could provide assistance to regional universities that would assist the universities to weather the crisis and to support their employees and communities:

Regional loading provides additional funding to universities with regional campuses to assist them meet the higher costs associated with those campuses. A doubling of the current funding level of around \$74 m per annum would greatly assist regional universities to manage the impact of COVID19, particularly in retaining staff in regional locations.

Implementation of the recommendations and actions from the 2019 National Regional, Rural and Remote Tertiary Education Strategy would help support regional industry and boost economic development, including targeting our research expertise and capability to align with areas of need in our communities.<sup>138</sup>

7.138 The committee notes that, at the time of writing, the Senate Select Committee on COVID-19 is yet to table its final report. While the committee notes that the Senate Select Committee on COVID-19 will examine this matter further, it highlights the importance of regional universities to Northern Australian economies and encourages the Federal Government to provide targeted support to universities in regional areas.

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<sup>136</sup> Senate Select Committee on COVID-19: Regional Universities Network, *Submission 110*, p. 1.

<sup>137</sup> Senate Select Committee on COVID-19: James Cook University, *Submission 155*, p. 3.

<sup>138</sup> Senate Select Committee on COVID-19: Regional Universities Network, *Submission 110*, p. 3.

# Chapter 8

## A broader northern economy

- 8.1 The committee received a range of evidence in relation to the industry base in Northern Australia, in particular the opportunities to broaden the region's economic base. The following sections outline this evidence.
- 8.2 Northern Australia is already home to many long-standing, well-established industries. Trade and Investment Queensland reports that North Queensland currently exports 30 different commodity types, including copper, zinc, lead and sugar. Mining and minerals processing are major growth industries in the area, as is tropical science, international education and training, renewable energy, and food and agribusinesses. Additionally, the area features prominent domestic and international tourism industry, as it includes the Great Barrier Reef and World Heritage-listed wet tropics rainforest, amongst other natural features.<sup>1</sup>
- 8.3 In the Northern Territory, the largest industries include agribusiness, defence and defence support, energy, international education and training, minerals, space, tourism, and tropical health research.<sup>2</sup> Northern Western Australia's comparable industries include agriculture, manufacturing, and tourism.<sup>3</sup>
- 8.4 At present, the Northern Australia agenda is very focused on a small number of traditional industries in the north. While these industries will continue to play a foundational role in Northern Australia and ought to be supported, there are opportunities to value add to these traditional industries and also to expand a broader range of emerging industries that have the potential to create greater economic stability across Northern Australia.
- 8.5 When appearing before the committee, Mr David Lynch, City Economist, Townsville City Council, described his concerns about the current balance between older and newer industries in the Northern Australia agenda:

I would, however, emphasise that part of that process is to traditionally look upon the strengths of northern Australia in regard to its natural resources. I don't see an issue with that; we need to start with our base. We certainly don't throw out the old and the foundation in relation to the prosperity that's been created from northern Australia, as far as national

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<sup>1</sup> Trade and Investment Queensland, *Regional investment opportunities: North Queensland and Far North Queensland*, <https://www.tiq.qld.gov.au/invest/regional-investment-opportunities/> (accessed 22 April 2021).

<sup>2</sup> The Territory, *Key sectors*, <https://theterritory.com.au/invest/key-sectors#:~:text=More%20details-Minerals,valued%20at%20AU%244.13%20billion> (accessed 22 April 2021).

<sup>3</sup> Government of Western Australia, *Guide to industries*, <https://migration.wa.gov.au/working-in-western-australia/guide-to-industries> (accessed 22 April 2021).

accounts is concerned. ... You'll note that those things we focus on in the northern Australia agenda are those industries which are either static or declining. At the same time, we've seen a doubling of the services sector. It now accounts for more than 80 per cent of all employment in Australia, and there is no acknowledgement in the northern Australia agenda of the importance of those sectors to driving growth in Australia.<sup>4</sup>

- 8.6 Mr Lynch further stated that 'as we focus just on those traditional resource based areas then we will not capture the next wave of growth or the current wave of growth'.<sup>5</sup> The committee notes the importance of knowledge-based and service industries to Northern Australia, as well as the critical need for a broader range of industries in Northern Australia that would provide a protective buffer against the intense fluctuations that can impact more traditional industries. Furthermore, such a broadening of economies would create greater and more stable employment in the region. This section of the report examines some of the economic opportunities available through value adding to the traditional industries and supporting emerging industries.
- 8.7 Due to the committee's broad terms of reference, it could not inquire into every industry that is beginning to emerge within Northern Australia. This section considers industries on which the committee received particular evidence from witnesses and submitters. Although the committee is limited in its scope in this particular chapter, the committee does acknowledge other industries that offer large opportunities for Northern Australia, such as advanced manufacturing (through projects such as the Lansdown Eco-Industrial Precinct), defence manufacturing, tropical science and services such as tropical architecture and disaster management, and extraction and processing of minerals (such as lithium and vanadium) for batteries and other new technologies.

## White Paper

- 8.8 *Our North, Our Future: White Paper on Developing Northern Australia* (the White Paper) identified that 'more investment is needed in the north to diversify the economy as the investment phase of the mining boom transitions to its production phase'.<sup>6</sup> As such, the White Paper stated:

The Commonwealth Government anticipates that five industries have bright growth prospects in the north: food and agribusiness; resources and energy; tourism and hospitality; international education; and healthcare, medical research and aged care.<sup>7</sup>

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<sup>4</sup> Mr David Lynch, City Economist, Townsville City Council, *Committee Hansard*, Townsville, 9 October 2019, p. 18.

<sup>5</sup> Mr Lynch, Townsville City Council, *Committee Hansard*, Townsville, 9 October 2019, p. 19.

<sup>6</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 56.

<sup>7</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 56.

8.9 The White Paper stated that the Australian Government's aspirations for food and agribusiness are:

- intensive beef production as its cornerstone, leveraging research leadership in beef genetics and value added processing;
- aquaculture developments on a large scale incorporating world's best environmental practices; and
- irrigated cropping sustaining multiple clusters of small scale, high premium horticultural and niche crop production, together with broadacre farming of crops such as sugar, soybeans and cotton. These will be enabled by the development of sustainable water harvesting from monsoonal flood water diversions, groundwater and selective development of dams.<sup>8</sup>

8.10 The White Paper also outlined the Australian Government's aspirations for the resource and energy sector as:

- Australia positioned as Asia's energy supplier of choice from a balance of sources – natural gas, uranium, coal and next generation biofuels;
- a diverse portfolio of mining across the north including existing large scale resources such as iron ore, base metals and gold, and new mines for strategic minerals such as rare earths or uranium;
- the north playing a leading role as the fertiliser supplier to Asia's agricultural sector, becoming a net exporter of phosphate based fertiliser through new projects in the north, an entry into potash production, and capitalising on abundant gas to expand nitrogen fertiliser production;
- rail links from the Northern Territory to Queensland through Mount Isa to transport minerals and agricultural products from the gulf country to Darwin, cutting shipping time and costs compared with hauling out to east coast ports;
- expanded energy networks including connecting the north's gas resources with east coast markets, and delivering cost competitive energy to projects in the north; and
- large scale development of next generation biofuels using algae, capitalising on the north's abundant land, water and sunshine.<sup>9</sup>

8.11 Similarly, the Australian Government stated that its aspirations for the tourism and hospitality sector are:

- development of a range of hotels and resorts across the north; and
- lifting overseas tourist horizons beyond the wonders of the Great Barrier Reef and the Daintree Rainforest, to an expanded appreciation for Kakadu National Park, the Kimberley and Broome.<sup>10</sup>

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<sup>8</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 57.

<sup>9</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 57.

<sup>10</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 58.

- 8.12 The White Paper also identified that the Australian Government would develop a national strategy for international education that would recognise 'the role of international education in extending cultural and economic relationships and driving economic growth in regional hubs, including in Northern Australia'.<sup>11</sup> The White Paper also noted that Northern Australia's 'healthcare services and aged care providers could be at the forefront of tropical health solutions, delivered both in Australia and across the booming middle income markets of Asia and the Tropics'.<sup>12</sup>
- 8.13 However, despite this acknowledgement of a broader economy in the north, the White Paper—and, accordingly, the government's Northern Australia agenda—remains focused on the more traditional industries of agriculture, resources and mining and tourism. While these industries are foundational in Australia and ought to continue to have value added to them, the Northern Australia agenda ought to be supporting the growth of a broader economy and emerging industries in the north. The support of such a broader economy would not only provide more employment, but would also create greater economic stability and resilience to the historically volatile economic region.

### **Evidence received by the committee**

- 8.14 Witnesses were critical of the White Paper, arguing that it does not adequately identify emerging industries or acknowledge any likely shift in demands for goods and services which will impact Northern Australia in the future.<sup>13</sup> As such, the committee received evidence identifying emerging industries which may offer valuable opportunities across Northern Australia.

#### *Nature-based economy*

- 8.15 The Wet Tropics Management Authority (WTMA) noted that the White Paper identifies Northern Australia as possessing 'exceptional biodiversity, holding spiritual and cultural significance for its Indigenous peoples, and underpinning human wellbeing'.<sup>14</sup>
- 8.16 However, the WTMA submitted that the White Paper 'fails to deliver a long term vision of protection of this asset, nor is there any consideration of incorporating the environment as a component of the economy'. The WTMA submitted that the Australian Government's Northern Australia agenda should 'offer a vision for a transformative economy based on working with nature'.<sup>15</sup>

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<sup>11</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 58.

<sup>12</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 58.

<sup>13</sup> Northern Australian Indigenous Land and Sea Management Alliance, *Submission 62*, p. 3.

<sup>14</sup> Wet Tropics Management Authority (WTMA), *Submission 16*, p. 5.

<sup>15</sup> WTMA, *Submission 16*, p. 5.

8.17 The WTMA argued that nature-based jobs such as the management of invasive pests, and landscape-level management and restoration programs would deliver a range of benefits including:

Enhance resilience, reduce emissions (carbon abatement), augment wildlife corridors, buffer refugia and provide social, environmental, cultural and economic co-benefits, particularly for World Heritage values, environmental services, adjacent landholders and Traditional Owners.<sup>16</sup>

8.18 The WTMA also submitted that challenges such as invasive pest management programs 'provide employment opportunities without which other jobs, such as in the agriculture and tourism industries, may be at risk'.<sup>17</sup> The WTMA explained:

These programs also provide security for tourism and tourism jobs, through demonstrable actions that give confidence to residents and visitors alike that something can be and is being done, and that their enjoyment of the Area can help it, not depreciate it.<sup>18</sup>

8.19 In Tropical North Queensland, over 20 organisations have developed the Green and Blue Economic Stimulus Package. This is designed to create jobs and new business opportunities by supporting projects that better protect the region's reefs and rainforests.<sup>19</sup> Ms Lucy Graham, Director, Cairns and Far North Environment Centre, described this package as 'an agenda we believe will ensure our economy, our people and our environment prosper and grow stronger together'.<sup>20</sup> Ms Graham described the groups that took part in developing the project:

... it brings together a really broad range of sectors. We've been collaborating with the chamber of commerce, Advance Cairns, FNQRoC, a lot of different Aboriginal groups and a lot of our smaller groups who are involved in the on-ground delivery. It's very rare to have such cross-sectoral involvement in an agenda for our region, and we're really proud of that work we've done to come together.<sup>21</sup>

8.20 Ms Graham then described the wider benefits of the program:

The first component is the boots on the ground, fins in the water, which is a very simple response to the pandemic. As you were highlighting with one of our other members earlier, the severe impact of unemployment that

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<sup>16</sup> WTMA, *Submission 16*, p. 5.

<sup>17</sup> WTMA, *Submission 16*, p. 5.

<sup>18</sup> WTMA, *Submission 16*, p. 5.

<sup>19</sup> Cairns and Far North Environment Centre, *Green and Blue Stimulus Package*, <https://cafneec.org.au/all-campaigns/green-and-blue-stimulus-package/> (accessed 23 April 2021).

<sup>20</sup> Ms Lucy Graham, Director, Cairns and Far North Environment Centre, *Committee Hansard*, Cairns, 15 December 2020, p. 58.

<sup>21</sup> Ms Graham, Cairns and Far North Environment Centre, *Committee Hansard*, Cairns, 15 December 2020, p. 59.

our region faces and the fact that natural resource management has a variety of different jobs available to both unskilled workers and skilled workers ...

The second component is about the smart green capital. What we're talking about there is how we invest in innovative industries that diversify our economy and strengthen it. At the moment, we celebrate and love our tourism, but when tourism takes a hit our economy takes a big hit. What we want to do is strengthen other industries around it. That talks about innovative agriculture. It talks about new renewable energies. ... it's about how we develop new industries that look after our environments but also create an economy that employs people and strengthens that economy.<sup>22</sup>

- 8.21 The committee welcomes this project as a prime example of an inventive and collaborative local stimulus, and congratulates the Cairns and Far North Environment Centre and its partner organisations on their work so far.

### *Science-based jobs*

- 8.22 The committee received evidence that science should be considered as a catalyst for jobs in Northern Australia in the future. Opportunity exists for universities, research institutions, not-for-profit entities, industries and key economic and business agencies to collaborate to form stronger strategic alliances and to develop a clear framework for the building of a focused knowledge economy in Northern Australia.<sup>23</sup>
- 8.23 The WTMA noted that James Cook University (JCU) is world renowned for its tropical sciences. In particular, the Centre for Tropical Environment and Sustainability Science is developing, implementing and exporting solutions to environment and sustainability issues faced by Australia and the rapidly developing tropical world. The WTMA noted that the JCU attracts students from 100 countries around the globe to study and conduct research in the region.<sup>24</sup>
- 8.24 The WTMA argued that there are significant opportunities for developing a vibrant, world-class research region, developing and exporting advances in fields such as climate change science, infrastructure management, biodiversity monitoring and recovery, and restoration ecology, as well as the intersection between tourism and regional development. However, in order to capitalise on this research investment, Northern Australia needs to retain and foster the best trained people, infrastructure, research programs and resourcing.<sup>25</sup>

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<sup>22</sup> Ms Graham, Cairns and Far North Environment Centre, *Committee Hansard*, Cairns, 15 December 2020, p. 59.

<sup>23</sup> WTMA, *Submission 16*, p. 7.

<sup>24</sup> WTMA, *Submission 16*, p. 7.

<sup>25</sup> WTMA, *Submission 16*, p. 7.

## *Renewable energy and hydrogen*

8.25 The committee received evidence that while Northern Australia's economy is currently focused on fossil fuels, opportunities exist in other energy sources such as 'green' hydrogen and solar.<sup>26</sup> The Northern Territory and Queensland currently both have a renewable energy target of 50 per cent by 2030, while Western Australia currently has no renewable energy target. The Northern Territory has a substantial way to go on its goal, as it currently sources just eight per cent of its energy from renewables.<sup>27</sup> Queensland sits at 14.1 per cent and Western Australia at 20.9 per cent, as at December 2020.<sup>28</sup>

8.26 Currently, Northern Australia has many major projects and proposed projects, including:

- Origin Energy's proposed electrolyser in Townsville;<sup>29</sup>
- Jacana Energy's Katherine Solar Farm;<sup>30</sup>
- Australian Gas Infrastructure Group's Hydrogen Park Gladstone project;<sup>31</sup>
- Genex Power's Kidston Pumped Storage Hydro Project;<sup>32</sup>
- Sun Cable's plan to build industrial and utility-scale solar farms across Northern Australia, including a major plant near Elliott, in the Barly Region of the Northern Territory, to enable power exports to South East Asia;<sup>33</sup> and
- the Asian Renewable Energy Hub, which is to be based in the Pilbara region and would utilise wind, solar, green hydrogen and green ammonia, again to enable power exports to South East Asia.<sup>34</sup>

8.27 Professor Ken Baldwin, Professor Tony Dreise, Associate Professor Janet Hunt, Dr Lily O'Neill, Dr Katherine Thorburn, Dr Emma Aisbett, and Brad Riley (Baldwin et al) submitted that the White Paper 'fails to mention the renewable energy industry in any assessment of resources in the north'. Baldwin et al described this as:

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<sup>26</sup> Gladstone Conservation Council, *Submission 1*, pp. 1–2.

<sup>27</sup> Clean Energy Council, *Clean Energy Australia Report 2020*, March 2021, p. 30.

<sup>28</sup> Clean Energy Council, *Clean Energy Australia Report 2020*, March 2021, p. 10.

<sup>29</sup> Giles Parkinson, 'Origin eyes huge Townsville green hydrogen project, five big battery options', *Renew Economy*, 26 November 2020.

<sup>30</sup> Clean Energy Council, *Clean Energy Australia Report 2020*, March 2021, p. 30.

<sup>31</sup> Imogen Hartmann, 'Gladstone hydrogen plant hits milestone', *Energy*, 1 March 2021.

<sup>32</sup> Genex, *250MW Kidston Pumped Storage Hydro Project (K2-Hydro)*, <https://www.genexpower.com.au/project-details.html> (accessed 23 April 2021).

<sup>33</sup> Sophie Vorrath, 'Sun Cable submits plans for gigawatt-scale solar manufacturing plant in Darwin', *Renew Economy*, 31 March 2021.

<sup>34</sup> The Asian Renewable Energy Hub, *About the Asian Renewable Energy Hub*, <https://asianrehub.com/about/> (accessed 23 April 2021).

...significant oversight when considering that wind and solar photovoltaics accounted for 60 per cent of new net capacity additions to global energy supply in 2017 (Baldwin et al 2018), and Northern Australia is especially well placed to contribute to this global energy transformation.<sup>35</sup>

- 8.28 Baldwin et al submitted that 'renewable energy can and will play an increasingly important role in the future of northern development'.<sup>36</sup> Councillor Jenny Hill, Board Member, Local Government Association of Queensland, and Mayor of Townsville, noted that there was an appetite for renewable energy in the Northern Australia:

The north has an opportunity in terms of setting a new frontier for Australia. Many of you know Hughenden. The mayor there, Jane McNamara, is very keen for her wind project. We're very keen for our projects around the mix of different renewables that we could use to run our eco precinct at Lansdown. There's a real opportunity for northern Australia to take the lead in advanced manufacturing using a mixture of models—whether they be pumped hydro, solar, wind—and the new technologies that are coming through, I think, will allow us in the next five to 10 years to have renewables and stabilise the grid.<sup>37</sup>

- 8.29 Baldwin et al noted in particular that 'Australia has the highest solar radiation per square metre of any continent, providing the best solar energy resource in the world'.<sup>38</sup> Baldwin et al further noted that Northern Australia is 'characterised by large, sparsely populated land areas of high solar energy potential, co-located with night time wind resources, and in close proximity to export opportunities in Asia'.<sup>39</sup> As such, Northern Australia has:

... significant comparative advantages for the large-scale production of renewable energy, both in the form of electricity through wind and solar photovoltaics and in the form of green fuels – i.e. hydrogen and ammonia.<sup>40</sup>

- 8.30 Baldwin et al concluded that:

Neglecting renewable energy from any resource assessment of Northern Australia is a deficit in both the near and long term, with both local and global trends indicating that the shift towards renewable energy as a preferred energy source is already underway.<sup>41</sup>

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<sup>35</sup> Professor Ken Baldwin and others, *Submission 10*, p. 1.

<sup>36</sup> Professor Ken Baldwin and others, *Submission 10*, p. 2.

<sup>37</sup> Councillor Jenny Hill, Board Member, Local Government Association of Queensland, and Mayor of Townsville, *Committee Hansard*, Townsville, 12 March 2021, p. 44.

<sup>38</sup> Professor Ken Baldwin and others, *Submission 10*, pp. 2–3.

<sup>39</sup> Professor Ken Baldwin and others, *Submission 10*, pp. 2–3.

<sup>40</sup> Professor Ken Baldwin and others, *Submission 10*, pp. 2–3. See also Mr John Hines, *Submission 68*, p. 4.

<sup>41</sup> Professor Ken Baldwin and others, *Submission 10*, p. 2.

8.31 Mr Ry Collins, Project Coordinator, Economic Development, Whitsunday Regional Council, told the committee that the council views alternative energy sources as 'potential solutions to future energy problems and potential drivers for jobs'.<sup>42</sup> Mr Collins stated:

The region's been lucky to have a number of large solar projects that have been constructed and delivered. The region sees a future for coalmining and for those coal based industries, and we're also looking at other forms of energy that may provide a solution, whether it be for the local area or to feed into the national power system. I'm very interested in potential projects around biofutures and waste to energy.<sup>43</sup>

8.32 The committee heard that there have been a range of alternative energy projects in Western Australia. Councillor Peter Long, Mayor, City of Karratha, told the committee that:

...we see renewable energy, in particular, as something sustainable that will be here when the iron ore and all the others run out. Not that they are going to run out soon, but we think that it is important that we come up with different industries which diversify our income and stabilise our community.<sup>44</sup>

8.33 Councillor Long explained that the north of Western Australia has 'the highest solar flux in the country', large areas of vacant land, and is therefore 'perfect for solar panels' for use in the production of renewable hydrogen. Councillor Long stated:

We have close relationships with Japan as one of the major owners of the North West Shelf development and with major companies as well. So we have the land, we have the sun and we have the export capability already. We're relatively close to the Asian economies which will need this renewable hydrogen, particularly Japan. So we've been working on that for quite some time. We've funded studies ourselves to look at where we should go next. We had Murdoch University and the Hydrogen Society doing some work on that. We have the Norwegian company, Yara. There's a Yara Pilbara. They have an ammonia plant and an ammonium nitrate plant. They are progressing with a renewable hydrogen project now and they've asked for federal government funding. So hopefully that will come through. That would be terrific. It would be the nation's first truly renewable hydrogen plant.<sup>45</sup>

8.34 Mr Glendon Graham, Chief Executive Officer, Mount Isa to Townsville Economic Zone, similarly described the range of renewable energy projects in

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<sup>42</sup> Mr Ry Collins, Project Coordinator, Economic Development, Whitsunday Regional Council, *Committee Hansard*, Mackay, 12 March 2020, p. 5.

<sup>43</sup> Mr Collins, Economic Development, Whitsunday Regional Council, *Committee Hansard*, Mackay, 12 March 2020, p. 5.

<sup>44</sup> Councillor Peter Long, Mayor, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 11.

<sup>45</sup> Councillor Long, City of Karratha, *Committee Hansard*, Canberra, 11 February 2021, p. 11.

Queensland and stated that 'the renewable energy story is fairly remarkable. We are certainly endowed with wonderful resources here. There's no doubt we have plenty of sunlight. In addition to that, around Julia Creek there is what they call hot rocks. Geothermal energy can be harnessed'. Mr Graham noted that infrastructure is required to allow for the transmission of such energy.<sup>46</sup>

- 8.35 The Shop, Distributive and Allied Employees' Association (SDA) also noted the opportunities which the 'clean-tech and renewables' sector offer Northern Australia. The SDA submitted that this sector could target not only Australia's energy demands, but those of neighbouring countries such as Timor Leste, Papua New Guinea and Indonesia. The SDA submitted:

The Northern Territory's location leaves it uniquely suited to be the energy-export hub of Australia. The voracious demand for energy - including clean energy - in Australia's immediate north will expand over the coming years. With the collective population of the ASEAN nations expected to reach 650 million by 2050, these markets present enormous opportunities for Australia's north. This reality has informed investment decisions in the resources sector, and should be considered justification for the further exploration of alternative energy solutions to Australia's neighbours.<sup>47</sup>

- 8.36 The Queensland Council of Unions highlighted that the 'predominant cause of a decline in manufacturing in Australia is the exorbitant cost of power'. It submitted that 'a failure to embrace renewable energy and the sale of public assets is attributed to exponential increase in power prices that has so adversely impacted upon Australian manufacturing'.<sup>48</sup> This was echoed by CopperString who submitted that in the North West Minerals Province centred on the towns of Mount Isa and Cloncurry:

...perhaps the most pressing issue in sustaining existing production and attracting new investment is the cost of electricity. The concentration of the electricity supply market and 100% reliance on gas fired generation means electricity in the NWMP is amongst the highest cost in the world compared to competing minerals mining and processing jurisdictions.<sup>49</sup>

- 8.37 Mr Walter Giordani, State Organiser, North Queensland, Electrical Trades Union, told the committee that the Australian Government should 'be looking to turn North Queensland into the renewables capital of Australia, not only

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<sup>46</sup> Mr Glendon Graham, Chief Executive Officer, Mount Isa to Townsville Economic Zone, *Committee Hansard*, Mount Isa, 10 October 2019, p. 7.

<sup>47</sup> Shop, Distributive and Allied Employees' Association, *Submission 57*, p. 13.

<sup>48</sup> Queensland Council of Unions, *Submission 90*, p. 4.

<sup>49</sup> CopperString, *Submission 49*, p. 4

with solar farms and windfarms but with more renewable storage infrastructure, like pumped hydro and solar thermal'.<sup>50</sup> Mr Giordani stated:

We believe this situation would in turn attract new manufacturing industries, both manufacturers looking to offset their carbon footprint and new manufacturers looking to provide the renewable hardware, such as solar panels, inverters and battery storage—just to name a few. This increase in manufacturing would in turn provide good, stable permanent jobs which the region strongly requires at this time.<sup>51</sup>

8.38 CopperString noted that there is a growing expectation from export customers and investors, both domestic and international, that commodities are produced at lower carbon intensities. CopperString stated that for Northern Australia, this represents both a risk and an opportunity 'given the large amount of thermal energy resources such as coal and gas as well as world-class wind and solar resources can be combined to create a low-carbon and low-cost energy mix'. CopperString submitted that de-carbonisation should be led by industry, facilitated by government (including through the funding for common-use infrastructure), and developed as a competitive advantage for Northern Australian exports.<sup>52</sup>

8.39 Wilmar Sugar submitted that sugar mills generate base load, dispatchable and renewable energy, but have 'been marginalised in the energy debate and policy considerations'. Wilmar Sugar noted that it is a leading generator of renewable energy in Australia, but that:

In the absence of a cohesive national energy policy encompassing renewable energy, Wilmar and other millers face declining revenue and increased price volatility for the energy we export to the grid. We also fear the increasing risk of ad hoc isolation from a grid saturated at times with cheap, daylight hour solar energy. This environment creates uncertainty about further investment in energy generation.<sup>53</sup>

8.40 Wilmar Sugar concluded with a recommendation that the Australian Government develop:

...a cohesive national energy policy that addresses challenges in generation, distribution and pricing. The policy should clearly identify the

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<sup>50</sup> Mr Walter Giordani, State Organiser, North Queensland, Electrical Trades Union, *Committee Hansard*, Townsville, 9 October 2019, p. 37. See also Mr Ben Driscoll, Community and Campaigns Organiser, Queensland and Northern Territory Branch, Australian Manufacturing Workers Union, *Committee Hansard*, Townsville, 9 October 2019, p. 38.

<sup>51</sup> Mr Giordani, North Queensland, Electrical Trades Union, *Committee Hansard*, Townsville, 9 October 2019, p. 37. See also Mr Ben Driscoll, Community and Campaigns Organiser, Queensland and Northern Territory Branch, Australian Manufacturing Workers Union, *Committee Hansard*, Townsville, 9 October 2019, p. 38.

<sup>52</sup> CopperString, *Submission 49*, p. 4

<sup>53</sup> Wilmar Sugar, *Submission 53*, p. 9.

role for, and value of, renewable energy and provide incentive for investment in base load, dispatchable generation.<sup>54</sup>

8.41 Other witnesses however expressed doubt regarding the reliability of renewable energy<sup>55</sup> and noted that some renewable projects have been difficult and complex with a high cost associated with them.<sup>56</sup> Some witnesses argued that 'gas is necessary in the transition to renewables because of the intermittent nature of the generation of renewable energy'.<sup>57</sup>

8.42 Ms Marion Scrymgour, Chief Executive Officer, Northern Land Council, offered her support for a reduction in the use of fossil fuels such as diesel, and the uptake of solar power in Aboriginal communities. Ms Scrymgour stated:

Aboriginal people and their communities are wanting to get away from expensive and polluting diesel generation, which is the only source of electricity for them. It is expensive, and it is a big impost, not just on governments but also on people living in remote communities. The Northern Territory government has rolled out some solar facilities in a number of communities. Hopefully this will expand and we'll see the amount of diesel used to generate power being reduced.<sup>58</sup>

8.43 This was echoed by Mr Roger Lloyd, Managing Director and Chief Executive Officer, Palisade Investment Partners, who noted that a large proportion of the diesel-generated electricity used in Aboriginal communities goes to treating water. Mr Lloyd stated:

I think there is a huge opportunity to be a hell of a lot more efficient with government money and get investment from the private sector using those community support funds [for the supply of low-cost energy]. It drives the skills of the communities as well. That is another benefit that we can get from that. Ultimately, bringing a cleaner, greener source of energy more cost efficiently and providing skills generation within those communities is something that we would like to be involved in.<sup>59</sup>

### **Native title and renewable energy opportunities**

8.44 These renewable energy opportunities are already being targeted by the Asian Renewable Energy Hub which 'will generate 15,000+ MW of renewable energy

<sup>54</sup> Wilmar Sugar, *Submission 53*, p. 9.

<sup>55</sup> Mrs Vicki Rigg, Executive Director, Palisade Investment Partners Ltd, *Committee Hansard*, Townsville, 12 March 2021, pp. 40–41.

<sup>56</sup> Councillor Jane McNamara, Mayor, Flinders Shire Council, *Committee Hansard*, Townsville, 9 October 2019, p. 19.

<sup>57</sup> Mr Roger Lloyd, Managing Director and Chief Executive Officer, Palisade Investment Partners, *Committee Hansard*, Townsville, 12 March 2021, p. 40; Mrs Vicki Rigg, Executive Director, Palisade Investment Partners Ltd, *Committee Hansard*, Townsville, 12 March 2021, p. 40.

<sup>58</sup> Ms Marion Scrymgour, Chief Executive Officer, Northern Land Council, *Committee Hansard*, Darwin, 6 November 2019, p. 14.

<sup>59</sup> Mr Lloyd, Palisade Investment Partners, *Committee Hansard*, Townsville, 12 March 2021, p. 40.

in Western Australia. 3,000+ MW will be dedicated to large energy users in the Pilbara region, which could include new and expanded mines, downstream mineral processing and the large-scale production of hydrogen for domestic and export markets.<sup>60</sup> This development is on the exclusive possession native title land of the Nyangumarta people.

- 8.45 There is the opportunity for multi-generational benefits for Australian First Nations communities. Large scale developments such as these provide significant potential for First Nations benefit - primarily through negotiated access and benefit agreement making and opportunities for First Nations enterprise in services for this new industry. The Nyangumarta people are currently engaged in the process of negotiating an Indigenous Land Use Agreement (ILUA) with the developers of the AREH project.
- 8.46 In examining the history of agreement making practice in the extractives industry in Australia, our research (O'Neill, Thorburn and Hunt 2019) finds that broader economic and social benefits for Indigenous landholders are more likely if:
- Indigenous communities and organisations are well informed and well resourced;
  - Indigenous communities and organisations are engaged with meaningfully in the development process;
  - developments are progressed in accordance with community priorities; and
  - developments include provision for community equity and/or ownership.
- 8.47 Strong government support for Native Title Representative Bodies, enabling them to provide the best possible advice and support to the native title holders negotiating these agreements, can help maximise outcomes for First Nations people from these developments.<sup>61</sup>
- 8.48 Carbon sequestration and emissions abatement is another emerging industry that has significant potential for success in Northern Australia. However, current funding models and policy measures have done little to secure benefits from the carbon industry for Cape York's Aboriginal people.<sup>62</sup>
- 8.49 Instead, much of the industry has been captured by multinational corporations and most benefits are enjoyed by people who are not from Northern Australia rather than the First Nations people who act as the underwriters. The Northern Australia agenda should recommend a review of the carbon industry model so that more of the benefits from this industry remain in Northern Australia and

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<sup>60</sup> Professor Ken Baldwin and others, *Submission 10*, p. 3.

<sup>61</sup> Professor Ken Baldwin and others, *Submission 10*, pp. 3–4.

<sup>62</sup> Cape York Land Council, *Submission 58*, p. 18.

accrue to Aboriginal people where their land is providing carbon sequestration and emission abatement services.<sup>63</sup>

- 8.50 However, Mr Colin Saltmere, Director, Dugalunji Aboriginal Corporation; and Committee Member, Northern Australia Indigenous Reference Group, emphasised that the advancement of technology in areas that included the environment should not happen at the expense of people, and further noted that the establishment of better infrastructure and social outcomes is a large, outstanding issue in Northern Australia that must be resolved.<sup>64</sup>

### *Carbon sequestration*

- 8.51 Carbon sequestration and carbon trading schemes seek to abate carbon emissions and 'carbon farming has become firmly established as commercial activity whereby land owners are paid for sequestering carbon and mitigating emissions'.<sup>65</sup> The Cape York Land Council (CYLC) submitted that carbon farming 'is one of the most prospective commercial activities' in Northern Australia. As such, the Australian Government's Northern Australia agenda 'should be broadened to recognise this trend and identify supporting investment sources'.<sup>66</sup>

- 8.52 Professor Jeremy Russell-Smith and Dr Kamaljit K Sangha (Russell-Smith and Sangha) submitted that the rapid development and take-up, particularly by First Nations land sector organisations, of commercial 'savanna burning' carbon conservation and greenhouse gas emissions abatement projects, illustrates the enormous potential for developing innovative, culturally supportive enterprises. Russell-Smith and Sangha highlighted that savanna burning markets alone are likely to expand very significantly in the near future with the addition of proposed new carbon sequestration methods under Australia's national emissions regulatory framework.<sup>67</sup>

- 8.53 Russell-Smith and Sangha also noted that there has been a rapid expansion of innovative carbon market opportunities in the pastoral industry. Russell-Smith and Sangha highlighted consequential productivity benefits, including: reducing ruminant emissions through feed supplements; increasing efficiency

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<sup>63</sup> Cape York Land Council, *Submission 58*, p. 18.

<sup>64</sup> Mr Colin Saltmere, Director, Dugalunji Aboriginal Corporation; and Committee Member, Northern Australia Indigenous Reference Group, Committee Hansard, *Mt Isa*, 10 October 2019, p. 29.

<sup>65</sup> Cape York Land Council, *Submission 58*, p. 19.

<sup>66</sup> Cape York Land Council, *Submission 58*, p. 19. See also Gladstone Conservation Council, *Submission 1*, p. 2.

<sup>67</sup> Professor Jeremy Russell-Smith and Dr Kamaljit K Sangha, *Submission 11*, p. 4. See also Cooperative Research Centre for Developing Northern Australia, *Submission 15, Attachment 2*, p. 35.

of fertiliser use; enhancing carbon in agricultural soils; sequestering carbon through more effective stock management, revegetation and reforestation.<sup>68</sup>

- 8.54 The Cooperative Centre for Research on Developing Northern Australia (CRCNA) also identified that Northern Australia is home to 48 per cent of Australia's total forests, and that forestry provides sequestration and other ecosystem services, regardless of whether the trees are plantation grown or native forests. The CRCNA submitted that an opportunity to 'invest in carbon incentive and sequestration schemes' exists in Northern Australia.<sup>69</sup>

### *Health and human services*

- 8.55 Beyond the critical importance of adequate healthcare as an essential service for northern communities, the healthcare industry is a significant source of employment opportunities. Nationally the health and social assistance sector is projected to be the greatest source of employment growth and demand over the next five years, continuing the trend of the past decade.<sup>70</sup>
- 8.56 The CRCNA identified a number of opportunities in the healthcare area, which are detailed below:

- Improving the stability and cultural responsiveness of the health workforce in the North and supporting locally-led needs-based planning and research.
- Substantial changes in technology, such as eHealth and telehealth technology and diagnostics, which will allow considerable improvements in the health and wellbeing of people living in Northern Australia.
- Health services in Northern Australia have the potential to be at the forefront of tropical health solutions, delivered in Australia and across the booming middle-income markets of Asia and the Tropics. This includes health export opportunities to a rapidly growing and urbanising Asian region that are demanding high quality health services.
- There is significant potential for the discovery of proteins, peptides and small molecules derived from tropically based parasites, spiders and marine fauna from Northern Australia that show promise as novel therapeutics for treating human inflammatory and chronic diseases or as vaccine targets, which are in global demand.
- Health export opportunities include:
  - Health workforce education and training
  - Health research

<sup>68</sup> Professor Jeremy Russell-Smith and Dr Kamaljit K Sangha, *Submission 11*, p. 4.

<sup>69</sup> Cooperative Research Centre for Developing Northern Australia (CRCNA), *Submission 15, Attachment 2*, p. 31.

<sup>70</sup> Services for Australian Rural and Remote Allied Health (SARRAH), *Submission 66*, pp. 3–4.

- Medical tourism
- Knowledge transfer in workforce models; human resources planning and system administration; non-communicable disease management, and tropical and remote health.<sup>71</sup>

8.57 Mr Tony Gambling, Director of Regional Development, Regional Development Australia Central and Western Queensland, also noted that the ageing population is likely to generate significant growth in allied health and aged-care worker positions in the future.<sup>72</sup>

8.58 Witnesses highlighted the value of the healthcare industry as providing a range of employment opportunities in Northern Australia. For example, Indigenous Allied Health Australia (IAHA) submitted that:

The health workforce is a highly skilled, high value workforce with direct employment and related downstream economic impacts. Local health workforces are not only likely to be more cost effective in providing quality and sustainable services, but also to contribute more (especially over time) to local economies, communities and further development.<sup>73</sup>

8.59 Services for Australian Rural and Remote Allied Health (SARRAH) noted that in addition to providing skills and employment directly; allied health services support the health and wellbeing of individual community members which sustains optimal levels of economic participation and productivity in every sector.<sup>74</sup>

8.60 Similarly, the IAHA highlighted that 'health services underpin, enable and complement other industries, employment and quality of life in rural and remote Australia'. As such:

They are neither an alternative to nor a drain on other industry development, support or employment. Rural communities, including local employers, industries, workers and their families benefit when health services are available.<sup>75</sup>

8.61 As discussed earlier, the Australian Government has identified tropical health research as a priority for Northern Australia. The committee heard that the Northern Territory Government has also prioritised a number of tropical health research areas. Ms Claire George, Director, Industry Development, Northern Territory Department of Trade, Business and Innovation stated:

The Northern Territory government has priority on a number of those sectors in terms of development. Tropical health and research, with our

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<sup>71</sup> CRCNA, *Submission 15, Attachment 2*, pp. 36–37.

<sup>72</sup> Mr Tony Gambling, Director of Regional Development, Regional Development Australia Central and Western Queensland, *Committee Hansard*, Mackay, 12 March 2020, p. 11.

<sup>73</sup> Indigenous Allied Health Australia (IAHA), *Submission 61*, p. 3.

<sup>74</sup> SARRAH, *Submission 66*, p. 4. See also IAHA, *Submission 61*, p. 3.

<sup>75</sup> IAHA, *Submission 61*, p. 2.

strong capacity through the Menzies School of Health Research, is an area of strength that the Northern Territory currently has. Areas like the increased demand from the Indo-Pacific area, the tropical environments for increased efficiencies in relation to health and delivery and for improvements through medical health research, and the tackling of long-known problems within that marketplace...<sup>76</sup>

8.62 Ms George also noted that the Menzies School of Health Research was the beneficiary of funding from the Australian Government under the White Paper, and told the committee that any future funding for health research would be 'of strong interest to the Northern Territory government'.<sup>77</sup>

8.63 JCU submitted that tropical health and science had particular value as an export commodity to nearby countries:

Research and policy development through vehicles such as the CRCNA and the Queensland Government's Rural Economies Centre of Excellence lead directly to tangible benefits in Northern Australia in key areas including agriculture, food and tropical health. Our proximity and geopolitical value in PNG and the Pacific, our research and expertise in service delivery for remote and underserved communities, particularly in human services and health, and our environmental expertise in land and seacare, including aquaculture and sustainable primary production represent important focus for ongoing investment.<sup>78</sup>

8.64 In giving evidence to the inquiry, Dr Allan Dale Chair, Developing Northern Australia Conference; Chief Scientist, Cooperative Research Centre for Developing Northern Australia; and Professor of Tropical Regional Development, James Cook University, noted importance of research in the north to all sectors in the region:

The ag sector and resources sector are where our traditional business has been. I would love to see the northern development agenda recognise the opportunity of other major sectors that are moving forward. And they actually all complement each other. At the heart of that, innovation, research and capability is really crucial. And it's crucial to productivity in all sectors, from agriculture to resources to human services.<sup>79</sup>

### *Space technology and exploration*

8.65 Due to Northern Australia's particular geographical layout, it has much to offer in the area of space technology and exploration. The Australian Space

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<sup>76</sup> Ms Claire George, Director, Industry Development, Northern Territory Department of Trade, Business and Innovation, *Committee Hansard*, Darwin, 6 November 2019, p. 3.

<sup>77</sup> Ms George, Industry Development, Northern Territory Department of Trade, Business and Innovation, *Committee Hansard*, Darwin, 6 November 2019, p. 3.

<sup>78</sup> James Cook University, *Submission 42*, p. 2.

<sup>79</sup> Dr Allan Dale, Chair, Developing Northern Australia Conference; Chief Scientist, Cooperative Research Centre for Developing Northern Australia; and Professor of Tropical Regional Development, James Cook University, *Committee Hansard*, Cairns, 15 December 2020, p. 10.

Agency recently added access to space (launch capability) as one of its civil space priorities after successful lobbying from the Northern Territory Government.<sup>80</sup> The Darwin Major Business Group submitted that Equatorial Launch Australia is well progressed on plans for its Arnhem Space Centre, which would be Australia's first launch facility.<sup>81</sup>

8.66 Indigenous Business Australia (IBA) described in its submission how, in partnership with the Centre for Appropriate Technology Ltd, IBA has invested capital which will assist build Australia's first earth ground station:

This proposed development, supported by IBA, consists of a ground station with related infrastructure and connectivity (including two satellite dishes). The construction will be undertaken by CfAT.

The investment by IBA in the venture will bring new jobs and economic opportunities to Aboriginal and Torres Strait Islander people in Central Australia. In addition, this project will enable an Indigenous company in Central Australia to be a leading participant and key player in the burgeoning global satellite and space industry.<sup>82</sup>

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<sup>80</sup> Darwin Major Business Group, *Submission 72*, p. 5.

<sup>81</sup> Darwin Major Business Group, *Submission 72*, p. 5.

<sup>82</sup> Indigenous Business Australia, *Submission 91*, p. 13.

## Chapter 9

# Insurance

- 9.1 Throughout this inquiry the committee has heard evidence about the affordability and availability of insurance in Northern Australia. Over the last decade, a range of inquiries have looked into these issues.<sup>1</sup>
- 9.2 This chapter provides an overview of the insurance related findings of the *Our North, Our Future: White Paper on Developing Northern Australia* (the White Paper) and recommendations arising from the *Northern Australia Insurance Premiums Taskforce* (the Taskforce) which was established as a result of the White Paper. The recent inquiries undertaken by the Australian Competition and Consumer Commission (ACCC) in relation to insurance in Northern Australia are also examined, along with the evidence received by the committee on these issues.
- 9.3 While there have been many reviews into this area, evidence provided to the committee clearly indicates that the insurance situation in Northern Australia is worsening and that it is becoming no longer tenable for individuals, businesses and even local councils to remain insured. This is an unacceptable situation and one that requires immediate action from the Federal Government, especially in the area of mitigation (discussed below).

### *Our North, Our Future: White Paper on Developing Northern Australia*

- 9.4 The White Paper found that businesses had identified 'the high cost of insurance' as a barrier to investment,<sup>2</sup> with smaller businesses potentially disproportionately impacted. Yet the White Paper noted that it is these businesses – tourism, agriculture, transport and services – that need to grow if the north is to have a more diversified economy.<sup>3</sup> Accordingly 'the cost of

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<sup>1</sup> *Natural Disaster Insurance Review: Inquiry into flood insurance and related matters*, 2011; House of Representatives Standing Committee on Social Policy and Legal Affairs inquiry reports *In the Wake of Disasters Volume One: The operation of the insurance industry during disaster events*, and *In the Wake of Disasters Volume Two: The affordability of residential strata title insurance*, 2012; AGA Report on *Investigation into Strata Title insurance Price Rises in North Queensland*, 2012, with an update in 2014, and *Report on Home and Contents Insurance Prices in North Queensland*, 2014; *Productivity Commission Inquiry Report Natural Disaster Funding Arrangements*, 2014; *Northern Australia Insurance Premiums Taskforce Final Report*, 2015; *Australia's general insurance industry*, 2017, Senate Standing Committee on Economics; ACCC, *Northern Australia insurance inquiry*, 2021.

<sup>2</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 59.

<sup>3</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 59.

doing business must be reduced as investors seek to minimise the time, risk and costs associated with establishing new operations'.<sup>4</sup>

- 9.5 The White Paper also found that insuring a house or business in the north can be expensive with costs in 'north Queensland five times higher than Sydney and Melbourne for strata insurance and two-and-a-half times higher for home insurance'.<sup>5</sup> The prevalence of extreme weather events and a lack of competition and contestability in Northern Australia's insurance market, compared with the south, were identified as contributing factors to this high cost.<sup>6</sup>

### *The Northern Australia Insurance Premiums Taskforce*

- 9.6 The White Paper recommended the establishment of the Taskforce 'to explore the feasibility of options to reduce the high cost of insurance premiums due to the risk of cyclones in Northern Australia, including options that used the Commonwealth balance sheet'.<sup>7</sup>
- 9.7 To this end, the Taskforce was responsible for exploring the feasibility of options to address insurance affordability concerns arising from cyclone risk. Specifically it was to assess the feasibility of two options – a mutual cyclone insurer and a cyclone reinsurance pool.
- 9.8 The *Northern Australia Insurance Premiums Taskforce Final Report* (the Taskforce Final Report) was delivered to the Australian Government in November 2015. The Taskforce Final Report made the following six recommendations:
- (1) A sustainable way of reducing premiums over the long run is through mitigation. The reduction in premiums that could be achieved from mitigation will depend on individual circumstances and the mitigation action taken. However, such reductions can only be achieved by household action.<sup>8</sup>
  - (2) Governments can take a range of relatively low-cost (compared to other options) measures to promote mitigation. Additional funding could be provided for research to improve mitigation options particularly for roof strengthening and water ingress. In addition, there is the potential for additional education campaigns to encourage and support property owners to undertake

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<sup>4</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 59.

<sup>5</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 75.

<sup>6</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 75.

<sup>7</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 75.

<sup>8</sup> *Northern Australia Insurance Premiums Taskforce Final Report*, 2015, p. xvi.

mitigation and for public works spending to reduce the risk of some forms of cyclone damage, such as flooding.<sup>9</sup>

- (3) The insurance industry should develop insurance pricing systems that provide greater recognition of mitigation action and be more proactive in offering a range of policy options that provide increased scope for policyholders to assume more responsibility for risk of cyclone damage in return for lower premiums. For example, policies could exclude cover for certain outdoor items or offer higher cyclone excesses.<sup>10</sup>
- (4) The insurance industry should engage more effectively with property owners in Northern Australia. This requires improved disclosure of risks and greater responsiveness to policyholder concerns. The industry has already taken steps in this direction. Governments could support these moves by, for example, organising information sessions to bring together insurers and property owners. Potentially, there is also a role for legislating enhanced requirements around the disclosure of risks if industry efforts do not yield meaningful results for consumers.<sup>11</sup>
- (5) Some property owners may not be able to realise premium reductions from mitigation because they do not have the financial capacity to undertake the necessary work. One option to address this situation is governments directly subsidising the cost of mitigation for low income households. The mitigation action subsidised should be tailored to individual circumstances and could cover such options as protection of windows and doors. The cost of more extensive subsidised mitigation could be substantial. For example, a retrofit scheme for strengthening roofs for older properties in northern Queensland is estimated to cost around \$1 billion (or \$500 million if targeted at low-income household). Any mitigation subsidy scheme should be developed in consultation with the state and territory governments, who (supported by local councils) are best suited to deliver such a program. Any scheme would need to be phased in having regard to the ability of industry to meet increased demand. A subsidy scheme would also benefit from the outcome of further research into identifying cost effective and acceptable mitigation measures.<sup>12</sup>
- (6) Of the two insurance options the Taskforce was asked to assess, a reinsurance pool represents a more feasible approach than a

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<sup>9</sup> *Northern Australia Insurance Premiums Taskforce Final Report*, 2015, p. xvi.

<sup>10</sup> *Northern Australia Insurance Premiums Taskforce Final Report*, 2015, p. xvii.

<sup>11</sup> *Northern Australia Insurance Premiums Taskforce Final Report*, 2015, p. xvii.

<sup>12</sup> *Northern Australia Insurance Premiums Taskforce Final Report*, 2015, p. xvii.

mutual. In contrast to the mutual, the reinsurance pool could promote competition through new entrants to the Northern Australia market. A reinsurance pool which charged premiums to cover the estimated long-run cost of claims from cyclones and was supported by a Government guarantee might offer a premium reduction for consumers of 10-15 per cent. It would be difficult, however, to ensure that cost reductions for insurers did in fact flow through to premium reductions for customers. The Government would assume significant risk in order to achieve any reduction in premiums. The cost to the Government would depend on the number and severity of cyclones during the life of the scheme and whether they hit major population centres. It is estimated that the Government would face a 50-60 per cent chance of having to make a payment under the guarantee if the scheme ran for 10 years and a 10-20 per cent chance these payments would exceed \$2 billion in total. While there is greater potential compared with a mutual for the Government to withdraw support for a reinsurance pool, overseas experience demonstrates that it is very difficult for governments to exit from any intervention in insurance arrangements. If the Government did exit the market, any premium reductions would be reversed unless households had undertaken mitigation during this time.<sup>13</sup>

9.9 The Australian Government provided its response to the Taskforce's Final Report on 18 December 2017. The Government response noted that 'the Taskforce found that mitigation activities to reduce the risk of damage from cyclones are the only way to reduce premiums on a sustainable basis. The Government accepts this finding, and will not intervene directly in the insurance market'.<sup>14</sup>

9.10 Instead, the Government noted that it was proceeding with reforms to place downward pressure on insurance premiums through increased accountability and transparency within the industry, as well as proposals to increase consumer understanding of insurance.<sup>15</sup> These reforms include:

- Ensuring consumers are treated fairly through the General Insurance Code of Practice. The code sets out the standards that general insurers must meet

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<sup>13</sup> *Northern Australia Insurance Premiums Taskforce Final Report*, 2015, p. xvii.

<sup>14</sup> Treasury, 'Government Responds to Northern Australia Insurance Premiums Taskforce and General Insurance Senate Inquiry', p. 1, <https://ministers.treasury.gov.au/ministers/kelly-odwyer-2016/media-releases/government-responds-northern-australia-insurance> (accessed 22 March 2021).

<sup>15</sup> Treasury, 'Government Responds to Northern Australia Insurance Premiums Taskforce and General Insurance Senate Inquiry', p. 1, <https://ministers.treasury.gov.au/ministers/kelly-odwyer-2016/media-releases/government-responds-northern-australia-insurance> (accessed 22 March 2021).

when providing services to customers and timeframes for insurers to respond to claims, complaints and requests for information from customers. The Government calls on the Insurance Council of Australia (ICA) to expedite work on reforming the Code.

- Extending the unfair contract term provisions to contracts of insurance with proposals to be released in early 2018.
- Tasking the Australian Securities and Investments Commission (ASIC) with developing options to improve consumer understanding of insurance products as part of the development of a financial literacy strategy, and to work with industry on its ability to provide guidance to consumers on their insurance needs.
- Tasking the Commonwealth Treasury with developing proposals to improve consumers' understanding and access to information through better transparency and enhanced disclosure practices in the insurance sector.<sup>16</sup>

### **ACCC: Northern Australia insurance inquiries**

9.11 In July 2017, following a direction from the Australian Government, the ACCC commenced an inquiry into the supply of home, contents and strata insurance in Northern Australia.<sup>17</sup> The inquiry released update reports in December 2018, December 2019 and December 2020.<sup>18</sup>

#### *Northern Australia Insurance Inquiry, First Interim Report*

9.12 In December 2018, the ACCC released its *Northern Australia Insurance Inquiry, First Interim Report* (First Interim Report). The First Interim Report made 15 recommendations 'designed to improve how insurance markets work and achieve better outcomes for consumers'.<sup>19</sup> The ACCC urged governments and industry to take quick action on its 15 recommendations and noted that 'some have been made a number of times before'.<sup>20</sup>

9.13 In addition to the 15 recommendations made in the First Interim Report, the ACCC made a further 13 draft recommendations that it 'considered had the potential to make markets work more efficiently by improving information

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<sup>16</sup> Treasury, 'Government Responds to Northern Australia Insurance Premiums Taskforce and General Insurance Senate Inquiry', p. 1, <https://ministers.treasury.gov.au/ministers/kelly-odwyer-2016/media-releases/government-responds-northern-australia-insurance> (accessed 22 March 2021).

<sup>17</sup> Australian Competition and Consumer Commission (ACCC), *Northern Australia insurance inquiry*, <https://www.accc.gov.au/focus-areas/inquiries-finalised/northern-australia-insurance-inquiry/terms-of-reference> (accessed 15 March 2021).

<sup>18</sup> ACCC, *Northern Australian insurance inquiry*, <https://www.accc.gov.au/focus-areas/inquiries-finalised/northern-australia-insurance-inquiry> (accessed 15 March 2021).

<sup>19</sup> ACCC, *Northern Australia Insurance Inquiry, First Interim Report*, 2018, p. vii.

<sup>20</sup> ACCC, *Northern Australia Insurance Inquiry, First Interim Report*, 2018, p. vii.

and choices available to consumers and addressing conflicts of interest'.<sup>21</sup> In publishing the First Interim Report, the ACCC invited public comment on the 13 draft recommendations.

9.14 After considering stakeholder views, the ACCC finalised the 13 draft recommendations (six without amendment, seven with minor amendments) in its 2019 *Northern Australia Insurance Inquiry, Second Update Report* (Second Update Report). The ACCC again 'urged governments and industry to act quickly on all 28 recommendations'.<sup>22</sup> In the Second Update Report, the ACCC noted that 'the Australian Government is still considering its response to the first 15 recommendations' contained in the First Interim Report.<sup>23</sup>

9.15 The 2020 *Northern Australia Insurance Inquiry, Final Report* (ACCC Final Report) brings together the ACCC's analysis and recommendations made throughout the three year inquiry. The ACCC Final Report notes:

- home and contents insurance premiums are considerably higher, and have risen faster, in Northern Australia;<sup>24</sup>
- insurers are using more granular data and sophisticated pricing techniques, which is exacerbating affordability problems for some consumers;<sup>25</sup>
- higher and more volatile claims costs have led to poor profitability in Northern Australia;<sup>26</sup>
- unusual market dynamics are leading to soft competition;<sup>27</sup>
- high premiums are leading to a rise in the number of uninsured homes but there is little help available for customers experiencing payment difficulties;<sup>28</sup>
- while shopping around can help consumers find lower premiums, understanding and comparing policies is harder than it should be;<sup>29</sup> and
- reforms to land use planning and building standards can help reduce risks and costs in the longer term.<sup>30</sup>

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<sup>21</sup> ACCC, *Northern Australia Insurance Inquiry, Second Update Report*, 2019, p. 1.

<sup>22</sup> ACCC, *Northern Australia Insurance Inquiry, Second Update Report*, 2019, p. 1.

<sup>23</sup> ACCC, *Northern Australia Insurance Inquiry, Second Update Report*, 2019, p. 1

<sup>24</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. vii-ix.

<sup>25</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. ix-x.

<sup>26</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, p. x.

<sup>27</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, p. xi.

<sup>28</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. xii-xiii.

<sup>29</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. xiii-xiv.

<sup>30</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. xiv-xv.

9.16 The ACCC Final Report made 38 recommendations, including 11 new recommendations beyond those in its two interim reports, across the following six categories:

- (i) Making it easier to search for, and compare, insurance products;
- (ii) Choosing the right amount of cover;
- (iii) Dealing with conflicts of interest;
- (iv) Addressing immediate affordability concerns;
- (v) Improving consumer rights; and
- (vi) Reducing risk and building better.<sup>31</sup>

## Evidence received

### *Affordability*

9.17 The committee received a range of evidence in relation to the affordability of insurance in Northern Australia.

9.18 Mr Karl Sullivan, Head of Risk and Operations, Insurance Council of Australia, told the committee about the rising cost of insurance in Northern Australia over the last decade. Ms Sullivan told the committee:

Over the last decade they have been going up very considerably, particularly for strata insurance but also for home contents and commercial cover. For those in cyclone exposed regions, they have gone up particularly sharply. If you're on an older property or if you're in a cyclone region that is also exposed to flooding at that particular address, then the increases in premium can be even higher.<sup>32</sup>

9.19 Similarly, Mr Ry Collins, Project Coordinator, Economic Development, Whitsunday Regional Council, noted that the increasing cost of insurance in Northern Australia has been 'identified as an unsustainable trend and a cost that business[es] have to consider, going forward, whether they can afford it in their normal operation'.<sup>33</sup> Mr Collins stated:

Not speaking specifically to mining but generally to insurance access in the region, it is an issue of business concern. It's probably not specifically around access but around the cost of insurance generally and the increases that have been implemented, through insurance premiums, in the last decade.<sup>34</sup>

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<sup>31</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. xv-xvi.

<sup>32</sup> Mr Karl Sullivan, Head of Risk and Operations, Insurance Council of Australia, *Committee Hansard*, Canberra, 22 May 2020, p. 1.

<sup>33</sup> Mr Ry Collins, Project Coordinator, Economic Development, Whitsunday Regional Council, *Committee Hansard*, Mackay, 12 March 2020, p. 3.

<sup>34</sup> Mr Ry Collins, Project Coordinator, Economic Development, Whitsunday Regional Council, *Committee Hansard*, Mackay, 12 March 2020, p. 3.

9.20 Ms Mary Carroll, Chief Executive Officer, Capricorn Enterprise, also observed that 'businesses are reporting that insurances are going up [and] that the cost of doing business is going up'.<sup>35</sup>

9.21 Ms Kylie Porter, Chief Executive Officer, Greater Whitsunday Alliance and Regional Development Australia Mackay-Isaac-Whitsunday Inc, commented on the 'issue of insurance affordability, or unaffordability' for households and businesses. Ms Porter told the committee that:

It's a hugely problematic issue for our region. We have respondents who are reporting increases of anything between 50 and 500 per cent in insurance premiums across the region. That's not just for residential; that's also for business.<sup>36</sup>

9.22 Mr Mark Day, Executive Director and Chief Executive Officer, Mackay Sugar Limited, noted that the organisation was 'looking at significant premiums'. Mr Day stated:

I think that we're probably facing [a] 50 per cent increases in premium—of that order—plus the excess for particular things has gone up three- or four-times fold.<sup>37</sup>

9.23 A number of submitters reflected on the impact that the increasing cost of insurance in Northern Australia was having on households, businesses and development in Northern Australia.

9.24 Ms Margaret Shaw told the committee that excessive increases in insurance premiums over the years have had a:

devastating effect on areas already affected by the downturn in the resources sector, COVID and the subsequent drop in tourism, and they cause mental and physical ill-health and financial difficulties. They have led to mortgage stress and a major reduction in property values and bankruptcy.<sup>38</sup>

9.25 Mr Matthew Tickner, Vice President, Cairns Chamber of Commerce told the committee that due to the rising cost of insurance:

We have homeowners and business owners forgoing insurance—that is a fact—up in Cairns. We have a lot of members who, if they are not able to

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<sup>35</sup> Ms Mary Carroll, Chief Executive Officer, Capricorn Enterprise, Mackay Sugar Limited, *Committee Hansard*, Mackay, 12 March 2020, p. 29

<sup>36</sup> Ms Kylie Porter, Chief Executive Officer, Greater Whitsunday Alliance and Regional Development Australia Mackay-Isaac-Whitsunday Inc, *Committee Hansard*, Mackay, 12 March 2020, p. 8.

<sup>37</sup> Mr Mark Day, Executive Director and Chief Executive Officer, Mackay Sugar Limited, *Committee Hansard*, Mackay, 12 March 2020, p. 18.

<sup>38</sup> Ms Margaret Shaw, *Committee Hansard*, Townsville, 12 March 2021, p. 13.

forgo certain insurances on their business, are actually forgoing insurance on their family home to make up for it because premiums are so high.<sup>39</sup>

- 9.26 Ms Patricia O'Callaghan, Chief Executive Officer, Townsville Enterprise Limited, noted the impact that the cost of insurance has had on businesses and residents in the region and those considering investing or living in the region. Ms O'Callaghan stated:

The other cost that's impacting businesses as well as residents is insurance. On the back of the floods earlier this year, we have grave fears about what's going to happen to insurance premiums but also whether some insurance companies will completely walk away from the north. When you're looking to attract people to live here, but also if you're trying to attract a business investment, those costs alone are very significant.<sup>40</sup>

- 9.27 Affordability only worsened in the wake of the COVID-19 pandemic. Mr Gareth Phillips, Chief Executive Officer, Association of Marine Park Tourism Operators, noted how the tourism industry was now facing a reduction in assistance as JobKeeper winds up and banks begin to seek delayed repayments:

As we move past this December period and the school holidays, the future is unknown for the marine tourism operators. As assistance drops back, as insurance starts to come in and as banks start asking for the repayments to kick in, we don't know what's going to happen to the industry. The next three months, six months, one year, three years, five years are very unclear at the moment, and we are going to be looking at a very different landscape.<sup>41</sup>

- 9.28 At the same hearing, Ms Melinda Eades, Executive Officer, Torres Cape Indigenous Council Alliance, made the point that affording insurance was even becoming out of reach for local councils:

... from a local government perspective, I know that their insurance costs have absolutely skyrocketed. They have been working with the Local Government Association of Queensland around the potential of a local government insurance mutual to try and drive some of those costs down. Some councils have been forced to make decisions around self-insuring because they can't afford insurance. Some councils saw a 200 or 300 per cent increase in insurance costs. It's a very significant issue for local governments in particular.<sup>42</sup>

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<sup>39</sup> Mr Matthew Tickner, Vice President, Cairns Chamber of Commerce, *Committee Hansard*, Townsville, 12 March 2021, p. 11.

<sup>40</sup> Ms Patricia O'Callaghan, Chief Executive Officer, Townsville Enterprise Limited, *Committee Hansard*, Townsville, 9 October 2019, p. 5.

<sup>41</sup> Gareth Phillips, Chief Executive Officer, Association of Marine Park Tourism Operators, *Committee Hansard*, Cairns, 15 December 2020, p. 34.

<sup>42</sup> Ms Melinda Eades, Executive Officer, Torres Cape Indigenous Council Alliance, *Committee Hansard*, Cairns, 15 December 2020, p. 50.

- 9.29 Similarly, Ms Hollie Faithfull, Acting Chief Executive Officer, Torres Strait Island Regional Council, described to the committee the struggles in the council managing to insure its assets:

An example of that is what we faced for 1 July 2020. It came down to the eleventh hour to seeing if someone would actually insure our \$1.6 billion worth of assets; we received confirmation on 29 June. We had to make a decision for council to be sustainable. Three years ago our excess used to be \$5,000. It increased last year; in 2019 we had to make the decision to increase it to half a million dollars. This financial year we had to make the decision, to afford the insurance, to make it \$1 million. So our excess is astronomical. With that \$1 million excess, our premium is \$4.2 million. Over the last three to four years it's gone from about \$2.7 million to \$4.3 million. We had a \$5,000 excess that we were able to claim for pretty much nearly everything; now an event has to be a significant major event before we can claim against it. So our council has seen the effect of rising insurance, and it becomes a sustainability issue for council.<sup>43</sup>

### *Availability*

- 9.30 The committee received a range of evidence regarding the availability of insurance in Northern Australia and the impact this was having on households, businesses and investment in Northern Australia.

- 9.31 While noting that 'insurance is something that is essential to have', Ms Delia Rickard, Deputy Chair, ACCC, told the committee that 'unusual market dynamics [are] leading to soft competition and quite concentrated markets' in Northern Australia. Ms Rickard noted that:

It often appears that insurers are not trying to win market share in the higher risk areas. The higher premiums are leading to a rise in the number of uninsured homes there. We rated that in 2016—we do not have more up-to-date data—and it was around about 20 per cent as opposed to 11 per cent for the rest of Australia. The trend lines we were seeing there were continuing to go upwards.<sup>44</sup>

- 9.32 Ms Kylie Porter, Chief Executive Officer, Greater Whitsunday Alliance and Regional Development Australia Mackay-Isaac-Whitsunday, observed that the 'the rest of Australia [may not] realise the predicament that Northern Australia finds itself in' with regards to accessing insurance. Ms Porter noted that:

We're hearing many, many examples whereby people are self-insuring because they quite simply can't access coverage for our region. This applies for things like body corporate organisations and tourism providers.

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<sup>43</sup> Ms Hollie Faithfull, Acting Chief Executive Officer, Torres Strait Island Regional Council, Committee Hansard, *Thursday Island*, 16 December 2020, pp. 24-25.

<sup>44</sup> Ms Delia Rickard, Deputy Chair, ACCC, *Committee Hansard*, Townsville, 12 March 2021, p. 1.

Basically, if we have another major event in our region ... we will actually have a situation where we are uninsurable.<sup>45</sup>

- 9.33 Similarly, Ms Glenys Schunter, Chief Executive Officer, Regional Development Australia, Townsville and North West Queensland, expressed concerns around access to insurance and the impact this could have on attracting investment. Ms Schunter observed:

But I stress the importance of the issue of the north, in terms of insurance— not only affordability but also access to insurance. Our increasing concern after the recent flood events is that even insurability will become an issue. Not only for residents but, importantly, for small- and medium-size businesses that is a major challenge for us to attract investment.<sup>46</sup>

- 9.34 Ms Mary Carroll, Chief Executive Officer, Capricorn Enterprise, echoed these views. She told the committee:

Absolutely, positively, definitely the short answer is yes. Insurance is a major inhibitor for businesses across many industries.<sup>47</sup>

- 9.35 Mr Benjamin Kingsberry, Townsville Zone Chair, Real Estate Institute of Queensland, offered a number of examples to illustrate the increasing number of buildings that are being insured offshore or underinsured in Northern Australia. Mr Kingberry stated:

One of them is covered for \$5 million and it has a replacement value of \$9 million; so, if that building has a significant event, it is hugely underinsured. Another one is covered at \$5 million and has a replacement value of \$8 million. With the last, there is coverage of \$10 million on a \$35-million building, and it is costing them \$400,000 offshore to have \$10 million worth of cover. So they are at four per cent of the building sum insured, with a shortfall of \$25 million and a \$250,000 cyclone excess if there is any sort of event. So, before they can claim a dollar, they have spent \$650,000 to be able to claim a maximum of \$10 million.<sup>48</sup>

- 9.36 Mr Kingsberry also highlighted how a lack of access to insurance is affecting investment in development in Northern Australia. Mr Kingsberry told the committee:

What developer[s] in their right mind are going to go and build 100 units, not knowing if they can get insurance on it and, if they can get it, not knowing what level it will be at upon completion; and, if they cannot get it,

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<sup>45</sup> Ms Porter, Greater Whitsunday Alliance and Regional Development Australia Mackay-Isaac-Whitsunday Inc, *Committee Hansard*, Mackay, 12 March 2020, p. 8

<sup>46</sup> Ms Glenys Schunter, Regional Development Australia, Townsville and North West Queensland, *Committee Hansard*, Townsville, 9 October 2019, p. 12

<sup>47</sup> Ms Carroll, Capricorn Enterprise, *Committee Hansard*, Mackay, 12 March 2020, p. 28

<sup>48</sup> Mr Benjamin Kingsberry, Townsville Zone Chair, Real Estate Institute of Queensland, *Committee Hansard*, Townsville, 12 March 2021, p. 12.

what if none of those contracts can settle and what if all of those pre-sales cannot settle because there is not sufficient insurance on the property?<sup>49</sup>

9.37 Similarly, Mrs Margaret Shaw, observed that 'I do not understand how you can begin to expand Northern Australia without insurance coverage'.<sup>50</sup> Furthermore, she noted that:

without insurance, affordable insurance, you cannot encourage older people to move into apartments, leaving their homes for families to take up. You increase rents, putting strain on lower income people. You deter investors from investing. You stop developers. You stop people moving north. You prevent expansion. Without insurance, affordable insurance, you cannot open up Northern Australia and it cannot flourish and grow.<sup>51</sup>

### **Industry specific impacts**

9.38 The committee received a range of evidence regarding the impact that the availability and affordability of insurance in Northern Australia is having on specific industries, including the Mining, Equipment and Technology (METs) sector, real estate, aged care and the refrigerated warehouse and transport industry.

#### *The Mining, equipment and technology sector*

9.39 Mrs Adrienne Rourke, General Manager, Resource Industry Network, told the committee that a number of insurers had moved away from the METs sector. Mrs Rourke stated 'there are one or two major reinsurers who have now moved away from any business that has associated with mining generally – not necessarily a mining house but a business that may be generating income or turnover from mining. There are others that have made a policy of, 'If you're generating more than 30 per cent of your turnover from mining, we're not going to insure you'.<sup>52</sup>

9.40 Mrs Rourke noted that while 'everyone is able to get insurance from somewhere' she was concerned that 'the market is narrowing' and that there are concerns that 'we'll see an increase in premiums of up to 40 per cent because there are fewer reinsurers offering the service to METs businesses'.<sup>53</sup>

#### *Real estate*

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<sup>49</sup> Mr Kingsberry, Real Estate Institute of Queensland, *Committee Hansard*, Townsville, 12 March 2021, p. 12.

<sup>50</sup> Mrs Margaret Shaw, *Committee Hansard*, Townsville, 12 March 2021, p. 13.

<sup>51</sup> Mrs Margaret Shaw, *Committee Hansard*, Townsville, 12 March 2021, p. 13.

<sup>52</sup> Mrs Adrienne Rourke, General Manager, Resource Industry Network, *Committee Hansard*, Mackay, 12 March 2020, p. 24.

<sup>53</sup> Mrs Rourke, Resource Industry Network, *Committee Hansard*, Mackay, 12 March 2020, p. 24

9.41 Mr Karl Sullivan, Head of Risk and Operations, ICA, acknowledged that the 'strata issue is a longstanding issue where prices have increased, particularly in the north and particularly for older buildings and buildings that are within a certain distance of the coast or in a flood exposed area'.<sup>54</sup> Mr Sullivan told the committee that the 'issue is getting worse, not better.'<sup>55</sup>

9.42 Mr Kingsberry, from the Real Estate Institute of Queensland, also outlined the challenge of finding insurance in the real estate industry. Mr Kingsberry stated:

The reality for many people in this industry now is that it is not what is the best policy; it is can I get one, and that's it. If you can get one, whatever number that invoice says, you pay it, and that's it. There is just no competition whatsoever. Predominantly, I would argue that we have a number of markets in Townsville, such as the residential market; the smaller strata stuff is obviously very challenging in Northern Australia in general. Once you get into that market of \$5 million—plus for building sum insured, you have got complete market failure.<sup>56</sup>

9.43 Mr Kingsberry provided the committee with further insights into how the body corporate market is operating, particularly for larger buildings, in response to the insurance situation. He stated:

... if you do have a domestic policy, you're desperate to keep it; you're absolutely desperate. If you got offered a policy by SUU this year, you're desperate to have it next year. When you have a \$25,000 or \$30,000 event happening, committees are now making the decision to go and pay for those repairs: 'Let's not make a claim; let's not put it through the insurance policy; let's not use the insurance policy for what it's designed for, because we're terrified about next year.'<sup>57</sup>

9.44 Mr Kingsberry further explained the likely longer term effects that insurance related issues may have on the industry. He told the committee that:

We're seeing the amount of body corporate fees where the insurance budget is 70 per cent or 80 per cent of the money collected and they're actually degrading their sinking fund, they're degrading their future maintenance plan and they're degrading the works that they were thinking about doing this year, because they just don't have the money and they're trying to keep those premiums at a somewhat affordable level. There's this longer term cost and, in five or 10 years time, we're going to be in that cycle where they haven't replaced their roof because they've been spending the money on insurance, and then the insurance company tells them to go

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<sup>54</sup> Mr Sullivan, Insurance Council of Australia, *Committee Hansard*, Canberra, 22 May 2020, p. 6.

<sup>55</sup> Mr Karl Sullivan, Head of Risk and Operations, Insurance Council of Australia, *Committee Hansard*, Canberra, 22 May 2020, p. 6.

<sup>56</sup> Mr Kingsberry, Real Estate Institute of Queensland, *Committee Hansard*, Townsville, 12 March 2021, p. 12.

<sup>57</sup> Mr Kingsberry, Real Estate Institute of Queensland, *Committee Hansard*, Townsville, 12 March 2021, p. 15.

away because their roof is not good enough. We're going to see that cycle perpetuate forever.<sup>58</sup>

### *Aged care*

9.45 The committee heard a recent example about the impact of insurance on a Townsville aged care provider, Good Shepherd Home which has been operating in Townsville for 49 years. During this time Good Shepherd Home has had one major insurance claim following the floods of 2019. Mr Ross McLennan, Chief Executive Officer, Townsville Chamber of Commerce, told the committee about the cost of insurance for Good Shepherd Home:

The industry average cost of a resident per day in a retirement village is \$1.17 for insurance. The Good Shepherd nursing home is paying \$9.86 per person, per day ... they are running at a loss of \$4 per day, per person, in that centre ... Their insurance costs in 2017-18 were \$44,656; in 2018-19, they were \$52,174; and, in 2019-20, after the floods, they were \$569,752, or an increase of 992 per cent. This year, they were unable to get that insurance and had to take it on a monthly basis; when they got it, it was \$666,895, representing a 1,393 per cent increase since the 2017-18 financial year, and the home is now running at a loss.<sup>59</sup>

### *Refrigerated warehouse and transport industry*

9.46 Mr Karl Sullivan, Head of Risk and Operations, ICA, told the committee that insurance availability for the refrigerated warehouse and transport industry was very limited, commenting that he was 'actually surprised that you've heard people can get insurance for those at all'.<sup>60</sup> Mr Sullivan told the committee:

The essential problem, particularly in the older ones, is they are constructed from highly vulnerable materials. The largest engineering based insurers in the world, who also operate here, have moved in the last five years to stop insuring that material; it's simply too dangerous for them to underwrite.<sup>61</sup>

9.47 Similarly, Treasury informed the committee it was:

... aware that the availability and affordability of insurance for the refrigerated warehouse and refrigerated transport industry has deteriorated. This is because cold storage facilities have traditionally been constructed with highly flammable materials and constructed in a way that creates a high risk of total loss. Large insurance claims from fires at abattoirs and meat factories in recent years and the usage of expanded

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<sup>58</sup> Mr Kingsberry, Real Estate Institute of Queensland, *Committee Hansard*, Townsville, 12 March 2021, pp. 15 -16.

<sup>59</sup> Mr Ross McLennan, Chief Executive Officer, Townsville Chamber of Commerce, *Committee Hansard*, 12 March 2021, p. 15.

<sup>60</sup> Mr Sullivan, Insurance Council of Australia, *Committee Hansard*, Canberra 22 May 2020, p. 6.

<sup>61</sup> Mr Sullivan, Insurance Council of Australia, *Committee Hansard*, Canberra 22 May 2020, p. 6.

polystyrene (EPS) products in the construction of refrigerated warehouse facilities have been attributed as contributing to the rising cost of insurance.<sup>62</sup>

9.48 To illustrate this evidence, Table 8.1 provides examples of insurance costs for companies in the refrigerated warehouse and transport industry between 2018 and 2020.

**Table 9.1 Examples of insurance costs in the refrigerated warehouse and transport industry 2018 – 2020**

Company reference #	2018	2019	2020
1	\$1.5m - \$2.5 m (+67%)	\$2.9 m - \$4.2 m (+43%)	Expecting a 10% increase
2	\$170,500 - \$188,189 (+11%)	\$188,189 - \$317,734 (+69%)	\$317,734 - \$344,257 (+8%)
3	\$70,501 - \$78,479 (+11%)	\$78,479 - \$80,253 (+3%)	\$80,253- \$104,988 (+31%)
4	\$159,413 - \$209,536 (+31%)	\$209,536 - \$412,961 (+97%)	Estimated \$412,961 - \$504,460 (+22%)
5			An increase of 120% over the last 4 years
6	\$643,560 - \$787,130 (+22%)	\$787,130 - \$918,350 (+17%)	\$918,350 - \$1,300,000
7	\$69,355 - \$75,840 (+9.5%)	\$75,840 - \$97,859 (+29%)	\$97,859 - \$109,700 (+12%)
8	\$359,038 - \$350,089 (-2%)	\$350,089 - \$457,455 (+31%)	\$457,455 - \$744,974 (+63%)
9		\$184,840 - \$274,627 (+48%)	\$274,627 - \$291,150 (+6%)
10		\$87,000 - \$104,985 (+20%)	\$104,985 - \$109,964 (+5%)
11			75% over 4 years
12	12.68%	67%	-3.5%

<sup>62</sup> Treasury, *Answers to written question on notice*, received 8 May 2020.

13	\$77,260 - \$145,185 (+87%)	\$145,185 - \$151,798 (+4.5%)	\$151,798- \$204,484 (+34%)
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Source: Treasury, Answers to written questions on notice, received 8 May 2020.

### Suggestions to improve insurance affordability

9.49 A number of submitters made suggestions as to how insurance issues could be addressed. These included the establishment of an insurance disaster pool or reinsurance pool, expanding the remit of the Northern Australian Infrastructure Facility (NAIF) to include mitigation infrastructure and schemes such as the Queensland Government's Household Resilience Program.

#### *Reinsurance Pool*

9.50 The committee heard a range of evidence in relation to the establishment of a reinsurance pool for insurance in Northern Australia. A reinsurance pool is a risk financing mechanism used by insurance companies to increase their ability to underwrite specific types of risks. As part of this mechanism, the insurer cedes risk to the pool under a treaty reinsurance agreement. The insurer may be a part owner of the pool and may assume a quota share of the pool risk. Some pools are operated by states to provide capacity for hard-to-place risks.<sup>63</sup>

9.51 The committee was told that the establishment of a reinsurance or disaster pool for Northern Australia is not a new idea, with a number of submitters noting that 'various governments have given consideration to the establishment of a disaster pool for the north'.<sup>64</sup>

9.52 The committee received evidence supportive of the establishment of a reinsurance pool for Northern Australia. For example, Mr Nicholas Scofield, Chief Corporate Affairs Officer, Allianz, told the committee that Allianz:

... have been an advocate of the pool going back to the Natural Disaster Insurance Review in 2011 that was held after the South-East Queensland floods and Cyclone Yasi. Essentially, when you broke down the premiums between properties in Northern Australia and properties in southern Australia, the cost of reinsuring the cyclone risk was a major component. In fact, it's probably the largest single component. We came to the view that reducing that cost would flow through to lower premiums, but it would also address the reason why there is, as referred to by the ACCC, a concentrated market and so-called soft competition, because it actually

<sup>63</sup> International Risk Management Institute, 'Reinsurance pool', [www.irmi.com/term/insurance-definitions/reinsurance-pool#:~:text=Reinsurance%20Pool%20%E2%80%94%20a%20risk%20financing,share%20of%20the%20pool%20risk](http://www.irmi.com/term/insurance-definitions/reinsurance-pool#:~:text=Reinsurance%20Pool%20%E2%80%94%20a%20risk%20financing,share%20of%20the%20pool%20risk), accessed 23 April 2021.

<sup>64</sup> Mr Sullivan, Insurance Council of Australia, *Committee Hansard*, Canberra 22 May 2020, p. 1

takes away the exposure that is, if I can say, scaring insurers away from insuring in the north.<sup>65</sup>

- 9.53 Some witnesses were in support of a reinsurance pool. Mr Ross McLennan, Chief Executive Officer, Townsville Chamber of Commerce, expressed his support for the concept.<sup>66</sup> Mr Kingsberry, Townsville Zone Chair, Real Estate Institute of Queensland, said:

There has been a complete market failure. Under the current conditions, there is no business drive and there is no business appetite to fill that gap. I think government really needs to step in and do something about it, and that reinsurance pool certainly makes sense to me.<sup>67</sup>

- 9.54 Councillor Jenny Hill, Board Member, Local Government Association of Queensland, and Mayor of Townsville, noted the potential benefits of a reinsurance pool:

There's no doubt that it's very difficult to get reinsurance for areas in Australia, particularly based around natural disasters. I believe that the reinsurance pool will give that protection or that ability for companies; rather than going offshore to seek reinsurance, it will give them a level of coverage here and allow them to drive the pushing down of their costs.<sup>68</sup>

- 9.55 Ms Kate O'Loughlin, General Manager, Government Relations and Industry Affairs, QBE Australia Pacific, noted that QBE was currently exploring this area:

It is fair to say from QBE's perspective that, at the roundtable in Townsville that was held with the Assistant Treasurer in late 2019, QBE indicated that we would certainly be prepared to explore the feasibility of a reinsurance pool. We do think, as I am sure the committee is aware, that there are a lot of complexities, and the devil is in the detail. If you look at overseas experience, some of these reinsurance pools have worked well but some have actually worked really poorly. We think that, if a pool is to be contemplated, it is about how it is designed, and how the incentives in it work so that you continue to reduce the risk—that is, through mitigation. From our perspective it also needs to be a collaborative arrangement among the states, the federal government and the industry.<sup>69</sup>

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<sup>65</sup> Mr Nicholas Scofield, Chief Corporate Affairs Officer, Allianz, *Committee Hansard*, Townsville, 12 March 2021, p.

<sup>66</sup> Mr McLennan, Townsville Chamber of Commerce, *Committee Hansard*, Townsville, 12 March 2021, p. 10.

<sup>67</sup> Mr Kingsberry, Real Estate Institute of Queensland, *Committee Hansard*, Townsville, 12 March 2021, p. 12.

<sup>68</sup> See Councillor Jenny Hill, Board Member, Local Government Association of Queensland, and Mayor of Townsville, *Committee Hansard*, Townsville, 12 March 2021, p. 42 and p. 43.

<sup>69</sup> Ms Kate O'Loughlin, General Manager, Government Relations and Industry Affairs, QBE Australia Pacific, *Committee Hansard*, Mackay, 12 March 2020, p. 25.

9.56 Other witnesses, however, expressed concern about the cost, complexity and effectiveness of establishing a reinsurance pool in Northern Australia. To this end, Mr Sullivan, Head of Risk and Operations, ICA, told the committee that a number of inquiries had looked at the establishment of a reinsurance pool and:

Each one of those inquiries has come to the same conclusion: that the liabilities are large and the effect, in terms of reducing premiums, is marginal. So the costs are very high. The benefits are a little bit low.<sup>70</sup>

9.57 Similarly, Ms Delia Rickard, Deputy Chair, ACCC, told the committee that the ACCC had looked closely at the issue of an reinsurance pool and where they had been used around the world:

What we found and saw was usually government reinsurance pools are only considered where it is impossible to get reinsurance. We did not find an availability problem here. The insurers that we spoke to all said that they were still able to get reinsurance, so it was available. We also realised that, with a government reinsurance pool, there were a range of issues. You could not ensure that any reduction in price would be passed through to consumers rather than kept by the insurer because, as I have said, there is very soft competition there.<sup>71</sup>

9.58 However, it is worth noting that the ACCC does consider direct subsidies to be a better alternative to a reinsurance pool. In the ACCC's Final Report as part of its Northern Australia insurance inquiry, it stated:

We investigated the relative merits of a range of measures including government reinsurance pools, government insurers or mutuals, direct subsidies, mitigation programs and licence conditions. If governments want to intervene to provide immediate relief to consumers facing acute affordability pressures, they should consider direct subsidies over other measures. Direct subsidies have the greatest potential to work in a targeted way to relieve some of the acute affordability and cost of living pressures facing consumers in higher risk areas, at a lower cost and more effectively than other measures.<sup>72</sup>

9.59 The ACCC also made an explicit recommendation (Recommendation 8.1) that direct subsidies should be considered over other measures, including reinsurance pools.<sup>73</sup>

9.60 Mr Andrew Hall, Chief Executive Officer, ICA, commented on the complexity of establishing a reinsurance pool. He told the committee that:

It's very easy to describe a reinsurance pool. Once you get down to the next level of detail about what its scope is, you would need to ask: how

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<sup>70</sup> Mr Sullivan, Insurance Council of Australia, *Committee Hansard*, Canberra 22 May 2020, p. 9

<sup>71</sup> Ms Rickard, ACCC, *Committee Hansard*, Townsville, 12 March 2021, p. 3.

<sup>72</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, p. vii.

<sup>73</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, p. xxiv.

would it be funded? How is it set up? How would it provide relief? How would you define affordability? They are all very challenging questions.<sup>74</sup>

- 9.61 Others suggested that there may be more effective mechanisms for reducing the costs of insurance in Northern Australia rather than through the establishment of a reinsurance pool. Drawing on international examples, Mr Sullivan, ICA, told the committee:

If you look at international examples of pools where they had not tied in a rigorous mitigation program to, over time, drive down the risks and therefore reduce reliance on the pool, what you find is that, now that insurance has become cheaper, there is a great temptation for people to simply build more assets in higher-risk locations. There is no pricing disincentive to them doing that, because you've got cheap insurance access through a pool. So without coupling it to robust mitigation, and perhaps even putting a life expiry on the pool itself to actually drive that process, what you find—again, there are many international examples of this—is that the pool's exposures simply continue to grow over time, and at some point they become completely untenable. I think the last number I heard out of America for their flood pool was in the vicinity of \$25 billion in debt. That's because for a very long time they did not try to reduce the exposure; they just kept paying claims out and people would rebuild the homes in the same location, the same place, and not protect them.<sup>75</sup>

- 9.62 Similarly, Mr Tim Buckett, Executive General Manager-Consumer, Suncorp Group, explained that:

Our opposition to a pool is more about the method. It is a matter of fact that premiums are high in Northern Australia. It is a matter of fact that the reason those premiums are high is because of the high peril risk. Our view is that to sustainably reduce premiums we need to sustainably reduce the peril risk. Therefore we strongly advocate for investment in mitigation resilience, reduction of taxes on property insurance and changes to planning laws and building codes.<sup>76</sup>

- 9.63 Additionally, it is well worth noting that climate change will continue to increase the risk and associated costs of natural disasters, particularly in volatile areas such as Northern Australia. Mr Michael Willard, First Assistant Secretary, Immigration and Community Protection Policy, Division, Department of Home Affairs, described to the committee how the Emergency Response Fund was creating a risk reduction framework to combat just this threat.<sup>77</sup> This issue is discussed further in chapter 10.

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<sup>74</sup> Mr Andrew Hall, Chief Executive Officer, Insurance Council of Australia, *Committee Hansard*, Mackay, 12 March 2021, Townsville, p. 24.

<sup>75</sup> Mr Sullivan, Insurance Council of Australia, *Committee Hansard*, Canberra 22 May 2020, p. 8.

<sup>76</sup> Mr Tim Buckett, Executive General Manager-Consumer, Suncorp Group, *Committee Hansard*, Townsville, 12 March 2021, p. 25.

<sup>77</sup> See Mr Michael Willard, First Assistant Secretary, Immigration and Community Protection Policy, Division, Department of Home Affairs, *Committee Hansard*, Canberra, 5 June 2020, p. 6.

9.64 Other submitters told the committee that because a reinsurance pool had been put in place for terrorism, a reinsurance pool should be created for insurance in Northern Australia. Ms Margaret Shaw suggested 'that we should be looking at expanding the terrorism reinsurance pool to include all natural disasters'.<sup>78</sup>

9.65 Similarly, Mr Ross McLennan, Townsville Chamber of Commerce, told the committee:

If you have a reinsurance pool, it is for a defined thing; at the moment it is terrorism because there was a defined market failure. We could expand that reinsurance pool to cover cyclone, for example. The Allianz report to the ACCC report said, 'If you take "cyclone" out of premiums in Northern Australia, we will re-enter the market and they will be 51 per cent cheaper'—because you have eliminated that particular risk where the market failure is.<sup>79</sup>

9.66 Whereas, Ms Delia Rickard, Deputy Chair, ACCC, drew a distinction between the situation with insurance in Northern Australia and the establishment of the reinsurance pool for terrorism. Ms Rickard told the committee:

The reinsurance pool for terrorism was put in place because the insurance sector withdrew from insuring there. It was not available, so it was a way of ensuring access to insurance for terrorism purposes. Luckily, we haven't had to draw upon it at this stage. It was a different problem that we were confronting in terms of reinsurance in Northern Australia because the message we got from insurers was that reinsurance was available. All bar one insurer didn't think we needed to have a government reinsurance pool; so they are quite distinct scenarios.<sup>80</sup>

9.67 Similarly, Mr Nick O'Kane, Director, Gas Transport and Storage, ACCC, explained:

What we saw when we investigated in Northern Australia was that insurance was generally available for home contents and, to a lesser extent, strata. Of course, that doesn't mean it's as readily available as it is in the rest of Australia, and there are some parts of Northern Australia that have fewer insurers offering insurance. But we really didn't see anything like the availability issues that have been the case in other jurisdictions where insurance pools have been introduced.<sup>81</sup>

9.68 Furthermore Mr O'Kane, explained the different risk profiles between terrorism attacks and natural disasters:

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<sup>78</sup> Ms Margaret Shaw, *Committee Hansard*, Townsville, 12 March 2021, p. 14.

<sup>79</sup> Mr McLennan, Townsville Chamber of Commerce, *Committee Hansard*, Townsville, 12 March 2021, p. 19.

<sup>80</sup> Ms Rickard, ACCC, *Committee Hansard*, Townsville, 12 March 2021, p. 3.

<sup>81</sup> Mr Nick O'Kane, Director, Gas Transport and Storage, ACCC, *Committee Hansard*, Townsville, 12 March 2021, p. 3.

... with reinsurance pools, there's a very different risk profile between terrorism attacks—which, thankfully, are very rare—and something like natural catastrophes where you could expect to have claims each and every year, and sometimes very large claims.<sup>82</sup>

### *Mitigation*

9.69 The committee received a range of evidence to illustrate how investment in mitigation could reduce both the social and economic costs of natural disasters and reduce or stabilise insurance premiums.

9.70 In the Productivity Commission's 2014 inquiry into natural disaster funding, the Productivity Commission recommended that 'Australian Government mitigation funding to states should increase to \$200 million a year and be matched by the states'.<sup>83</sup> The report recommended a relief package that involved:

- reducing Australian Government post-disaster support to states to sharpen their incentives for mitigation and insurance;
- significantly increasing Australian Government support for mitigation;
- more transparent budget treatment of natural disaster risks; and
- establishing accountability frameworks that reduce prescriptiveness and give states more 'earned autonomy' on how to best undertake recovery and mitigation.<sup>84</sup>

9.71 The Northern Australia Insurance Premiums Taskforce (NAIPT) Final Report, found that 'mitigation to reduce the risk of damage from cyclones is the only way to reduce premiums on a sustainable basis'.<sup>85</sup> The NAIPT also outlined a number of significant benefits from mitigation, including:

- Reducing the vulnerability of older buildings (those built prior to the introduction of the current building codes) to cyclone damage by strengthening roof structures could yield reductions in claims and, therefore, premiums.
- Strengthening and sealing openings in modern buildings would reduce damage from water ingress, which is a significant source for claims. Further, the efforts of residents to secure properties to reduce debris damage to their own and neighbouring buildings could lower claims and premiums. Insurance companies estimate that mitigation actions could reduce

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<sup>82</sup> Mr O'Kane, Gas Transport and Storage, ACCC, *Committee Hansard*, Townsville, 12 March 2021, p. 3.

<sup>83</sup> Productivity Commission, *Natural Disaster Funding Arrangements: Inquiry Report, Volume 1*, December 2014, p. 2.

<sup>84</sup> Productivity Commission, *Natural Disaster Funding Arrangements: Inquiry Report, Volume 1*, December 2014, p. 15.

<sup>85</sup> Northern Australian Insurance Premiums Taskforce, *Final Report*, November 2015, p. vii.

premiums for some properties by up to 20 per cent. The benefits of mitigation are much wider than reducing the likelihood of insurance claims. Property owners benefit to the extent that less vulnerable properties are associated with reduced chance of physical injury, as well as reduced emotional trauma that is associated with individuals experiencing significant damage to their home and contents.<sup>86</sup>

9.72 However, the Federal Government announced in its response to the report that it would not be implementing the recommended reforms, stating:

... the Australian Government does not propose to pursue these recommendations at this stage. However, as part of the upfront recovery funding model the Government is actively exploring the option of states using any efficiencies realised following the actual reconstruction of essential public assets on future disaster mitigation activities.<sup>87</sup>

9.73 The Federal Government did establish the Emergency Response Fund (ERF) via the *Emergency Response Fund Act 2019* on 12 December 2019. The fund provides for, from 2019-20:

- \$150 million available each financial year to fund emergency response and recovery following natural disasters in Australia that have a significant or catastrophic impact; and
- \$50 million each financial year to build resilience to, prepare for or reduce the risk of future natural disasters, and build the long-term sustainability of communities that are at risk of being affected by a future natural disaster.<sup>88</sup>

9.74 In its submission to the committee, the ICA stated that 'whilst a range of options to reduce insurance premiums have been canvassed, the only sustainable approach endorsed by key stakeholders is to reduce the risk through comprehensive mitigation'.<sup>89</sup>

9.75 At the time of writing, no funds have been spent from the ERF, either for recovery or mitigation, despite over \$370 million being accrued in interest since the fund's establishment.

9.76 The ICA also told the committee that in December 2020, it had identified 'a list of priority mitigation projects and requirements that, if delivered and if funded, would result in premium compressions for individuals in the north'.<sup>90</sup>

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<sup>86</sup> Northern Australian Insurance Premiums Taskforce, *Final Report*, November 2015, p. vii.

<sup>87</sup> Australian Government, *Response to the Productivity Commission Inquiry into Natural Disaster Funding Arrangements*, 25 February 2017, p. 2.

<sup>88</sup> Department of Finance, 'Emergency Response Fund', <https://www.finance.gov.au/emergency-response-fund>, accessed 23 April 2021.

<sup>89</sup> Insurance Council of Australia, *Submission 41*, p. 1.

<sup>90</sup> Mr Sullivan, Head of Risk and Operations, Insurance Council of Australia, *Committee Hansard*, Canberra 22 May 2020, p. 1.

The ICA estimated that 'most of those projects, if delivered, will start to deliver premium compressions in the vicinity of 20 per cent in targeted areas'.<sup>91</sup>

9.77 In March 2021, Mr Andrew Hall, Chief Executive Officer, ICA, told the committee that the ICA had provided the priority list of mitigation projects to the Australian Government.<sup>92</sup> In an answer to a question on notice to the committee, it was confirmed that:

- the Commonwealth is to fund an estimated \$1 million to an experienced architect to drive a project to achieve the codification of retrofitting standards, so that insurers can consistently recognise household flood resilience retrofits; and
- the Commonwealth is to fund the Queensland Government to continue the Household Resilience Program up to \$20 million.<sup>93</sup>

9.78 Furthermore, funding is to be provided to the Townsville City Council, the Hinchinbrook Shire Council, the Cairns Regional Council, the Fraser Coast Council, the Western Downs Regional Council, the Rockhampton Regional Council, the Bundaberg Regional Council, and the Mackay Regional Council for various mitigation works.<sup>94</sup>

9.79 Mr Tim Buckett, Executive General Manager-Consumer, Suncorp Group argued that, 'to sustainably reduce premiums we need to sustainably reduce the peril risk'.<sup>95</sup> Mr Buckett told the committee:

... that insurance premiums are high in Northern Australia and North Queensland because the cost of the peril which is the risk that the insurer is covering is higher than in the rest of Australia. The way to materially and sustainably reduce premiums is to reduce the cost of that risk. We believe action around mitigation is the right path.<sup>96</sup>

9.80 In advocating strongly for mitigation, Mr Buckett, outlined the economic and social benefits of mitigation:

... people are protected, there is less suffering, less human suffering and less loss that occurs when an event occurs, because those communities are more resilient, and you miss out on that activity if you don't get the right price signals today and invest in mitigation today.<sup>97</sup>

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<sup>91</sup> Mr Sullivan, Head of Risk and Operations, Insurance Council of Australia, *Committee Hansard*, Canberra, 22 May 2020, p. 1.

<sup>92</sup> Mr Hall, Insurance Council of Australia, *Committee Hansard*, 12 March 2021, Townsville, p. 24.

<sup>93</sup> Insurance panel, *Answers to questions on notice taken on 12 March 2021*, p. 8.

<sup>94</sup> Insurance panel, *Answers to questions on notice taken on 12 March 2021*, p. 8.

<sup>95</sup> Mr Buckett, Suncorp Group, *Committee Hansard*, 12 March 2021, Townsville, p. 25

<sup>96</sup> Mr Buckett, Suncorp Group, *Committee Hansard*, 12 March 2021, Townsville, p. 26.

<sup>97</sup> Mr Buckett, Suncorp Group, *Committee Hansard*, 12 March 2021, Townsville, p. 26.

9.81 Other witnesses explained the medium and long-term benefits from investment in mitigation. Mr Andrew Hall, Chief Executive Officer, ICA, told the committee that:

... there is a medium and a long-term benefit from resilience and mitigation funding. If we can improve the mitigation of the disaster impacts on communities through flood levees and the like, if we can uplift the building standards to make sure that building resilience and not just survivability is key to how buildings are constructed in these areas, it has a medium and a long-term impact.<sup>98</sup>

9.82 Witnesses provided examples of how investment in mitigation had resulted in increased affordability and availability of insurance in Northern Australia. For example, Suncorp highlighted the significant benefits of physical mitigation measures such as flood levees for high risk communities. Suncorp observed that:

Homeowners in Roma saw their insurance premiums reduce by as much as 90 per cent after their town's flood levee was completed.<sup>99</sup>

9.83 Similarly, Ms Delia Rickard, Deputy Chair, ACCC, told the committee:

We see that there is an important role for mitigation. We looked at two types of mitigation. [There] is community-level mitigation, which is mainly relevant regarding floods. We've seen that in places like Roma, where proper mitigation put in place has had a significant impact on the cost of insurance and prices have fallen significantly. With a lot of the damage in northern Australia as a result of cyclones, it's much more difficult to do that community-level mitigation work there, and work there goes more to the household level. We very much support steps towards household mitigation. We think it's important that insurers are up-front and commit to the kinds of reductions in price that they will put in place for mitigation.<sup>100</sup>

9.84 In another example, Suncorp stated that:

The Launceston flood levee is an example of the benefits of community-level mitigation. In 2014, the old Launceston flood levee was upgraded and raised. Subsequent analysis revealed the levee upgrade paid for itself four times over after just one flood event.<sup>101</sup>

9.85 Suncorp also suggested that investment in mitigation against disaster events could facilitate growth and reduce risk in Northern Australia, noting that:

... flood mitigation investment in high risk areas such as Townsville, will create a more welcoming investment environment, where there are proactive measures taken to reduce risk, and effectively lower insurance

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<sup>98</sup> Mr Hall, Insurance Council of Australia, *Committee Hansard*, Townsville, 12 March 2021, p. 26

<sup>99</sup> Suncorp, *Submission 43*, p. 3.

<sup>100</sup> Ms Delia Rickard, Deputy Chair, ACCC, *Committee Hansard*, Townsville, 12 March 2021, pp. 3-4.

<sup>101</sup> Suncorp, *Submission 43*, p. 3.

premiums. This allows communities to expand, encourages job and population growth, and creates a stronger economy.<sup>102</sup>

- 9.86 Other submitters, highlighted the importance of improved building codes and better land planning to reduce risk. Mr Phuong Ly, Chief Underwriting Officer, QBE Australia Pacific, told the committee:

... just reiterating what's already been said around the importance of risk mitigation—improved building codes and better land planning, if they use planning, are all key components in reducing the underlying risk.<sup>103</sup>

- 9.87 Similarly, Councillor Jenny Hill, Board Member, Local Government Association of Queensland, and Mayor of Townsville, told the committee that:

We need more research into mitigation around floods and effects of temperature. We saw damage that occurred in the floods where better building practices should have been implemented.<sup>104</sup>

- 9.88 Other submitters suggested that governments may need to reconsider how they think about infrastructure for mitigation purposes. Mr Andrew Hall, ICA, told the committee that:

Mitigation can be thought of as a piece of national infrastructure. When highways and rail lines are being built, for example, they could be built to a level that actually provides a levee around a town. There are ways of thinking about how we can divert the rapid exit of water in areas where there is high rainfall and be able to protect assets better. So across the board I think there needs to be a shift in all levels of government in the way they think about infrastructure for mitigation purposes.<sup>105</sup>

### *Household Resilience Program*

- 9.89 The committee heard evidence about the effectiveness of the Queensland state government's Household Resilience Program, which provides funding to help eligible home owners in coastal parts of Queensland improve the resilience of their homes against cyclones. The \$21.25 million Household Resilience Program is part of the Queensland Economic Recovery Strategy: Unite and Recover for Queensland Jobs, which has been designed to help the state recover from COVID-19. For the Household Resilience Program, \$11.25 million was funded by the Queensland Government and \$10 million was funded by the Australian Government.<sup>106</sup>

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<sup>102</sup> Suncorp, *Submission 43*, p. 3.

<sup>103</sup> Mr Phuong Ly, Chief Underwriting Officer QBE Australia Pacific, *Committee Hansard*, Townsville, 12 March 2021, p. 32.

<sup>104</sup> Councillor Hill, Local Government Association of Queensland, and Mayor of Townsville, *Committee Hansard*, Townsville, 12 March 2021, p. 43.

<sup>105</sup> Mr Hall, Insurance Council of Australia, *Committee Hansard*, Townsville, 12 March 2021, p. 28.

<sup>106</sup> Queensland Government, *Household Resilience Program*, <https://www.qld.gov.au/housing/buying-owning-home/financial-help-concessions/household-resilience-program>, (accessed 23 April 2021).

9.90 Mr Sullivan, ICA, told the committee that the program:

... allows an individual who owns a property and meets the eligibility criteria to receive a grant, which is funnelled into a panel of builders who will retrofit the property to lift it from a non-cyclone-compliant standard to either a compliant standard or something very, very close. What it does is render the person's highly vulnerable property into a far less vulnerable property.<sup>107</sup>

9.91 Mr Sullivan noted that the Household Resilience Program has provided, 'discounts of up to 20 per cent... for individuals who participated in that program'.<sup>108</sup> Similarly, Mr Hall, ICA, told the committee that the program

... which has been run over the last couple of years, and recently renewed, resulted in an average insurance premium reduction of around 7.5 per cent, with some reductions up to 25 per cent. This program demonstrated how government funding, a combination of both state and federal, can be used to incentivise homeowners to invest in their own resilience and how insurance premiums can be reduced by reducing that risk.<sup>109</sup>

9.92 Suncorp observed that the Household Resilience Program demonstrates how governments can assist homeowners improve the resilience of their own properties, noting 'that the program has already provided funding for around 1,000 homes in north Queensland to receive roof upgrades and other cyclone mitigation measures'.<sup>110</sup>

9.93 Suncorp also noted that 'government sponsored mitigation solutions have also been highly successful internationally, and a similar model to the Queensland program should be considered for Northern Australia, either through the provision of grants or a loan scheme via the NAIF'.<sup>111</sup>

### *Northern Australian Infrastructure Facility*

9.94 A number of submitters suggested that consideration could be given to using NAIF funds for mitigation needs. The ICA urged 'consideration of how the Northern Australia Infrastructure Fund could be employed more effectively to fund mitigation needs, reducing risks to highly exposed communities and as a consequence reducing insurance premiums currently impacting residents and businesses.'<sup>112</sup>

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<sup>107</sup> Mr Sullivan, Insurance Council of Australia, *Committee Hansard*, Canberra, 22 May 2020, p. 2.

<sup>108</sup> Mr Sullivan, Insurance Council of Australia, *Committee Hansard*, Canberra, 22 May 2020, p. 2.

<sup>109</sup> Mr Hall, Insurance Council of Australia, *Committee Hansard*, 12 March 2021, Townsville, pp. 22-23.

<sup>110</sup> Suncorp, *Submission 43*, p. 3.

<sup>111</sup> Suncorp, *Submission 43*, p. 3.

<sup>112</sup> Insurance Council of Australia, *Submission 41*, p. 1.

9.95 Similarly, Suncorp suggested that the NAIF could be utilised to 'reduce the impact of natural hazards while stimulating economic growth by improving both community and household-level resilience'.<sup>113</sup> Suncorp stated that:

Investment in protecting communities against natural disasters such as floods and cyclones aligns to the existing objectives of the NAIF. Such measures should be seen as economic infrastructure which helps to ensure that regional communities, as well as their economies, are better protected against the impacts of natural disasters.<sup>114</sup>

9.96 Noting that 'these outcomes are in line with the NAIF's purpose of generating public benefit, facilitating long term economic and population growth, and ensuring greater private sector participation in investment', Suncorp further suggested:

The NAIF could support community-level mitigation such as flood levees and infrastructure upgrades, as well as via concessional loans to fund household resilience upgrades. These initiatives will help build resilient communities, make better use of existing infrastructure, and prevent major damage caused by disasters.<sup>115</sup>

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<sup>113</sup> Suncorp, *Submission 43*, pp. 1-2.

<sup>114</sup> Suncorp, *Submission 43*, p. 2.

<sup>115</sup> Suncorp, *Submission 43*, p. 3.



# Chapter 10

## Environment

- 10.1 Northern Australia contains irreplaceable environmental assets, which are also economically, culturally and socially valuable. Northern Australia's conservation reserves include world, national heritage-listed places, protected areas, First Nations protected areas and wetlands. There are 726 protected areas covering 495,265 kilometres and 32 First Nations protected areas that cover 349,300 kilometres.<sup>1</sup>
- 10.2 While Northern Australia's abundant ecosystems are environmentally, socially and culturally invaluable, they are also a key area of development for the Northern Australian economy. Northern Australia's agriculture and tourism industries are particularly dependant on, access to, and maintenance of the region's natural environment. This chapter considers the environmental value of Northern Australia, as well as the risks posed to it by climate change, biosecurity and changes to river systems.

### The White Paper

- 10.3 While *Our North, Our Future: White Paper on Developing Northern Australia* (the White Paper) made recommendations in the areas of water management (see chapter 4) and native title (see chapter 6), it had little to say about the environmental value of the region and made few recommendations that specifically addressed environmental outcomes. Those made were:
- increased First Nations ranger biosecurity activities: the Department of Agriculture, Water and the Environment provided \$12.4 million to expand biosecurity surveillance activities by First Nations ranger groups across Northern Australian; and
  - wildlife trade reform: the Department of Agriculture, Water and the Environment is streamlining the Convention on International Trade in Endangered Species of Wild Fauna and Flora permit processes to provide greater certainty for the commercial wildlife trade in northern Australia and remove permit requirements for low-risk native species.<sup>2</sup>
- 10.4 While the White Paper does acknowledge Northern Australia's 'pristine natural environment', this is mainly done in the context of the natural environment's role in attracting tourism to the region. The White Paper states:

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<sup>1</sup> Department of Industry, Science, Energy and Resources (DISER), *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also p. 149

<sup>2</sup> DISER, Progress update: meeting measures on the Our North Our Future White Paper, 19 August 2020, <https://www.industry.gov.au/news-media/progress-update-meeting-measures-on-the-our-north-our-future-white-paper>, accessed 23 April 2021.

[Developing the north] will need to be consistent with safeguarding the incredible northern environment for future generations. It is, after all, the north's exceptional environment that draws visitors from around the world. It is particularly important to understand our role as stewards of our unique natural wonders, such as the Great Barrier Reef, ensuring all development is done in a way that protects the outstanding universal value of such special places.<sup>3</sup>

10.5 The White Paper also discussed the National Environmental Science Program,<sup>4</sup> the Northern Australia Quarantine Strategy,<sup>5</sup> simplifying environmental approvals,<sup>6</sup> biodiversity,<sup>7</sup> and maintaining the health of the Great Barrier Reef and other heritage areas.<sup>8</sup>

### **Existing government programs**

10.6 The Australian Government is involved in a number of environmentally focused programs in Northern Australia. A selection of these programs is discussed below.

10.7 The National Landcare Program helps communities take practical action to protect and manage Australia's important environmental assets and productive landscapes. It is currently in its second phase, which runs from 2018-19 to 2022-23. During the first phase of the program, a number of projects were completed, including the Threatened Species Recovery Fund to 2019-20 and Environmental Small Grants 2018-19 programs.<sup>9</sup>

10.8 Phase 2 (2018-19 to 2022-23) includes a \$1.1 billion investment over this period, which funds a number of subprograms. These programs are listed below, including their dedicated funding, where publicly listed:

- Regional Land Partnerships (\$450 million);
- Smart Farms Program (\$134 to 2023);
- Delivery of the Reef 2050 Plan;

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<sup>3</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also p. 58.

<sup>4</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also p. 67.

<sup>5</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also p. 74.

<sup>6</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also p. 76.

<sup>7</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also pp. 147-148.

<sup>8</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also p. 77 and pp. 149-150.

<sup>9</sup> Australian Government | National Landcare Program, 'National Landcare Program Phase Two', <http://www.nrm.gov.au/national-landcare-program>, accessed 23 April 2021.

- Support for World Heritage locations;
- Support for Indigenous Protected Areas (\$15 million, in addition to a pre-existing \$93 million);
- 20 Million Trees;
- Support for efforts to control Yellow Crazy Ants (\$9 million); and
- Centre for Invasive Species Solutions.<sup>10</sup>

10.9 The Australian Government also runs the Geological and Bioregional Assessment Program, which will assesses the potential impacts of shale and tight gas development on water and the environment. It has previously undertaken assessments of the Cooper, Isa and Beetaloo geological and bioregional areas. Stage 3 of the program includes '[i]mpact analysis and management assessment analyses the potential impacts to water resources and Commonwealth and state matters of environmental significance to enable effective monitoring, mitigation and management measures'. This is scheduled to be completed during 2021.<sup>11</sup>

10.10 Regarding the Great Barrier Reef, the Federal and Queensland Governments support the Reef Trust, which seeks to implement the Reef 2050 Plan and the Reef 2050 Water Quality Improvement Plan 2017-2022. The Australian Government has contributed over \$700 million to the trust. The Reef Trust's stated objectives are to:

- improve the quality of water entering the Great Barrier Reef from broad-scale land use to increase the health and resilience of the Great Barrier Reef;
- improve the health and resilience of coastal habitats;
- improve and protect marine biodiversity, including the reduction of Crown-of-Thorns Starfish and protection of listed threatened and migratory species such as Dugongs and marine turtles; and
- undertake any new development maintains or improves the condition of matters of national and state environmental significance through the strategic delivery of offsets through the Reef Trust.<sup>12</sup>

10.11 The Australian Government supports the National Environmental Science Program, which is a \$142.5 million 'long term commitment to world class environment, biodiversity and climate research' that sought to 'deliver practical research to improve on-ground outcomes, policy and planning'.<sup>13</sup> The

<sup>10</sup> Australian Government | National Landcare Program, 'National Landcare Program Phase Two', <http://www.nrm.gov.au/national-landcare-program>, accessed 23 April 2021.

<sup>11</sup> Australian Government | Bioregional Assessments, 'Geological and Bioregional Assessment Program', <https://www.bioregionalassessments.gov.au/gba>, accessed 23 April 2021.

<sup>12</sup> Department of Agriculture, Water and the Environment (DAWE), 'The Reef Trust', <https://www.environment.gov.au/marine/gbr/reef-trust>, accessed 23 April 2021.

<sup>13</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also p. 67.

National Environmental Science Program is ongoing and now in its second phase, with an additional \$149 million provided from 2020-21 to 2026-27.<sup>14</sup>

10.12 The Australian Government also provides funding for the management of World Heritage sites, including the Great Barrier Reef, Wet Tropics of Queensland, Ningaloo Coast, Purnululu National Park and Australian Fossil Mammal Site (Riversleigh). Funding is also provided to support the management of national parks, including the Uluru-Kata Tjuta National Park and Kakadu National Park.<sup>15</sup>

10.13 The Australian Government previously supported the National Climate Change Adaptation Research Facility, which worked to support decision makers throughout Australia as they prepared for and managed the risks of climate change and sea-level rise. The National Climate Change Adaptation Research Facility ceased in 2019.<sup>16</sup>

### **World Heritage Areas**

10.14 Northern Australia contains a number of World Heritage Areas, including the Great Barrier Reef, Kakadu and Uluru-Kata Tjuta National Parks, the Wet Tropics of Queensland, Ningaloo Coast, Purnululu National Park and Australian Fossil Mammal Site (Riversleigh). These sites are world-renowned for their natural beauty and are a significant economic resource as part of Northern Australia's tourism industry.

10.15 The Wet Tropics Management Authority (WTMA) described to the committee the environmental importance of World Heritage areas to the region. The WTMA also noted that, while 30 years ago World Heritage listing was seen as an economic constraint, today such a listing provides the opportunity to create a world-class tourism industry.<sup>17</sup> After noting that the Wet Tropics of Queensland World Heritage Area attracted \$5.2 billion annually to the regional economy, the WTMA submitted:

In a region that boasts two world heritage areas (the rainforest and the reef), nature plays a vital social, economic, cultural and environmental role, providing ecosystem services, tourism and recreation, research and biodiscovery and green infrastructure that contributes to the resilience and

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<sup>14</sup> DISER, 'National Environmental Science Program', <https://www.environment.gov.au/science/nesp>, accessed 23 April 2021.

<sup>15</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also p. 156.

<sup>16</sup> National Climate Change Adaptation Research Facility, 'About NCCARF', <https://nccarf.edu.au/>, accessed 23 April 2021.

<sup>17</sup> Wet Tropics Management Authority (WTMA), *Submission 16*, p. 8.

well-being of regional businesses and residents. Investment in supporting these roles will provide a strong economy and jobs in the future.<sup>18</sup>

10.16 While the WTMA acknowledged that World Heritage Areas in Northern Australia were facing great threats, it highlighted that new opportunities were also emerging:

Australia boasts some of the best managed world heritage areas on the planet, with safe access and high quality support services. Despite this, there are mounting pressures from threatening processes such as pest incursions, increased fire risk and climate impacts. With these challenges come opportunities, and as a nature based economy, there are significant opportunities for regional jobs in tourism and tourism support businesses, but also in an emerging 'conservation economy', including, for example, in environmentally sensitive planning, architecture and design, landscape restoration and resilience, fire and pest management, threatened species recovery, and research, innovation and discovery.<sup>19</sup>

10.17 However, not all World Heritage Areas in Australia have been equally successful. The Darwin Major Business Group noted that, until the last four years, there had been 'virtually no Commonwealth investment' in the Kakadu National Park:

the tourist industry has been unable to market the World Heritage Kakadu. This has resulted in a decline in visitation of almost 40% over the last 20 years.

The decline in visitation has obviously impacted the viability of tourism and accommodation businesses. Visitation numbers will only improve when Kakadu National Park roads and other supporting infrastructure provide much greater and ease of access to the well-known Kakadu sites.<sup>20</sup>

10.18 The Darwin Major Business Group welcomed the Commonwealth's undertaking to invest 70 per cent of its 10-year \$216 million commitment in Kakadu National Park, within the next four years.<sup>21</sup>

## Climate change

10.19 Climate change is a serious risk to Northern Australia's economy, environment and people. Northern Australia faces a potential escalation in the frequency and magnitude of hazards that could be economically, socially and environmentally devastating. In submitting to the inquiry, the Department of Home Affairs described the potential impacts nationwide:

Extreme weather events and natural disasters will continue to disrupt the livelihoods of Australians, with considerable economic and social impacts. Climate change is making weather patterns less predictable and more

<sup>18</sup> Wet Tropics Management Authority (WTMA), *Submission 16*, p. 1.

<sup>19</sup> WTMA, *Submission 16*, p. 2.

<sup>20</sup> Darwin Major Business Group, *Submission 72*, p. 4.

<sup>21</sup> Darwin Major Business Group, *Submission 72*, p. 4.

extreme, and natural disasters are expected to become more frequent and severe. Without taking into account the impacts of climate change, the economic cost of disruption from natural disasters is estimated to be around \$39 billion per annum by 2050. The impacts of climate change will see Australian experience—as we did this year—more national-scale heatwaves, bushfires, floods and cyclones.<sup>22</sup>

10.20 The Department of Home Affairs further noted that Northern Australia—which has long experienced the impact of natural disasters—has 'the potential for more disaster risk, with more exposure and vulnerability to disaster impacts'. The Department submitted:

[Increased disaster risk] will exacerbate existing stresses for Australians living and working in the north. Disaster resilience, and the ability to quickly recover from catastrophic disasters, is essential to ensuring that these communities continue to prosper.<sup>23</sup>

10.21 However, the White Paper does not comment on climate change, save to refer to the now-defunct Climate Change Adaptation Research Facility<sup>24</sup> and a one-off reference to climate change as a threat to biodiversity.<sup>25</sup> This is surprising, given that climate change is a major threat to Northern Australia's agricultural industry<sup>26</sup> and given the White Paper's focus on Northern Australia's pastoral land development. Indeed, climate change may well result in a rise in diseases and pest-related problems that would impact the agricultural economy in the region.<sup>27</sup>

10.22 Climate change will also have a significant impact on marine environments, such as on sensitive tropical marine ecosystems across the north, including on coral reefs.<sup>28</sup> This would undoubtedly have an impact on tourism to these locations, which is a substantial source of income for parts of Northern Australia, as was discussed above. While in 2018 the Queensland Government released its *Building a resilient tourism industry: Queensland Tourism Climate*

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<sup>22</sup> Department of Home Affairs, *Submission 32*, p. 9.

<sup>23</sup> Department of Home Affairs, *Submission 32*, p. 9.

<sup>24</sup> National Climate Change Adaptation Research Facility, 'About NCCARF', <https://nccarf.edu.au/>, accessed 23 April 2021. See DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 156 for the White Paper's reference to the program.

<sup>25</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 148.

<sup>26</sup> Dr Kamaljit Sangha and Professor Jeremy Russell-Smith, *Submission 11*, p. 3.

<sup>27</sup> Dr David Kault, *Submission 12*, p. 2. See also Australian Fresh Produce Alliance, *Submission 99*, p. 3.

<sup>28</sup> Australian Institute of Marine Science, *Submission 19*, p. 4; and Dr Paul Hardisty, Chief Executive Officer, Australian Institute of Marine Science, *Committee Hansard*, Townsville, 9 October 2019, pp. 46-47 and p. 51.

*Change Response Plan*, the Australian Government is yet to release a comparable plan.<sup>29</sup>

- 10.23 One of the most devastating results of climate change could be the impact on those living in Northern Australia, as climate change poses an existential threat to many coastal and island communities. On Thursday Island, the committee received evidence from Mr Phillemon Mosby, Mayor, Torres Strait Island Regional Council, who described the impact of climate change on the region:

A lot of the harsh reality experienced by our people throughout the Torres Strait, in terms of the impact of climate change, is that people are seeing the movement of erosion taking place. It's affecting areas of sacred sites or burial grounds or places that are culturally significant, where traditional or cultural ceremonies or initiations take place. Also, there is change in how people gather and hunt and fish around the surrounding islands. We're seeing the impact of that as well. Stories or songlines that speak of significant places or events are no longer there. They're either covered or have been affected by climate change. People are worried. They're mentally affected, psychologically affected, by the uncertainty of how long this will go on for.<sup>30</sup>

- 10.24 Mrs Vonda Malone, Mayor, Torres Shire Council, also described how the Torres Strait Regional Authority, Torres Shire Council and Torres Strait Island Regional Council had formed an alliance to combat issues surrounding climate change and had produced the *Torres Strait Regional Adaptation and Resilience Plan 2016-2021*.<sup>31</sup>

- 10.25 Ms Lucy Graham, Director, Cairns and Far North Environment Centre, described to the committee the risks posed to coastal communities by rising sea levels:

in northern Australia we are facing some really scary realities around the future of our cities because of sea level rise, coastal inundation and coastal erosion. A lot of the conversation at the moment is around hard infrastructure—seawalls and levees. If you do the research and you look at where this has been done internationally, you're looking at New Orleans. They built seawalls, they built levees and they created a puddle, because the majority of the city was below sea level. Cairns is mostly at sea level or a tiny bit above it. If we are investing in that hard infrastructure, we are potentially putting ourselves in a very serious situation. If we invest in these solutions around habitat restoration, talking about natural solutions, how we manage our environment positively and making sure that we're

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<sup>29</sup> See Queensland Tourism Industry Council, *Submission 25*, p. 9.

<sup>30</sup> Mr Phillemon Mosby, Mayor, Torres Strait Island Regional Council, *Committee Hansard*, Thursday Island, 16 December 2020, p. 24.

<sup>31</sup> Mrs Vonda Malone, Mayor, Torres Shire Council, *Committee Hansard*, Thursday Island, 16 December 2020, p. 32.

using the ecosystem services that these environments can provide, I think we're preparing ourselves for a much brighter future.<sup>32</sup>

10.26 Ms Graham further noted that 'the northern Australia agenda has a real opportunity to be part of that hazard mitigation'.<sup>33</sup>

10.27 Additionally, the risks posed by climate change are having an impact on communities in the present. Mr Matthew Tickner, Vice President, Cairns Chamber of Commerce, described how people living in Cairns had seen their insurance premiums 'skyrocket' following the publication of storm surge maps that indicated that a greater number of properties may be at risk.<sup>34</sup>

10.28 In discussing this issue, Mr Mark Leplastrier, Executive Manager, Natural Perils, Insurance Australia Group, outlined why increased risk to infrastructure due to climate change would cause increased cost and why there was a need for increased resilience now:

Insurance premiums reflect the underlying risk. As a general call-out for climate change and how it affects severe weather just generally around the country, there is a shift to the more intense events going forward. If we don't combat that with a program of work in reducing risk through retrofitting schemes and improving land planning and building codes that actually tackle resilience, we will see a creep in the risk going forward. Increasing background risk caused by more severe weather events without reducing that through the built environment means that we will see an increase in premiums.<sup>35</sup>

10.29 Given that on-the-ground increases in insurance premiums are already occurring regarding natural disasters in Northern Australia—both those that have actually occurred and those that are forecasted—it is critical that action be undertaken to develop greater resilience in infrastructure and communities in order to mitigate the serious, long-term risks posed by climate change.

10.30 As noted above, while the Australian Government previously supported the National Climate Change Adaptation Research Facility, which supported decision makers throughout Australia as they prepared for and managed the risks of climate change and sea-level rise, funding for the facility did not continue past 2019.<sup>36</sup> This represents a substantial lost opportunity for the

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<sup>32</sup> Ms Lucy Graham, Director, Cairns and Far North Environment Centre, *Committee Hansard*, Cairns, 15 December 2020, pp. 60-61.

<sup>33</sup> Ms Lucy Graham, Director, Cairns and Far North Environment Centre, *Committee Hansard*, Cairns, 15 December 2020, p. 61.

<sup>34</sup> Mr Matthew Tickner, Vice President, Cairns Chamber of Commerce, *Committee Hansard*, Townsville, 12 March 2021, p. 11 and p. 20.

<sup>35</sup> Mr Mark Leplastrier, Executive Manager, Natural Perils, Insurance Australia Group, *Committee Hansard*, Townsville, 12 March 2021, pp. 31-32.

<sup>36</sup> National Climate Change Adaptation Research Facility, 'About NCCARF', <https://nccarf.edu.au/>, accessed 23 April 2021.

facility to continue its research and work in the area of climate adaption and the mitigation of the risks posed by climate change.

## Biosecurity

10.31 The White Paper describes Northern Australia as 'the frontline for our nation's defence, border protection and biosecurity', stating:

Its proximity to our neighbours gives it a crucial role in helping to protect Australia's environment, population and agricultural industries, and to maintain and increase access to markets by managing pest and disease risks.<sup>37</sup>

10.32 Biosecurity is a responsibility shared by across governments. Currently, the Intergovernmental Agreement on Biosecurity (IGAB) seeks to strengthen Australia's biosecurity system and enhance national collaboration among Australian governments to meet current and future biosecurity challenges. Functionally, the IGAB:

- sets out biosecurity commitments for the Australian Government, and state and territory governments;
- outlines the agreed national goals and objectives; and
- clarifies roles, responsibilities and governance arrangements.<sup>38</sup>

10.33 Additionally, the National Biosecurity Committee provides advice on national biosecurity to responsible ministers, as well as regular reporting on its work program and progress of IGAB commitments.<sup>39</sup>

10.34 Submitters to the committee emphasised the importance of maintaining the biosecurity of the Northern Australia. The Department of Industry, Science, Energy and Resources (DISER) submitted that:

The clean, pest and disease free status of Australia is one of the nation's greatest assets and gives the north a competitive edge in a global market where quality and safety is highly valued. The Australian Government has invested \$200 million into biosecurity across Australia to protect our farmers and all Australians, through the Northern Australia Biosecurity Framework. This investment includes support to ensure our northern barrier remains intact with \$12.4 million to expand biosecurity activities by Indigenous ranger groups in northern Australia.<sup>40</sup>

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<sup>37</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also p. 2.

<sup>38</sup> DAWE, 'Intergovernmental Agreement on Biosecurity (IGAB)', <https://www.agriculture.gov.au/biosecurity/partnerships/nbc/intergovernmental-agreement-on-biosecurity>, accessed 23 April 2021.

<sup>39</sup> DAWE, 'Intergovernmental Agreement on Biosecurity (IGAB)', <https://www.agriculture.gov.au/biosecurity/partnerships/nbc/intergovernmental-agreement-on-biosecurity>, accessed 23 April 2021.

<sup>40</sup> DISER, *Submission 30*, p. 9

10.35 Maintaining biosecurity is of particular interest to the agricultural sector. The Red Meat Advisory Council submitted that biosecurity was a critical challenge for agricultural development.<sup>41</sup> Ms Patricia O'Callaghan, Chief Executive Officer, Townsville Enterprise Limited, likewise identified biosecurity as an ongoing challenge for the region.<sup>42</sup> Mr Ry Collins, Project Coordinator, Economic Development, Whitsunday Regional Council, described the importance of biosecurity to his region:

Obviously, anything within that spectrum of biosecurity is an issue of increasing concern in our region with the strong agricultural industry. We really look to protect the product of the region from potential biosecurity hazards yet engage in a system that allows us to remain competitive in production and also in the supply chain.<sup>43</sup>

10.36 Mr Collins also noted that he would be supportive of further Commonwealth initiatives in the area of biosecurity:

With respect to legislation or systems in that space, the council supports further Commonwealth initiatives that may improve biosecurity in northern Australia for potentially hazardous imported products that may require quarantine and implementing any initiatives that may improve or streamline the regulatory process domestically, such as increased collaboration between state and federal governments or standardisation of legislation in that sector.<sup>44</sup>

10.37 Dr Chris Chilcott, Deputy Director Operations, Research Leader Northern Australian Development, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), described how CSIRO has been assisting the states and territories with developing surveillance programs to assess where there are risks from incursions from undesirable flora, fauna and disease.<sup>45</sup>

## **River systems**

10.38 While chapter 4 discussed water infrastructure, this section of the report considers the environmental sustainability of river systems and the need for a balance to be struck between economic outcomes and long-term environmentally sustainability. Some significant river systems in the area include the Mitchell River, Burdekin River, catchments within the Cape York Peninsula, Ord River, Victoria River, the Fitzroy River basin, and the

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<sup>41</sup> Red Meat Advisory Council, *Submission 96*, p. 2.

<sup>42</sup> Ms Patricia O'Callaghan, Chief Executive Officer, Townsville Enterprise Limited, *Committee Hansard*, Townsville, 9 October 2019, p. 3.

<sup>43</sup> Mr Ry Collins, Project Coordinator, Economic Development, Whitsunday Regional Council, *Committee Hansard*, Mackay, 12 March 2020, p. 4.

<sup>44</sup> Mr Collins, Whitsunday Regional Council, *Committee Hansard*, Mackay, 12 March 2020, p. 4.

<sup>45</sup> Dr Chris Chilcott, Deputy Director Operations, Research Leader Northern Australian Development, CSIRO, *Committee Hansard*, Canberra, 3 July 2020, p. 2.

La Grange groundwater area. Additionally, Northern Australia's tropical climate is unique for the extremely high variability of rainfall between seasons and especially between years.

10.39 The White Paper notes the particular importance of river systems to the Northern Australia region:

Both surface and ground water in northern Australia serves a variety of functions, including cultural and spiritual use by Indigenous communities. River flows and groundwater are vital for supporting natural environments as well as other productive uses. They provide opportunities to supply water to growing regional and urban communities and for new and existing industries.<sup>46</sup>

10.40 The CSIRO's Northern Australia Water Resource Assessment (NARWA) investigated the potential of Northern Australia's water resources to support increased regional development in the Fitzroy, Darwin and Mitchell catchments. The NARWA found that:

- the Fitzroy, Darwin and Mitchell catchments differ significantly in their physical and social characteristics and, as a consequence, the extent to and methods by which agricultural development might occur;
- in the Fitzroy catchment, water harvesting (water pumped into ringtanks) could potentially support 160,000 hectares growing one dry-season crop a year in 85 per cent of years and that, independent of surface water, groundwater could potentially support up to 30,000 ha of hay production in all years;
- in the Darwin catchments, a combination of major dams, farm-scale offstream storage and groundwater could potentially support up to 90,000 hectares of dry-season horticulture and mango trees; and
- in the Mitchell catchment, large instream dams could potentially support 140,000 ha of year-round irrigation. Alternatively, water harvesting could potentially enable up to 200,000 hectares, growing one dry-season crop per year.<sup>47</sup>

10.41 The NAWRA was designed to 'explicitly address the needs of and aspirations for local development by providing an objective assessment of resource availability, with consideration of environmental and cultural issues'.<sup>48</sup>

10.42 Such economic development of river systems does not come without risks. Changes to the Fitzroy catchment could impact the Geikie Gorge, Camballin

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<sup>46</sup> DISER, *Our North, Our Future: White Paper on Developing Northern Australia*, June 2015, p. 4. See also p. 40. For more on the First Nations ranger program, see chapter 6.

<sup>47</sup> Commonwealth Scientific and Industrial Research Organisation (CSIRO), NARWA Overview and findings, <https://www.csiro.au/en/research/natural-environment/water/NAWRA/Overview>, accessed 23 April 2021.

<sup>48</sup> CSIRO, *Water resource assessment for the Fitzroy catchment*, June 2018, p. 5.

Floodplain and Gladstone Lake, as well as the nearby King Sound. In its report on the area, the CSIRO discussed the risks to the marine environment, biosecurity concerns, potential changes to the sediment, nutrients and agropollutant loads, and the risk of irrigation-induced salinity.<sup>49</sup> Similar issues were raised in the Darwin catchment assessment<sup>50</sup> and the Mitchell catchment.<sup>51</sup> Indeed, the risks were not only hypothetical: an event occurred in December 2018 that resulted in the death of more than 40 sawfish on a stretch of the Fitzroy River.<sup>52</sup>

10.43 In giving evidence to the committee, Dr Chris Chilcott, Deputy Director Operations, Research Leader Northern Australian Development, CSIRO, discussed the difficulties in undertaking such assessments:

On the water resource assessments, because we were looking at opportunity, we did look at what the potential impacts would be. There isn't a lot known about the impact pathways—so, what would happen, if you developed something, to the populations within the aquatic systems. So, inasmuch as we could, we documented the impact pathways and looked at: 'If you took a certain amount of water out of a river system, how would that then impact on particular species?' That was as detailed as possible, given the limited amount of information that's known in these areas and also the limited amount of water that's taken out of many of these rivers. So it wasn't always clear what those impacts would be, but we tried to document those as much as possible.<sup>53</sup>

10.44 Several submitters raised serious concerns about the environmental, social and cultural heritage risks that could arise from the overuse of water flow in Northern Australia. These concerns are set out in more detail in chapter 4. That chapter also notes the economic risks posed to certain industries (such as fisheries) from overuse of water by other industries.

10.45 Indeed, maintaining the health of river systems is also important to achieving desired economic outcomes. AgForce Queensland Farmers noted its support for ongoing research into water sustainability:

Water investment and agricultural development opportunities need to be guided by objective, scientific information from robust resource assessments and associated feasibility studies in order to reduce the risks for investors and the environment. AgForce has supported the Northern Water Resource Assessments by the Commonwealth Scientific and Industrial Research Organisation (CSIRO), particularly concerning the Mitchell River Basin and other earlier studies on the Gulf Rivers in

<sup>49</sup> CSIRO, *Water resource assessment for the Fitzroy catchment*, June 2018, p. 348.

<sup>50</sup> CSIRO, *Water resource assessment for the Darwin catchment*, June 2018, p. 373-374.

<sup>51</sup> CSIRO, *Water resource assessment for the Mitchell catchment*, June 2018, pp. 369-371.

<sup>52</sup> CSIRO, *Answer to question on notice taken at the public hearing on 3 July 2020*, p. 16.

<sup>53</sup> Dr Chris Chilcott, Deputy Director Operations, Research Leader Northern Australian Development, CSIRO, *Committee Hansard*, Canberra, 3 July 2020, p. 8.

Queensland. These assessments have identified agricultural development opportunities worthy of further investigation and supported industry responses to state government planning policies for Cape York Peninsula.<sup>54</sup>

10.46 The committee notes the importance of thorough, ongoing assessments of river and water catchment health in Northern Australia. Given the scarcity of water in some parts of the region, as well as the seasonal volatility that can occur, ongoing assessment and research into Northern Australia's river systems ought to be of the utmost importance.

10.47 In addition, for the reasons set out above and in chapter 4, it is critical that any new water infrastructure or allocations in Northern Australia carefully manage any potential environmental, social, cultural or economic risks.

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<sup>54</sup> AgForce Queensland Farmers, *Submission 83*, p. 2.



# Chapter 11

## Committee view and recommendations

- 11.1 The Australian Government's Northern Australia agenda, represented by the *Our North, Our Future: White Paper on Developing Northern Australia* (the White Paper) and the various programs and commitments that flowed from it, is an important and substantial agenda.
- 11.2 There is no doubt that the Australian Government has begun the job of implementing its Northern Australia agenda and can point to various initiatives that have been undertaken in pursuit of the agenda. However, the committee received substantial evidence that:
- progress with the agenda's implementation had been slower than the community had expected;
  - the agenda had suffered from a lack of engagement with local communities, particularly First Nations communities; and
  - the agenda does not reflect the full range of industries and economic opportunities that exist in Northern Australia, nor does it address the social and environmental challenges and opportunities facing the region.
- 11.3 It is also clear that the COVID-19 pandemic has radically altered the Northern Australia landscape, as well as the whole nation. For these reasons, the committee believes it would be timely to undertake a refresh of the agenda to inject more urgency in the economic and social development of Northern Australia.
- 11.4 The report contains 29 recommendations. The Australian Labor Party and the Australian Greens Senators are supportive of all the recommendations contained in this report. Coalition Senators are supportive of 13 of the recommendations, and partly disagree with the remaining recommendations (as outlined in Coalition Senators' additional comments). Pauline Hanson's One Nation Party Senator is supportive of 18 of the report's recommendations, but does not support five of the report's recommendations. There are a further six recommendations which are agreed with in part, in principle or disagreed with in part, and these are outlined in the dissenting report.

### Recommendation 1

- 11.5 **The committee recommends that the Australian Government refresh the Northern Australia agenda, in light of the new challenges and opportunities posed by COVID-19, with the goals of:**
- **broadening the agenda to:**

- take advantage of a wider range of economic opportunities arising from value adding in traditional industries and from expanding new and emerging industries; and
- address the social and environmental challenges and opportunities facing Northern Australia;
- committing to:
  - improve social and environmental outcomes in Northern Australia;
  - address the extensive and severe nature of First Nations Australians' socioeconomic disadvantage;
  - focus on the facilitation of First Nations Australians' participation in the Northern Australian economy;
  - a stronger emphasis on value adding to the north's traditional industries and capture new opportunities in emerging industries;
  - undertaking a serious examination of, and response to, the risks posed by climate change to the region; and
  - greater engagement with local communities, especially First Nations communities;
- incorporating other recommendations made in this report.

### Northern Australia Infrastructure Facility

11.6 In 2015, the Australian Government made a clear commitment to Northern Australia with the release of the White Paper. A key measure from the White Paper was the establishment of the Northern Australia Infrastructure Facility (NAIF) in June 2016.

11.7 To date, the NAIF has committed \$2.8 billion in investment decisions. However as of 22 March 2021, five years after the NAIF was established, total payments of only \$314 million have been drawn down.<sup>1</sup> The NAIF's current projections are that proponents will have made a drawdown of \$1.3 billion in NAIF funds by the end of 2023.<sup>2</sup> The committee notes, as it did in its interim report, that it is still taking too long for NAIF funding to get out the door. This is a key contributor to community and business expectations established by the White Paper for Northern Australia are not being met.

11.8 To this end, in its interim report tabled on 3 December 2020, the committee made a number of recommendations aimed at accelerating NAIF's lending rate, expanding the scope of projects for eligible funding, increasing NAIF's risk appetite and strengthening its transparency and accountability

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<sup>1</sup> Mr Chris Wade, Chief Executive Officer, Northern Australia Infrastructure Facility (NAIF), *Senate Estimates Opening Statement*, <https://naif.gov.au/wp-content/uploads/2021/03/NAIF-opening-statement-March-2021.pdf>, (accessed on 29 March 2021).

<sup>2</sup> Mr Chris Wade, Chief Executive Officer, NAIF, *Senate Estimates Opening Statement*, March 2021.

framework. To date the Australian Government has not provided a response to the committee's interim report.

- 11.9 Following the release of the committee's interim report, the Australian Government released the *Statutory Review of the Northern Australian Infrastructure Facility* (the Statutory Review Report). The Statutory Review Report makes 28 recommendations many of which echo the intent of the recommendations contained in the committee's interim report.
- 11.10 The committee notes with concern the impact of COVID-19 on some communities and industries in Northern Australia. While the impact across sectors and localities has varied, it is apparent that COVID-19 has exacerbated and exposed the underlying structural issues in Northern Australia's economy. That is, a narrow industry base, dependency on exports, a lack of connecting infrastructure, a transient workforce, long and inefficient supply chains, and strong seasonal cycles.
- 11.11 The committee is of the view that NAIF should be central to supporting Northern Australia's economic recovery from the COVID-19 pandemic. However, to ensure it can support this recovery, it is critical that the NAIF has a range of financing tools that are suitably flexible and responsive to drive transformational growth in Northern Australia.
- 11.12 As it did in the interim report, the committee again emphasises that the NAIF receives bipartisan support, and the goal of all committee members is to ensure that the NAIF begins providing funding to projects in Northern Australia as soon as possible.

## **Recommendation 2**

- 11.13 **The committee recommends that the Australian Government prioritise the implementation of the recommendations arising from this inquiry's interim report and also the Statutory Review of the Northern Australian Infrastructure Facility.**
- 11.14 Additionally, the committee received evidence about the difficulties that some individuals and businesses faced when financing ventures in Northern Australia, despite international and domestic interest in investing in the region. In order to create a better investment environment, there must be greater strategic planning between governments and other stakeholders that will derisk investment in Northern Australia.

## **Recommendation 3**

- 11.15 **The committee recommends that the Australian Government facilitate strategic planning between all levels of government and other stakeholders, with a view to derisking the investment environment in Northern Australia.**

#### **Recommendation 4**

**11.16 The committee recommends that the Australian Government empower the Northern Australia Infrastructure Facility to open information sharing dialogues with commercial financiers, to improve investor confidence by allowing for region specific knowledge, experiences and learnings to be used to improve their understanding of investment risk and potential mitigants in Northern Australia.**

#### **Transport infrastructure**

11.17 The committee acknowledges the evidence received regarding the importance of, and the significant investment made by Australian and state and territory governments in transport infrastructure. Despite this investment, the committee heard a range of evidence regarding areas for improvement and highlighting ongoing challenges.

11.18 With regard to roads, a number of submitters called for greater coordination between governments and for longer-term, consistent funding for transport infrastructure and its maintenance in Northern Australia.

11.19 The committee also notes that while submitters offered their support for government investment in aviation infrastructure and maritime transport, it also received evidence in relation to the cost of air travel and maritime freight in Northern Australia, and the impact of limited services.

#### **Recommendation 5**

**11.20 The committee recommends that the Australian Government, in consultation with the state and territory governments, develop and publish a timetable for the construction and maintenance of identified key freight routes.**

11.21 It is the committee's view that, while gains have been made on updating localised portions of roads and other transportation links, a long-term funding and project strategy is required to fully recognise the economic and social potential of Northern Australia.

#### **Recommendation 6**

**11.22 The committee recommends that the Australian Government, in partnership with the state and territory governments, outline a long-term strategy of road and rail funding for Northern Australia, with a view to creating a comprehensive and fit-for-purpose road and rail network.**

11.23 Road improvements in Northern Australia remain of utmost importance and must be completed as soon as practicable. To this end, collaboration between the federal and state governments is critical for expediting the completion of road projects. The committee acknowledges that the Beef Roads project was

largely completed on schedule and that the Northern Australia Roads Program (NARP) and the Northern Australia Beef Roads Program (Beef Roads) are well underway, however the Roads of Strategic Importance (ROSI) initiative and other roads programs must be expedited.

11.24 The ROSI program has work with forecasted funding out to 2027-28 (Alice Springs to Hall Creek), 2028-29 (Mount Isa to Rockhampton and Tennant Creek to Townsville) and 2029-30 (Newman to Katherine). Likewise, portions of the Bruce Highway Program will not be completed until 2026-27 (Mackay Ring Road [Stage 2] and Cairns Southern Access Corridor) and parts of the Outback Way will not be upgraded until 2028-29.<sup>3</sup> The committee does not regard it as acceptable that many of these improvements will not be completed for many years and emphasises the necessity of expediting these works.

### Recommendation 7

**11.25 The committee recommends that the Australian Government work cooperatively with the states to expedite the completion of all announced road projects, including those in the 2019-20 and 2020-21 Federal Budgets.**

11.26 Road upgrades are critical for increasing road safety in Northern Australia.<sup>4</sup> The recently announced Road Safety Program, which has \$2 billion of federal funding, seeks a 'fast roll out of lifesaving road safety treatments on rural and regional roads and greater protection for vulnerable road users, like cyclists and pedestrians, in urban areas'.<sup>5</sup> Given the substantial road safety issues facing road users in Northern Australia, it is the committee's view that a portion of this program should be directly focused on improvements in Northern Australia.

### Recommendation 8

**11.27 The committee recommends that a portion of the funding from the next round of the Road Safety Program be committed to supporting projects that improve road safety in Northern Australia.**

## Water infrastructure

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<sup>3</sup> Department of Infrastructure, Transport, Regional Development and Communications' 'Responses to Senator Sterle's written questions' tabled during Estimates hearings on 22 March 2021.

<sup>4</sup> See Chamber of Minerals and Energy Western Australia, *Submission 37*, p. 2; and Regional Development Australia Townsville and North West Queensland, *Submission 47*, p. 2;

<sup>5</sup> Australian Government Office of Road Safety, Infrastructure Programs: Road Safety Program, <https://www.officeofroadsafety.gov.au/programs/infrastructure-programs> (accessed on 9 April 2021).

- 11.28 The committee notes that water and its proper management is critical to the growth of key northern industries like agriculture, aquaculture, mining, energy and tourism.
- 11.29 While submitters welcomed the existing initiatives to fund the development and improvement of water infrastructure in Northern Australia, including the establishment of a National Water Infrastructure Development Fund (NWIDF), many also acknowledged that further investment and research is required to support the development of water infrastructure.
- 11.30 The committee also heard calls for water infrastructure policy to acknowledge the value of water to other industries, and the importance of water security for remote and regional communities in Northern Australia. Evidence received indicated the precarious nature of basic water supply in many remote communities, especially for First Nations communities. To this end, there were calls for the NWIDF to expand its focus beyond economic priority areas related to agriculture.
- 11.31 Other submitters called for the NAIF to renew its focus on new investment for water infrastructure in the following areas:
- large scale off stream flood harvesting in existing fresh produce and agricultural production areas;
  - expansion of existing water storage and irrigation schemes; and
  - new dams and pipelines which are integrated into regional economies and social infrastructure.<sup>6</sup>
- 11.32 Other submitters suggested that the NAIF consider equity investments in new water infrastructure which supports economic and population growth in Northern Australia. The committee notes that the Statutory Review Report concluded 'on balance, it is worth Government considering lifting the prohibition on equity investment by the NAIF, on the basis that a diverse offering will ensure the NAIF is most effective, and able to respond to the impacts of the COVID-19 pandemic as they emerge.'<sup>7</sup>
- 11.33 The committee also received considerable evidence about the environmental, social and cultural heritage risks that would arise from the over allocation of water from the sensitive Northern Australia environment. In addition, it is noted that while harvesting water may produce economic gains for some industries (such as cotton and sugar) or project proponents, it may also pose risks to other industries or businesses (such as fisheries) if not done in a sustainable manner.

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<sup>6</sup> Australian Fresh Produce Alliance, *Submission 99*, p. 2.

<sup>7</sup> Department of Industry, Science, Energy and Resources, *Statutory Review of the Northern Australian Infrastructure Facility*, December, <https://www.industry.gov.au/sites/default/files/2020-12/statutory-review-of-the-naif-2020.pdf>, (accessed 26 March 2021), p. 9

**Recommendation 9**

11.34 The committee recommends that the Australian Government increase the research capacity of the National Water Infrastructure Development Fund and other water management agencies to improve decision-making regarding water policy.

**Recommendation 10**

11.35 The committee recommends that the Australian Government, in consultation with state and territory governments, consider expanding the remit of the National Water Infrastructure Development Fund beyond economic priority areas related to agriculture, including to areas including water security in towns, support of First Nations cultural heritage and a wider array of industries.

**Recommendation 11**

11.36 The committee recommends that the Australian Government update the Statement of Expectations for the Northern Australian Infrastructure Facility to ensure a renewed focus on investment in new water infrastructure.

**Recommendation 12**

11.37 The committee recommends that the Australian Government, in partnership with state and territory governments, seriously consider water supply options in Northern Australia that avoid adverse environmental, social and cultural heritage consequences and ensures that any new water harvesting that occurs in Northern Australia pays appropriate regard to those potential consequences.

**Recommendation 13**

11.38 The committee recommends that the Australian Government consider decreasing the review threshold for water infrastructure projects from \$250 million to \$100 million.

**Recommendation 14**

11.39 The committee recommends that the Australian Government, in partnership with state and territory governments, ensure the inclusion of First Nations' interests in water in jurisdictional planning and the management of water.

**Recommendation 15**

11.40 The committee recommends that the Australian Government, in partnership with state and territory governments, improve transparency of decision

**making when it comes to water infrastructure projects and publicly release assessments of projects against all National Water Initiative criteria.**

### **Social infrastructure: housing**

- 11.41 The committee notes the range of evidence received in relation to social infrastructure such as healthcare services, water and food security, education, housing, and employment, as it relates to the wellbeing and 'liveability' of northern communities.
- 11.42 The committee notes with concern the detrimental effects that a lack of social housing has, particularly on First Nations communities in terms of education, social and health outcomes. A number of witnesses observed that the lack of fit-for-purpose housing has reinforced intergenerational disadvantage.
- 11.43 Furthermore, the committee also heard evidence that the shortage of appropriate housing in northern communities is affecting the recruitment and retention of a skilled workforce.
- 11.44 It is the committee's view that housing is central to economic and social development. For communities located in regional and remote areas of Northern Australia, housing is a necessity in order to achieve improved education, social and health outcomes.
- 11.45 The committee notes the commitments various governments have made to date to address the housing shortage in Northern Australia. The committee also notes that government investment in building new houses, and refreshing existing housing stock could provide valuable employment opportunities for northern communities. However, the committee also notes that there continues to be funding shortfalls for First Nations housing.<sup>8</sup>

### **Recommendation 16**

- 11.46 The committee recommends that the Australian, State and Territory Governments increase investment in social housing in Northern Australia, in recognition of the lack of housing affordability in the region, its impact on social disadvantage and its effect on the recruitment and retention of skilled workers in the region.**

### **Recommendation 17**

- 11.47 The committee recommends that the Australian Government re-establish a National Partnership Agreement focused on remote First Nations housing and work with the jurisdictions to fund remote First Nations housing as a critical foundation for economic and social development in the North.**

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<sup>8</sup> See Ms Kerry Legge, Chief Executive Officer, Laynhapuy Homelands Aboriginal Corporation, *Committee Hansard*, Nhulunbuy, 7 November 2019, p. 3.

## **Social infrastructure: health care**

- 11.48 The committee considers that access to both primary and allied healthcare is critically important in considering the development of Northern Australia. To this end, the committee received a range of evidence in relation to the need for improved access to healthcare services across Northern Australia. The importance of preventative health care is paramount, as it creates improved health outcomes over the long- and medium-term.
- 11.49 The committee heard that there is an 'immediate need' for the building of allied health and service capacity in Northern Australia. The committee also received evidence regarding the challenges of providing mental health and preventive services across Northern Australia. The committee notes that there are a range of issues related to healthcare delivery in Northern Australia, including that it is often delivered on a fly-in-fly-out (FIFO) basis; a lack of coordination between government agencies; and a lack of First Nations health professionals.
- 11.50 Despite these challenges, the committee notes that the healthcare industry is a potential source of significant employment opportunities for northern communities. Nationally the health and social assistance sector is projected to be the greatest source of employment growth and demand over the next five years, continuing the trend of the past decade.<sup>9</sup>
- 11.51 The Cooperative Research Centre for Developing Northern Australia has recommended several identified solutions to improve health outcomes. It is the committee's view that these are practical and achievable recommendations, which the government ought to commit to.

## **Recommendation 18**

- 11.52 The committee recommends that the Australian Government implement the recommendations of the Cooperative Research Centre for Developing Northern Australia, which include:**
- **rural recruitment of rurally-based health professionals to assist with the retention of the local health workforce, particularly in medical "generalist" (and other health professional) roles.**
  - **investment in an Aboriginal and Torres Strait Islander health workforce to continue development strategies, including in innovative community roles and in leadership positions.**
  - **eHealth and telehealth training to ensure that health professionals in rural and remote areas can work to their full scope of practice in team-based models using tele-health.**

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<sup>9</sup> Services for Australian Rural and Remote Allied Health (SARRAH), *Submission 66*, pp. 3–4.

- **strengthening of comprehensive primary health care to improve health outcomes and contain health care costs.**
- **cross jurisdictional planning to establish a permanent cross-jurisdictional health service delivery and workforce network will enable shared strategic planning and implementation of new initiatives across the northern region and appropriately fund cross-jurisdictional systems.**
- **continuing to expand Aboriginal Community Controlled Health Service models of community governance.**
- **determining need and mechanisms to finance appropriate health service delivery models for rural and remote health service delivery.**<sup>10</sup>

11.53 Additionally, the Australian Government has previously conducted a number of reviews, including the National Rural Health Commissioner's 2020 Final Report and the 2020 Final Report from the Medicare Benefits Schedule (MBS) Review Taskforce. Both of these reports, which consider the matter of health in-depth, contain recommendations that the government ought to consider seriously as an utmost priority.

#### **Recommendation 19**

11.54 **The committee recommends that the Australian Government consider, with a view to implementing, the recommendations of the National Rural Health Commissioner's 2020 Final Report and recommendations from the Medicare Benefits Schedule Review Taskforce's 2020 Final Report as soon as practicable, with particular focus on recommendations relating to telehealth, preventative health care, and healthcare workforce development.**

#### **Social infrastructure: telecommunications**

11.55 The committee heard that there is a critical need for digital infrastructure to support connectivity in, and break down the remoteness of, Northern Australia. The committee is concerned that without improved telecommunications infrastructure, Northern Australians will be at a significant economic and social disadvantage.

11.56 The importance of telecommunication infrastructure in supporting cohesive and resilient communities in Northern Australia, particularly in the context of disaster preparedness and recovery was also highlighted. To this end, the committee heard that poor internet connectivity has an impact on students, and the provision of telehealth services. Submitters also observed that many areas in Northern Australia do not have mobile communication coverage, and are so-called 'black spots'. This has an impact on the safety, and economic development of northern communities. Given the particular dangers of black

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<sup>10</sup> See Cooperative Research Centre for Developing Northern Australia, *Submission 15*, Attachment 2, p. 36.

spots in Northern Australia, which can be very geographically disparate, it is the committee's view that this must be treated as an area of priority.

### **Recommendation 20**

**11.57 The committee recommends that the Australian Government develop a dedicated plan for improving digital connectivity and mobile 'black spots' in Northern Australia.**

11.58 Given the importance of all forms of social infrastructure—including housing, health and telecommunications, amongst others— to the wellbeing of residents of Northern Australia, it is the committee's view that improvements in these areas must be a key priority of governments at all levels. The focus of the current Northern Australia agenda is the region's economic development, which remains important. However, only with the development of appropriate, modernised social infrastructure will that economic development occur, along with broader social outcomes for those living in northern Australia. Only with a broader Northern Australia agenda will we begin to improve and accrue benefits for businesses, for the health and education sectors, and for individuals and families.<sup>11</sup> In order for the full economic potential of Northern Australia to be realised, there must be a basis of fit-for-purpose social infrastructure.

### **Investment opportunities and engagement with First Nations peoples**

11.59 The committee suggests that any assessment of the effectiveness of the Australian Government's Northern Australia agenda must examine the economic and social benefits which have arisen from investment in Northern Australia, particularly for First Nations people.

11.60 On this issue, the White Paper states that 'developing the north will need to be in full partnership with Indigenous Australians, with a focus on creating opportunities through education, job creation and economic development'.<sup>12</sup>

11.61 The committee highlighted in its interim report that it was particularly concerned to receive evidence from Aboriginal Corporations and First Nations entrepreneurs regarding the challenges they face in accessing funding through the NAIF. First Nations enterprise in Northern Australia is critically important to Closing the Gap, and the Australian Government should make every effort to facilitate the reduction in barriers which prevent such enterprise.

11.62 Similarly, the Statutory Review Report concluded that while 'the NAIF can drive positive outcomes for First Nations Australians by financing Indigenous-led projects, finance may be inaccessible for some Indigenous businesses due

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<sup>11</sup> See Regional Development Australia Townsville and North West Queensland, *Submission 47*, p. 3.

<sup>12</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, p. 4.

to the unique challenges they face.'<sup>13</sup> In light of this, the Statutory Review Report stated that NAIF 'could strengthen its collaboration and engagement with entities that have Indigenous outcomes as their core business'.<sup>14</sup>

11.63 The committee received evidence from a range of First Nations organisations which largely expressed disappointment with the implementation and outcomes of the White Paper to date. Witnesses told the committee that there has been limited contact and consultation with the NAIF and the Office of Northern Australia.

11.64 The Indigenous Reference Group to the Ministerial Forum on Northern Development (IRG) told the committee that First Nations enterprises in Northern Australia face both the same structural challenges as all businesses in Northern Australia, as well as those unique to the circumstances and history of Indigenous people. The IRG explained that these unique challenges include limited inter-generational wealth transfer, relatively limited capacity to engage in the workforce and to own, successfully operate and grow commercial enterprise'.<sup>15</sup>

11.65 The IRG recommended that both the Australian Government and state and territory governments 'elevate addressing the extensive and severe nature of Northern Australian Indigenous socioeconomic disadvantage through the facilitation of participation in the Northern Australian economy as a priority of the Northern Australia agenda'.<sup>16</sup>

11.66 The committee emphasises the importance of on-country work opportunities for First Nations communities, including on-country ranger programs and cultural tourism. The committee heard that support for land and sea management has been highly successful in building long term social and economic development for remote families and communities. Moreover, establishing active local First Nations land management organisations provides a broad spectrum of benefits for individuals and their communities.

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<sup>13</sup> Department of Industry, Science, Energy and Resources, *Statutory Review of the Northern Australia Infrastructure Facility*, <https://www.industry.gov.au/sites/default/files/2020-12/statutory-review-of-the-naif-2020.pdf>, (accessed 26 March 2021), p. 8.

<sup>14</sup> Department of Industry, Science, Energy and Resources, *Statutory Review of the Northern Australia Infrastructure Facility*, 2020, p. 8.

<sup>15</sup> Indigenous Reference Group to the Ministerial Forum on Northern Development (IRG), *Submission 92*, p. 8.

<sup>16</sup> IRG, *Submission 92*, p. 8.

### **Recommendation 21**

**11.67** The committee recommends that the Australian Government allocate a proportion of Northern Australian Infrastructure Facility funds specifically for First Nations controlled projects.

### **Recommendation 22**

**11.68** The committee recommends that the Australian Government explore and develop business strategies for supporting and facilitating investment opportunities for First Nations projects, with a view to optimising First Nations economic development across Northern Australia, by:

- establishing and funding an independent Indigenous Business Incubator;
- ensuring that there is adequate provision of mentoring, business development and feasibility studies to support emerging First Nations businesses; and
- reviewing the carbon industry model to ensure that benefits from the industry remain in Northern Australia and accrue to First Nations people where their land is providing carbon sequestration and emission abatement services.

### **Recommendation 23**

**11.69** The committee recommends that the Australian Government, in consultation with the Indigenous Land and Sea Corporation and Indigenous Business Australia, expand its investment in on-country work opportunities for First Nations communities, including on-country ranger programs, media, arts, and cultural tourism.

### **Recommendation 24**

**11.70** The committee recommends that the Australian Government elevate addressing the extensive and severe nature of Northern Australia's First Nations people's socioeconomic disadvantage through the facilitation of participation in the Northern Australian economy as a priority of the Northern Australia agenda.

## **Employment and education**

**11.71** Throughout the inquiry, the committee received evidence regarding the need for an appropriately skilled workforce in Northern Australia. Similarly, the White Paper noted that Northern Australia is hampered by high unemployment, localised worker shortages and high wage costs which deter investment. Retaining workers and better matching their skills will drive future growth in the north.<sup>17</sup>

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<sup>17</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 102.

- 11.72 The committee acknowledges that the Australian Government and state and territory governments have implemented a number of strategies intended to develop a sustainable and appropriately skilled workforce and support a diversified economy in Northern Australia. Nevertheless, the committee notes that there is a growing body of research which indicates that regional areas of Australia, including across Northern Australia, do not achieve the same educational outcomes and attainment as metropolitan areas of Australia.
- 11.73 The committee received evidence in relation to difficulties sourcing labour in Northern Australia, and the support for skilled and temporary migration programs to address labour shortages.
- 11.74 The committee notes the evidence that the COVID-19 pandemic and the associated closure of borders has had on migration programs and how this is exacerbating and may continue to exacerbate future labour shortages in Northern Australia. Indeed, the COVID-19 pandemic has revealed the extent to which various industries in Northern Australia are reliant on temporary overseas labour to meet their workforce needs, especially for seasonal work. This matter has been considered by the Joint Standing Committee on Migration and the committee notes the Australian Government has not yet acted on the recommendations of that committee, in relation to the Working Holiday Maker program.
- 11.75 The committee also notes a range of submitters provided evidence regarding the use of FIFO workforces in Northern Australia and the effects of this type of workforce on northern communities with many noting that FIFO jobs in Northern Australia result in less money being spent locally.
- 11.76 A number of submitters highlighted the urgent need for employment opportunities particularly for the large number of well-educated young people residing in northern communities. While others noted the difficulty experienced in retaining and attracting an appropriately skilled workforce despite significantly high unemployment rates. The committee considers it to be a perverse outcome for many pockets of Northern Australia to experience high unemployment and youth unemployment at the same time as they experience skill shortages.
- 11.77 A range of submitters highlighted that the development of an appropriately skilled workforce requires a greater focus on education pathways, beginning with access to early childhood education and care; infrastructure that supports students to stay and succeed in school; pathways to training, employment and career opportunities; and partnerships with education providers.
- 11.78 Submitters made a range of suggestions regarding the types of education and training which should be facilitated in Northern Australia to best develop an appropriately skilled workforce. These suggestions included, a renewed focus on vocational education and training (VET) learning and skills shortages in a

range of sectors including professional services, mining industries, and health care.<sup>18</sup> To this end, a number of submitters, called for the restoration of funding for apprenticeships, traineeships, and the technical and further education (TAFE) system. Submitters also made clear that universities in Northern Australia have suffered very large decreases in revenue during the COVID-19 pandemic, especially as a result of the loss of international students. In the absence of government assistance, many universities in Northern Australia were forced to sack staff and close campuses.

### **Recommendation 25**

**11.79 The committee recommends that the Australian Government take urgent steps to meet the education and skills needs of Northern Australia, including by:**

- **addressing the severe shortage of early childhood, primary and secondary education and care places in Northern Australia;**
- **addressing the severe shortage of teachers and other educators in Northern Australia by working with state and territory governments to recruit locals and better encourage these workers to move to the region; and**
- **providing additional support for apprenticeships, traineeships, vocational education and training, and tertiary institutions operating in Northern Australia to help them recover from the impact of COVID-19 and provide greater opportunities to study and train in regional communities.**

### **Recommendation 26**

**11.80 The committee recommends that the Australian Government urgently prepare a post-COVID workforce strategy for Northern Australia that identifies mechanisms to access essential overseas labour, including from Pacific nations, on a sustainable basis, with proper protection from exploitation and wage theft, that preserves the integrity of Australia's migration system.**

### **A broader northern economy**

**11.81 The White Paper identified that 'more investment is needed in the north to diversify the economy as the investment phase of the mining boom transitions to its production phase'. As such, the White Paper stated:**

The Commonwealth Government anticipates that five industries have bright growth prospects in the north: food and agribusiness; resources

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<sup>18</sup> Ms Patricia O'Callaghan, Chief Executive Officer, Townsville Enterprise Limited, *Committee Hansard*, Townsville, 9 October 2019, p. 4.

and energy; tourism and hospitality; international education; and healthcare, medical research and aged care.<sup>19</sup>

- 11.82 However, the vast majority of the White Paper's proposed actions related to two industries, namely resources and agribusiness. These two industries have been, and will remain, core contributors to jobs and economic development in Northern Australia. However, to deliver on the north's full economic potential, effort is also required to value add to the region's traditional industries and expand emerging industries.
- 11.83 To this end, the committee notes that a number of witnesses identified industries which were not referenced or prioritised in the White Paper, but may offer valuable opportunities across Northern Australia. These industries include the renewable energy sector. The committee heard a range of evidence about the potential for renewable energy to ameliorate future energy problems and create jobs in Northern Australia.
- 11.84 As noted in the committee's interim report, whilst the NAIF may have been originally intended to fund large-scale, nation-building infrastructure projects, submitters presented evidence that Northern Australia is a unique environment and that small and medium enterprise businesses, Aboriginal Corporations, and innovative projects are also critical for the development of the region.

## **Insurance**

- 11.85 As noted earlier, over the last decade a number of inquiries have examined the issue of insurance affordability and availability in Northern Australia. In particular, the committee notes the Northern Australia Insurance Premiums Taskforce that was established under the White Paper; the recent inquiries undertaken by the Australian Competition and Consumer Commission (ACCC) in relation to the supply of home, contents and strata insurance in Northern Australia; and the release of its reports in December 2018, December 2019 and December 2020.<sup>20</sup>
- 11.86 Despite all of these inquiries and all of their recommendations, little has been done to address the high cost and lack of access to insurance in Northern Australia, relative to the rest of the country.
- 11.87 The committee notes that in December 2018, the ACCC urged governments to take quick action on the 15 recommendations contained in its first report. As yet, none have been delivered.

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<sup>19</sup> *Our North, Our Future: White Paper on Developing Northern Australia*, 2015, p. 56.

<sup>20</sup> ACCC, *Northern Australian insurance inquiry*, <https://www.accc.gov.au/focus-areas/inquiries-finalised/northern-australia-insurance-inquiry>, (accessed 15 March 2021).

11.88 Similarly in December 2019, the ACCC urged governments to act quickly on the 28 recommendations contained in its second report. At this time the ACCC noted that 'the Australian Government is still considering its response to the first 15 recommendations contained in the First Interim Report'.<sup>21</sup> At the time of writing, the Australian Government was yet to respond to the recommendations contained in the first and second ACCC insurance inquiry reports.

11.89 The ACCC's final report released in December 2020, contained 38 recommendations and found that:

- home and contents insurance premiums are considerably higher, and have risen faster, in Northern Australia;<sup>22</sup>
- insurers are using more granular data and sophisticated pricing techniques, which is exacerbating affordability problems for some consumers;<sup>23</sup>
- higher and more volatile claims costs have led to poor profitability in Northern Australia;<sup>24</sup>
- unusual market dynamics are leading to soft competition;<sup>25</sup>
- high premiums are leading to a rise in the number of uninsured homes but there is little help available for customers experiencing payment difficulties;<sup>26</sup>
- while shopping around can help consumers find lower premiums, understanding and comparing policies is harder than it should be;<sup>27</sup> and
- reforms to land use planning and building standards can help reduce risks and costs in the longer term.<sup>28</sup>

11.90 The committee is concerned about the Australian Government's inaction on the issue of affordable and available insurance and the devastating impact this is having on individuals, households, businesses and the development of Northern Australia. This probably is likely to get worse, with climate change predicted to increase the severity of natural disasters in Northern Australia in the years ahead.

11.91 This inaction is also reflected in the Australian Government's support for disaster mitigation. The committee received a range of evidence to illustrate

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<sup>21</sup> ACCC, *Northern Australia Insurance Inquiry, Second Update Report*, 2019, p. 1

<sup>22</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. vii-ix.

<sup>23</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. ix-x.

<sup>24</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. x.

<sup>25</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. xi.

<sup>26</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. xii – xiii.

<sup>27</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. xiii – xiv.

<sup>28</sup> ACCC, *Northern Australia Insurance Inquiry: Final Report*, November 2020, pp. xiv – xv.

how investment in mitigation could reduce both the social and economic costs, of natural disasters and reduce or stabilise insurance premiums. To this end, the Insurance Council of Australia advised the committee that it had provided a priority list of mitigation projects to the Australian Government, which could reduce insurance premiums across the country.<sup>29</sup> At the time of writing, none of these projects have been funded. In addition, the Australian Government's two year old, \$4 billion Emergency Response Fund, which allows for an annual allocation of up to \$200 million for disaster recovery and mitigation, has not yet been used.

11.92 The committee also notes that a number of submitters called for the expansion of the remit of the NAIF to include mitigation infrastructure and the funding of schemes such as the Queensland Government's Household Resilience Program (HRP).

11.93 A range of submitters highlighted the benefits of the HRP, including a reduction in insurance premiums and increased resilience for properties. It was suggested to the committee that government sponsored mitigation schemes have been successful internationally and a similar model to the HRP should be considered for Northern Australia, either through the provision of grants or a loan scheme via the NAIF.<sup>30</sup>

#### **Recommendation 27**

**11.94 The committee recommends that the Australian Government prioritise its response and consideration of the recommendations contained in the Australian Competition and Consumer Commission's December 2020 inquiry into insurance in Northern Australia.**

#### **Recommendation 28**

**11.95 The committee recommends that the Australian Government consider broadening the Northern Australian Infrastructure Facility's mandate criteria to allow for the funding of mitigation projects and schemes in Northern Australia.**

#### **Recommendation 29**

**11.96 The committee recommends that the Australian Government increase investment in disaster mitigation in Northern Australia, and research to improve mitigation options. This may include delivering funding committed through the Emergency Response Fund, and greater investment in household resilience programs.**

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<sup>29</sup> Mr Andrew Hall, Chief Executive Officer, Insurance Council of Australia, *Committee Hansard*, 12 March 2021, Townsville, p. 24.

<sup>30</sup> Suncorp, *Submission 43*, p. 3.

## Environment

- 11.97 Northern Australia contains invaluable environmental resources that are of enormous cultural significance. It is imperative that the region's ecosystems are maintained for not only environmental, social and cultural reasons, but also economic: the agriculture and tourism industries are foundational to the Northern Australian economy. Without them, the economic development of Northern Australia could not be achieved.
- 11.98 We are only just starting to unlock the potential of Northern Australia. If appropriate investment was made in developing facilities at Kakadu National Park, the region could potentially see the same benefits that have been brought to the Wet Tropics of Queensland World Heritage Area, which brought in \$5.2 billion annually to its regional economy pre-COVID-19.<sup>31</sup>
- 11.99 However, Northern Australia risks losing this critical economic resource. Should the impacts of climate change further impact these unique natural sites, the agriculture and the tourism industries will never reach their full potential across Northern Australia more broadly.
- 11.100 Indeed, Northern Australia—with its volatile seasonal flooding and susceptibility to other natural disasters—is at particular risk of suffering extreme consequences due to climate change. Should the climate continue to worsen and the rate of natural disasters in the region increase, insurance for individuals, businesses and local governments will become even more unaffordable than it currently is (see chapter 9 for more detail on this matter).
- 11.101 In order to safeguard Northern Australia's sensitive ecosystems and the tourism, agricultural and aquaculture industries, which are dependent on environmental health, it is the committee's view that that Australian Government ought to consider climate change as an integral part of its Northern Australia agenda. This is essential in order to mitigate the potentially devastating impacts of climate change on the Northern Australian people, environment, and economy.

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<sup>31</sup> Wet Tropics Management Authority, *Submission 16*, p. 1.



## Coalition Senators' additional comments

- 1.1 Firstly, we wish to very sincerely thank the many witnesses who provided evidence to the inquiry in good faith. We appreciate the time and effort taken to contribute to the inquiry and value the participation of each witness. The impact of COVID-19 on the inquiry's hearing process has been substantial. While the committee endeavoured to hold hearings across Northern Australia as much as possible, the complications of border closures meant that this was not always possible. We acknowledge the work of the Secretariat in navigating these complications to ensure that the work of the committee could continue and that, most importantly, witnesses were able to provide their valuable insights via phone/video-conferencing when in-person participation was not possible.
- 1.2 The Coalition Senators, comprising Senator Susan McDonald and Senator Dean Smith, have prepared these additional comments for the purpose of best serving the terms of reference of the inquiry. The recommendations in this report are incomplete and not properly reflective of the work tasked to the Committee by the Senate. The scope of this committee was very broad, as is required when considering the complex task of developing a region like Northern Australia, yet the final report is quite narrow in scope. Time constraints at the end of the committee process have also made it difficult for us to provide full and exhaustive recommendations within these additional comments. The Chair provided less than one business day for the report to be reviewed and for additional comments or amendments to be submitted. This has been detrimental to the quality of the recommendations.
- 1.3 This Select Committee provided an opportunity to very genuinely investigate the effectiveness of the Government's Northern Australia agenda and to propose ways in which the development of this area could be expedited or improved. The Coalition Senators hoped to have more recommendations regarding the reduction of existing barriers to investment and ways to better attract private investment. Unfortunately, many of the recommendations focus on issues that are not within the jurisdiction of the Federal Government, that would be best considered in other more targeted forums (which already exist) or that cannot be supported for another reason. However, in an effort to be constructive the Coalition Senators have decided to note the recommendations they can support as detailed below:

### **Recommendation 3**

11.14 The committee recommends that the Australian Government facilitate strategic planning between all levels of government and other stakeholders, with a view to derisking the investment environment in Northern Australia.

**Recommendation 4**

11.15 The committee recommends that the Australian Government empower the Northern Australia Infrastructure Facility to open information sharing dialogues with commercial financiers, to improve investor confidence by allowing for region specific knowledge, experiences and learnings to be used to improve their understanding of investment risk and potential mitigants in Northern Australia.

**Recommendation 5**

11.19 The committee recommends that the Australian Government, in consultation with the state and territory governments, develop and publish a timetable for the construction and maintenance of identified key freight routes.

**Recommendation 6**

11.21 The committee recommends that the Australian Government, in partnership with the state and territory governments, outline a long-term strategy of road and rail funding for Northern Australia, with a view to creating a comprehensive and fit-for-purpose road and rail network.

**Recommendation 7**

11.24 The committee recommends that the Australian Government work cooperatively with the states to expedite the completion of all announced road projects, including those in the 2019-20 and 2020-21 Federal Budgets.

**Recommendation 8**

11.26 The committee recommends that a portion of the funding from the next round of the Road Safety Program be committed to supporting projects that improve road safety in Northern Australia.

**Recommendation 18**

11.51 The committee recommends that the Australian Government implement the recommendations of the Cooperative Research Centre for Developing Northern Australia, which include:

- rural recruitment of rurally-based health professionals to assist with the retention of the local health workforce, particularly in medical "generalist" (and other health professional) roles.
- investment in an Aboriginal and Torres Strait Islander health workforce to continue development strategies, including in innovative community roles and in leadership positions.
- eHealth and telehealth training to ensure that health professionals in rural and remote areas can work to their full scope of practice in team-based models using tele-health.
- strengthening of comprehensive primary health care to improve health outcomes and contain health care costs.
- cross jurisdictional planning to establish a permanent cross-jurisdictional health service delivery and workforce network will enable shared strategic planning and implementation of new initiatives across the northern region and appropriately fund cross-jurisdictional systems.

- continuing to expand Aboriginal Community Controlled Health Service models of community governance.
- determining need and mechanisms to finance appropriate health service delivery models for rural and remote health service delivery.

**Recommendation 19**

11.53 The committee recommends that the Australian Government consider, with a view to implementing, the recommendations of the National Rural Health Commissioner's 2020 Final Report and recommendations from the Medicare Benefits Schedule Review Taskforce's 2020 Final Report as soon as practicable, with particular focus on recommendations relating to telehealth, preventative health care, and healthcare workforce development.

**Recommendation 20**

11.56 The committee recommends that the Australian Government develop a dedicated plan for improving digital connectivity and mobile 'black spots' in Northern Australia.

**Recommendation 25**

11.78 The committee recommends that the Australian Government take urgent steps to meet the education and skills needs of Northern Australia, including by:

- addressing the severe shortage of early childhood, primary and secondary education and care places in Northern Australia;
- addressing the severe shortage of teachers and other educators in Northern Australia by working with state and territory governments to recruit locals and better encourage these workers to move to the region; and
- providing additional support for apprenticeships, traineeships, VET and tertiary institutions operating in Northern Australia to help them recover from the impact of COVID-19 and provide greater opportunities to study and train in regional communities.

**Recommendation 26**

11.79 The committee recommends that the Australian Government urgently prepare a post-COVID workforce strategy for Northern Australia that identifies mechanisms to access essential overseas labour, including from Pacific nations, on a sustainable basis, with proper protection from exploitation and wage theft, that preserves the integrity of Australia's migration system.

**Recommendation 27**

11.93 The committee recommends that the Australian Government prioritise its response and consideration of the recommendations contained in the Australian Competition and Consumer Commission's December 2020 inquiry into insurance in Northern Australia.

**Recommendation 29**

11.95 The committee recommends that the Australian Government increase investment in disaster mitigation in Northern Australia, and

research to improve mitigation options. This may include delivering funding committed through the Emergency Response Fund, and greater investment in household resilience programs.

- 1.4 Other recommendations that are not abovementioned cannot be supported by the Coalition Senators in full in their current form. We have decided to "partly disagree" with these recommendations. We believe it is unhelpful to provide commentary on each recommendation as they can largely be grouped into broader themes. Commentary is provided below in reference to each of these.

### **Broad themes within recommendations that cannot be supported**

#### *Refresh of agenda*

- 1.5 We are broadly supportive of the idea of refreshing the Northern Australia agenda. It is possible that a combination of COVID-19 impacts, the time since its original design and the progress that has been made since, means that there is value in reviewing and updating the agenda. However, we believe that a potential refresh must primarily focus on economic development. The creation of jobs and economic opportunity is what will drive growth and development in Northern Australia. Having a strong and sustainable economy is the only way that the lives and disadvantage of Northern Australian citizens can be permanently improved.

#### *Social impact*

- 1.6 Many of the recommendations focussed on social impacts disregard the all-inclusive intent of Northern development. The development of Northern Australia is about addressing the geographic and economic disadvantage which is felt to some degree by all who live and work there. There are already existing programs and organisation that are able to support Indigenous Australians in a much more direct and helpful way.
- 1.7 Within the terms of reference, social benefit is mentioned as "arising" from investment in infrastructure and economic development. While housing affordability and availability is an important issue, we should not be confusing the symptom and the cause. Investing in economy-stimulating infrastructure and development will lead to an environment in which Northern Australia has an efficient construction industry and supply chain that will ensure housing availability and affordability. This will enable residents to build the houses they want and provide them with the same economic freedom that other Australians enjoy. Merely building houses or subsidising the construction industry is a short-term solution that will not create permanent, sustainable housing in Northern Australia.

#### *Water*

- 1.8 A number of recommendations focussed on water yet failed to acknowledge areas where the Federal Government has little authority, such as urban water. Another key omission is that water infrastructure is of no value in terms of economic development unless water allocations are made available. This is also a state government responsibility and buy-in from relevant governments is a critical part of ensuring project success.
- 1.9 In the 2020-21 Budget, the Australian Government announced an additional \$2 billion in funding under the National Water Infrastructure Development Fund, bringing the total commitment through the Fund to \$3.5 billion. This additional investment supports the Government's commitment to a rolling ten-year water infrastructure investment program.
- 1.10 The Government has already committed more than \$1.5 billion to co fund the construction of more than 20 water infrastructure projects with a total construction value of more than \$2.7 billion. The Government is also working with States and Territories to develop a forward pipeline of projects for investment through the remaining \$1.8 billion in the Fund. Our investments in these projects will provide water into the future and unlock the economic potential for new and expanded industries in Northern Australia.

### *NAIF*

- 1.11 To date the NAIF has committed \$2.8 billion in loans, well over half of its funds, which will support close to 8,000 jobs. Despite this success the Federal Government acknowledged that the NAIF could still be more agile and flexible. To address this and expedite new job and economic opportunities throughout the North the below reforms have been announced:
  - Streamlining the approval process for the NAIF.
  - Increasing the NAIF's risk appetite to back more job creating projects.
  - Collaborating with lending institutions to support smaller projects (\$1m-\$10m).
  - Permitting NAIF to take non-controlling investment equity positions in projects, with an overall investment cap on equity of \$500 million (10 per cent of NAIF's total \$5 billion investment fund).
  - Broaden even further the instruments available to NAIF to include new debt tools like bank guarantees.
  - The definition of public benefit to be simplified and expanded to include factors such as jobs, regional income, and opportunities for local suppliers (including Indigenous).
  - Adjusting the NAIF board to ensure it has the right mix of skills and capabilities; including Indigenous development; and
  - Appointing a Commonwealth representative to the NAIF Board to strengthen the NAIF's strategic direction.

- 1.12 We acknowledge that some of these reforms come after an extensive period of consultation related to Australian Government's Statutory Review which contained 28 recommendations. NAIF's mandate was recently extended to 30 June 2026 by Minister Keith Pitt.
- 1.13 Many of the recommendations related to NAIF have been superseded by the announced reforms. We also note that the purpose of the NAIF is to fill a market gap in terms of access to capital in Northern Australia and that other important objectives, such as mitigation are better funded through different initiatives.

### **Additional comments on other issues**

- 1.14 While travelling extensively throughout Northern Australia we speak with many current and prospective businesspeople. The below issues have been included to highlight their importance as some of the most significant issues which are raised consistently by industry. Evidence regarding these issues was also raised throughout the inquiry.

#### *Insurance*

- 1.15 Insurance has become the single largest barrier to investment for many businesses in Northern Australia. Average residential insurance premiums within the region are nearly double the rest of country and are also continuing to increase at a faster rate than the rest of the country. Commercial insurance premiums are also increasing rapidly with some customers being quoted double-digit increases year-on-year.
- 1.16 The cost of insurance has become so great that many business, individuals and councils are now uninsured or underinsured. Not only is this creating economic and social consequences for local residents, but it is also acting a disincentive for skilled works to move to the region.
- 1.17 The Australian Government is reviewing the ACCC's Northern Australian Insurance Inquiry report. Recommendations from the report are currently being considered. The Coalition Senators are also highly supportive of other additional measures that the Australian Government believes could help to solve the insurance crisis in Northern Australia.

#### *Access to capital*

- 1.18 An apparent reluctance by commercial financiers to fund projects and businesses in Northern Australia is deeply concerning. It is believed that commercially-viable proposals are being dismissed or quickly rejected due to a lack of understanding within the investment community in regards to the actual risks present within Northern Australia. Proposed NAIF reforms that will allow for closer partnerships with lenders (and the recommendation to open information-sharing dialogues with them) should help to reset the overly cautious bias against Northern Australia that currently exist.

*Tenure and land usage*

- 1.19 Raised consistently, land tenure and usage of land are issues seriously impacting investor confidence in the region. The complications of having a number of different approval processes at different levels of government for the development and use of land is something that needs to be addressed.
- 1.20 In closing, we would like to highlight the substantial opportunity that is present within Northern Australia. The vast economic benefit that will be realised across the country by developing the North is something that all Australians should be excited about. While we are extremely optimistic about the future of Northern Australia, the development of this region is going to require large investments of capital, labour and other resources by all levels of government and industry. The development of a thriving Northern Australian economy will be one of the greatest economic feats in Australian history and the size of this task should not be underestimated. Success in this endeavour will further strengthen the nation's economy and help to provide prosperity for all Australians.



## Australian Greens' additional comments

- 1.1 Northern Australia is a region with unique landscapes and ecosystems, a diverse economy, and is largely owned and managed by First Nations peoples. Supporting communities across Northern Australia is an important role of Government. The outstanding natural, cultural and heritage values of the North are almost without parallel across the world. Its diverse landscapes include tropical rainforests, wetlands and mangroves, grasslands and desert. Many of these landscapes are globally significant and support rich biodiversity, with plant and animal species found nowhere else. The north is home to seven World Heritage Sites with outstanding natural and scientific values: the Great Barrier Reef, the Wet Tropics of Queensland, Kakadu National Park, Uluru-Kata Tjuta National Park, Ningaloo Coast, Purnululu National Park and the Riversleigh Australian Fossil Mammal Site. These areas are under huge risk from climate change and inappropriate development.
- 1.2 The Greens support 'undertaking a serious examination of, and response to, the risks posed by climate change to the region; and greater engagement with local communities, especially First Nations communities' outlined in Recommendation 1 but we need to be doing more than this. Australia needs to be taking more urgent and immediate action to address climate change and reduce our emissions to net zero by 2035.
- 1.3 The Australian Greens are supportive of investments in appropriate infrastructure, safer communities, improved health, education, social services and employment. However, investments need to be carefully assessed to ensure long term sustainability. Development must be targeted towards the needs and priorities of local communities. It should also take full account of environmental impacts, including climate change.
- 1.4 The Australian Greens believe that Australia's freshwater resources are coming under increasing pressure as a result of growing human demands, environmental degradation and the climate crisis.
- 1.5 It is important that investment in infrastructure not be used to fund environmentally damaging, unsustainable dams. As the Northern Australia Land and Water Taskforce noted in their final report, contrary to popular belief, water resources in the north are neither unlimited, nor wasted.<sup>1</sup>
- 1.6 The Australian Greens remain opposed to any new dams—either publicly or privately funded being constructed. Investing in water efficiency mechanisms and projects is essential and must be prioritised and considered ahead of other projects or measures.

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<sup>1</sup> Northern Australia Land and Water Taskforce, *Final Report*, December 2009, p. iii. 32.

- 1.7 The Australian Greens do not support Government subsidies to environmentally unsustainable dams, which can damage Northern Australia's river systems, environmental resources and First Nations cultural and heritage.

# Senator Malcolm Roberts' dissenting report

- 1.1 The wealth of information from stakeholders across the north that our inquiry drew out and assembled is valuable for its comprehensiveness in breadth and detail, and for the fact that in my view it confirms the key challenge holding back the development of northern Australia: poor governance in federal and state governments.
- 1.2 In my view poor state and federal governance is the core challenge that must be addressed for development of the northern half of our nation, being 45 per cent of Australia's area.
- 1.3 Firstly, my acknowledgment of, and thanks to, the secretariat for its support, diligence, and perseverance in serving our inquiry. The secretariat faced a difficult task logistically across northern Australia, made so much more challenging with various governments' COVID-19 restrictions.
- 1.4 The secretariat's work in inviting suggestions for visits and for witnesses and the secretariat's diligence in organising these ensured the committee's success in being able to listen to and question so many excellent people in the north.
- 1.5 Secondly, I acknowledge and thank Senator Watt for his chairing of our inquiry and Senator MacDonald for her work as Deputy Chair. Cooperation and teamwork were strong among all members of the committee and I appreciate the Chair and Deputy Chair for their ability to work together and to consider others' views and suggestions.
- 1.6 Although politics and partisanship taint some senate inquiries and while politics always plays a part, it is pleasing that in the information gathering, tours and hearings this committee was not unduly political.
- 1.7 Thirdly, I recently visited the Shire councils in the Mt Isa corridor being Mt Isa, Cloncurry, McKinlay, Richmond and Flinders to listen to their needs and challenges and to learn of the opportunities each sees. All impressed with their dedication, knowledge, and commitment. To varying extents, all are rightly frustrated with state and federal governance.
- 1.8 Fourthly, once unlocked northern Australia's potential is a huge opportunity for generating enormous wealth for our entire nation. The people with viable dreams including well planned projects ready to start are truly inspiring yet these people and their talents and resources are being suffocated under a morass of bureaucracies and politics around national political agenda.
- 1.9 That leads to what is, in my view, the root cause holding back and restricting northern Australia: decades of poor governance in state and particularly federal governments leading to misinformed decisions and a lack of genuine government support.

- 1.10 One disappointment is the fact that due to various circumstances the compilation of our inquiry's report was rushed and the Chair's report therefore not part of a process that involved debate and discussion of the material and the facts. While the inquiry report fairly presents a representative sampling of the wealth of diverse input from stakeholders across northern Australia, the Chair's report itself is, in my view, subjective and contains important recommendations that contradict data or are not reliant on solid data. It is for this reason that my report that was initially intended to be Additional Comments is instead a Dissenting Report.
- 1.11 Ironically, in some ways the inquiry's rushed writing of the report with limited discussion among committee members reflects what I see as the major challenge that needs to be addressed before the north can develop, being poor governance in federal and state governments and political parties.
- 1.12 Together with the remarkably different climate of northern Australia with its wet and dry seasons, the fact that our north contains just five per cent of our national population reflects serious yet surmountable challenges to the north's development and to its people.
- 1.13 The major challenges to be addressed in developing northern Australia are clearly:
- Electricity – price, availability, reliability of supply, stability, and security of supply.
  - Water – availability, reliability of supply, price;
  - Land tenure;
  - The opportunity for aboriginals to rightly share in the north's development and wealth;
  - Economic environment including productive capacity, being in part infrastructure with priorities on water, transport and communication infrastructure;
  - Government meddling and bureaucratic ignorance, red tape, green tape, blue tape;
  - High cost of living due in places to remoteness or diseconomies of scale (low population) or lack of competition from providers of services and goods to the people of the north;
  - Housing;
  - Investment funds;
  - Insurance;
  - Tax;
  - Governance and particularly the coordination of local, state and federal government agencies and their astounding and confusing multiplicity, intricacy and duplication.

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- 1.14 It is important to note and understand from this list that much of the north is starting from a low base in terms of fundamental services, education, access to advisers, housing, jobs and infrastructure.
  - 1.15 These challenges lead to social challenges in housing, unemployment, health, mental health and services as well as restrictions on the north's productive capacity. The above list constitutes the key factors that need to be addressed comprehensively, holistically and responsibly.
  - 1.16 In the north these issues are clear. Sadly, while these topics have in the past been well covered and taken for granted in the south, poor governance in recent decades is destroying the southern base and creating many of these as issues in the rest of Australia. At a time when we need as a nation to solve these issues for the north, we are creating them in the south.
  - 1.17 Specifically, I refer to the destruction of our electricity supply in the form of absurdly and artificially high prices with the federal Energy Minister himself now admitting that he is concerned about prices, reliability and implicitly stability.
  - 1.18 Another example of poor governance in the south is the Murray Darling Basin Authority's needless and highly detrimental choking of water supplies meant for irrigation for food production. I refer to the stealing of farmers' rights to use their land. I refer to the severe and increasing restrictions from needless/unfounded and unjustified rules and regulations including significant impediments from unelected, unaccountable internationalist bureaucrats that compliant and ignorant state and Australian governments allow to impose their will on our nation. I refer to the destruction of our nation's productive capacity and specifically the inability or unwillingness of state and federal governments to provide the capital investments that history shows only governments can provide in the form of assets needed to create an economic environment for investment and employment. I refer to a tax system that is arguably the most destructive system in our country or possibly the second most destructive system after the federal parliament and associated bureaucracy.
  - 1.19 The factors that need to be addressed to enable development of the north are the same factors that have been under siege in the south since 1975 and particularly since 1996 that are eroding our nation's productive capacity, economic sovereignty and national governance.
  - 1.20 Sadly, many people in federal politics peering myopically within the confines of the electoral cycle and lacking the courage, integrity and ability to communicate a vision. People looking through the blinkers of limited experience outside politics or through the prism of self-interest or political parties are yet to feel the deterioration already choking Australian families and employers.

- 1.21 Additionally, the high and at times prohibitive cost of insurance is killing investment and making living difficult for inhabitants of the north or unattractive for newcomers.
- 1.22 The absurdly huge and rapidly growing debt in Queensland and in the Northern Territory are products of failed governance and render these governments incapable of providing the necessary sound governance.

### **Electricity**

- 1.23 The vast area of the north and sparse population spread across vast distances means that electricity supplies are expensive and often unreliable. Worse, the unfounded political whim of shifting to unreliaables – wind and solar – is worsening all aspects of the north's electricity supply.
- 1.24 Although I believe private investors should not control essential services such as electricity, water and roads the CopperString project needs to proceed immediately. It will provide power for maintaining and expanding employment in northwest Queensland – either in the hands of well-regulated private investors or the state government.
- 1.25 This applies across the north.
- 1.26 The policies of the federal government and opposition are aligned in that both now approve of continued exports of coal from northern Australian coalfields in Queensland's Bowen Basin, yet both oppose the use of our coal to generate affordable electricity in Australia. With electricity today the greatest cost for manufacturers, our international competitors are at a significant economic advantage. Yet as both parties espouse empty slogans in support of Australian manufacturing, their policies and actions kill manufacturing and export manufacturing jobs overseas.

### **Water**

- 1.27 Water is like gold in agriculture in that it can change low productivity land with rich or suitable soils into high productivity bonanzas that bring wealth to entire regions, states and nations. There are projects ready to proceed and I initially single out the Richmond Agricultural Project, RAP, that awaits only one thing, being the state government allocating water allocations to landowners. This project has minimal environmental impact and would be strongly positive for the environment in the Flinders catchment because of the wealth it will generate to the region. It will have no impact on the Gulf of Carpentaria fishing industry and environment. It is duplicable and thus after proving the RAP could be extended downstream. There is no downside in any aspect and only upside – huge upside.
- 1.28 Although not as advanced or apparently as detailed in planning, Flinders Shire is host to two irrigation projects of considerable potential and deserving of support including the council's project and the Hughenden Irrigation Project.

- 1.29 This applies in other areas in the north.
- 1.30 The provision of reliable water leads to higher population and greater services including health and housing. Water is abundant in the north yet is poorly managed and even ignored. It is a key to unlocking the north for the benefit of all people.
- 1.31 Significant privately owned initiatives are already underway, for example at Etta Plains north of Julia Creek township and among established graziers in the McKinlay Shire. Mt Isa City and Cloncurry Shire have substantial concepts for unlocking water from the land and from the state bureaucracy.

### **Land tenure**

- 1.32 Many northerners note land tenure as a substantial block to the development of aboriginal communities across the north and to investment in the north within and outside aboriginal communities.
- 1.33 Organisations aiming to lock up the north in the guise of claims about climate alarm, nature or aboriginals pose a substantial threat. Some are ideologically driven and funded from overseas.
- 1.34 Land is meant to be used for the benefit of inhabitants, particularly locals. The myth that humanity is contrary to nature is an ideological nonsense fabricated to control land and thereby control people. History shows to the contrary that when people become wealthy the community can optimise protection of the natural environment.

### **Aboriginal opportunities**

- 1.35 The state of many aboriginal communities is testament to almost fifty years of failed patronising and paternalistic policies based on emotion, ideology, and political whims instead of open, honest discussion based on objective facts and observations.
- 1.36 This dishonesty is a disservice to aboriginals and aboriginal communities. Its consequences are inhuman.
- 1.37 In Nhulunbuy NT, we learned from witness Mr Jeff Cook, Manager, Laynhapuy Homelands Aboriginal Corporation that the mental health of some remote aboriginal communities is in fact superior to that of most non-aboriginal communities in Australia. This is highly encouraging for many reasons, including the following:
  - The challenges in many aboriginal communities plagued with violence, substance abuse and lack of hope are **not** racially based. Instead, issues are typical of the human condition;
  - The issues are solvable and in future preventable providing one firstly digs down to identify and understand the root causes and then identify the

- solutions including locality history, family structure, personal and community responsibility and re-establishing solid values;
- These core solutions and markers for success are being undermined, dismantled and dissolved under policies designed and applied in capital cities and, at times, overseas. Sadly, some are being implemented with the aim to control people rather than to set people free. Control brings its own subsequent problems and stifling of the human spirit.
- 1.38 In our Mt Isa hearing I could sense that Father Mick Lowcock and Mr Colin Saltmere wanted to discuss the realities and so I asked questions that led to both engaging in discussing the real issues. A productive discussion followed. While acknowledging the unease for some in discussing this difficult topic my listening to aboriginal people and elders and community leaders confirms they are tired of politicians and bureaucrats avoiding the realities and the core issues. Their ongoing suffering has developed a need for real care and for honest and frank discussion of facts.
- 1.39 As a result, in some regions aboriginals confirm that there is now an aboriginal industry that skims taxpayer money; controls land, resources, funds, opportunities and people; while diverting taxpayer funds from their rightful use and thereby trapping aboriginal citizens in poverty, disease and unwarranted deprivation of opportunities to fulfil basic universal human needs. This is to the detriment of everyday aboriginals and more are beginning to speak out.
- 1.40 Instead of listening to and diverting taxpayer funds to ivory-tower academics, out-of-touch bureaucrats, greedy consultants, loud-mouthed activists and some self-serving unrepresentative elite members of the aboriginal 'industry', state and federal governments need to start listening to people – everyday Australians – in aboriginal communities. Money needs to get to the people in ways that develop responsibility and independence to end the victimhood of dependency all too prevalent. Communities need autonomy and rights as a prerequisite for responsibility and seizing opportunities.
- 1.41 Having visited many aboriginal communities in the north it's clear that state and federal governments are imprisoning aboriginals in a hellhole of mental health misery, poor health standards and a lack of purpose. Yet there are proven examples of what is needed including Steve Fordham and Glen Finnan whose Blackrock company in NSW provides aboriginals with purpose and meaning leading to genuine and lasting rehabilitation of prisoners. The One Community One Standard combination of aboriginal elders working with other leaders in the Townsville community are desperate to address the core issues currently sending juveniles on crime sprees and deeper into misery: lack of family, lack of purpose, lack of meaning, lack of effective support, lack of genuine care and lack of personal responsibility. The "secrets" to restoring community are well known yet governments lack the ability and especially the

will to address these and instead currently destroy or prevent family, purpose, care, and personal responsibility.

- 1.42 There is a need to openly, plainly and bluntly discuss the core issues facing so many aboriginals in many places and causing communities to stagnate, crumble and wither. Avoiding the real issues prevents the root causes from being discussed and therefore prevents real solutions while continuing the massive unmeasured waste of resources and aboriginal lives.
- 1.43 Aboriginals have achieved success in many fields across our country and need autonomy to use their skills and take the mantle of freedom that brings community and individual responsibility. Aboriginals, like all people, need an environment to apply innate and learned skills rather than to continue being treated patronisingly as victims dependent on others. People need a fair go.
- 1.44 While acknowledging that there is a gap, indeed a chasm between many aboriginal communities and mainstream Australia, the reality is that as humans we tend to achieve what we focus on because that is where our energy is directed openly and subliminally. Focusing on the gap will perpetuate the gap. Instead, we need to focus on the potential, strive for measurable standards and milestones and then track progress toward these. In conjunction with honest, competent and energetic committed leadership the most powerful system driving human behaviour is the measurement, analysis and reporting system. When well-designed in guiding people toward fulfilling basic universal human needs this aligns, unites, and motivates people.
- 1.45 Governments providing taxpayer funds need to objectively measure progress toward community and individual standards to assess whether aboriginal lives in aboriginal communities are improving and to identify what is truly needed on the ground.

## **Tax**

- 1.46 In many ways this is the most destructive system in Australia and the mishmash of sub-optimal, unproductive, counterproductive taxes driving counterproductive and economically destructive behaviours. It needs to be urgently addressed holistically.
- 1.47 While beyond the scope of this report, the taxation system needs to be comprehensively reviewed and reformed starting with basic principles for honest, fair, and efficient tax collection systems driving economically efficient individual and corporate behaviour in Australia's national interest.
- 1.48 Until then, perhaps an assessment could be made for an Economic Zone in the north to promote development as has been used successfully elsewhere in the world.

## **Economic environment including infrastructure**

- 1.49 Northern roads have improved due to federal government initiatives yet more needs to be done to reliably connect producers with markets.
- 1.50 Honest appraisals and discussions need to be had of infrastructure. For example, the deterioration of the Mt Isa-Townsville rail line is economically destructive as a result, according to locals, of three parties avoiding responsibility or blaming the others.
- 1.51 Cabotage needs to be discussed and restored on Australia's coast after first having an open and frank discussion about what destroyed cabotage, about taxation and what is needed. How can our nation as the largest island nation in the world be without cabotage? This is more than a matter for northern development, it is a matter for national security.

### **Investment bank – people's bank**

- 1.52 The Fisher Labour government in 1911 created the Commonwealth Bank, a people's bank that proved highly successful in developing the south and inland Australia and led to new and lasting industries. Under its first governor, Denison Miller, it was remarkably successful. Yet after his sudden and unexpected death Labor and conservative governments dismantled it until PM Paul Keating sold off what remained of it from 1991 through 1996.
- 1.53 Formed in 1919 the Bank of North Dakota (BND) is a state-owned, state-run financial institution based in Bismarck, North Dakota, USA. It is the only government-owned general-service bank in the United States. Reportedly it is the only major bank that has made a profit in every year of its existence. The bank was established to promote agriculture, commerce and industry in the state and has been an outstanding success.
- 1.54 A return to a people's bank will not only provide competition and accountability for the big four banks that dominate and form a powerful oligopoly in Australian banking it will be, as was the Commonwealth Bank, a prudent lender for small and large businesses and for infrastructure.

### **Addressing the high cost of living, unemployment, low availability of housing and similar**

- 1.55 These and other issues fail to be addressed when government attempts or pretends to address them directly. Although these can be economic levers the reality is that low costs of living, employment and affordable housing are outcomes of an efficient economy whose fundamentals are sound through appropriate use of economic factors, such as affordable energy prices and especially sound governance.

### **The natural environment**

- 1.56 As is often the case these days, implicit in the inquiry report is the concept that human industrial activity and even human civilisation is contrary to the

natural environment. This myth and demonstrably false assumption is pervasive in western society. The reality though is that the future of human civilisation depends on having a healthy natural environment. At the same time a healthy natural environment in the future depends on having healthy industry and human civilisation. The natural environment and human civilisation are not mutually exclusive, they are mutually dependent.

1.57 This needs to be the basis for and embedded in any regulations imposing environmental standards.

## **Governance**

1.58 Evidence of poor governance in northern Australia include the following:

- The interference, overlap and duplication of government agencies suffocating the north;
- Instead of decisions and policies based on objective data and proven facts, it is clear that decisions and policies today are often based on political expediency, ideology, unfounded opinions, serving vested interests and seeking party donations;
- Emotions and catchy yet short-lived empty slogans have replaced substance and service;
- Excessive, unfounded or needlessly coercive regulations driving political objectives;
- UN policies controlling aspects of people's lives, land, water, resources and commercial activity including fishing and agriculture that do not operate in Australia's best interest.
- Government sales of strategic public assets putting ownership of essential services such as electricity networks, rail and road in the hands of privatised monopolies, or worse, foreign control;
- The separation of water allocations for farm use from farmland ownership.

1.59 Institutionalised abuse and/or corruption is clear with examples in recent Senate and joint select inquiries and Royal Commissions, including but not limited to the following:

- Hayne Royal Commission into financial institutions;
- Heydon Royal Commission into trade union governance;
- Joint Select Committee on Australia's Family Law System
- Senate Select Inquiry into Lending to Primary Production Customers;
- Royal Commission into institutional response to child sexual abuse;
- Royal Commission into Violence, Abuse, Neglect and Exploitation of people with disability;
- The Royal Commission into the Protection and Detention of Children in the Northern Territory;
- Recently announced Royal Commission into Defence and Veteran Suicide.

- 1.60 Any misuse of federal funds is clearly a huge and likely risk where there is so little accountability and so much bureaucracy combined with duplication and overlap of jurisdiction.
- 1.61 Governance in Australia needs honesty and objectivity based on data and impartiality. Governance needs to return to making decisions and policies based on solid data and objective facts. Across the north and across Australia data needs to urgently be gathered and honestly shared to inform people, justify decisions, and identify opportunities. Until this occurs, ineffective and counterproductive policies and decisions will continue to choke the north.
- 1.62 Until one steps outside the prism of party politics is it possible to see the root cause of what is holding back the north and preventing its development? If the current myopic view continues the current challenges facing the north will be perpetuated while the nation's foundation in the south will continue to be eroded and become less able to invest in the north.
- 1.63 Clearly this small sampling reveals underlying issues that reach to the heart of federal governance. Unless this is addressed, and despite the initiative, fine work and commitment of people in northern Australia, the north will continue undeveloped, or at best, sub-optimally developed.
- 1.64 In our country, government no longer serves the people. Instead, the people now serve government and are in many ways slaves to government.

### **Some solutions**

- Federal and state governments are starting to recognise that the people with the skills, motivation and responsibility are those directly involved and have the most to lose and gain. ie, the citizens working in and investing in commercial initiatives;
  - A meaningful federal independent crime and corruption commission with teeth to improve governance;
  - Policies independent of race. ie, not racially based. Instead of patronisingly economically isolating, segregating and suppressing aboriginal people governance needs to play to people's strengths and give greater autonomy and with that greater responsibility;
  - Develop a more concrete vision for northern Australia and then identify and connect the opportunities so industry can develop plausible plans and possible paths. For example, the Iron Boomerang has strong interest from major steel producers and provides a remarkable economic opportunity for our country to add value to raw materials. When connected with a revised and improved Inland Rail extended to Gladstone it could form a national rail circuit, develop the inland and develop major industrial and infrastructure centres in north eastern Queensland and in the Pilbara.
- 1.65 History shows repeatedly that economic and social progress come from meeting people's needs for opportunity not from government control.

- 1.66 The north presents an amazing opportunity for people to create immense wealth for our nation and for the people of the north
- 1.67 The core issue for the north, in my view, is clearly poor governance from a broken parliamentary system infected with party agenda driving policy directives from overseas and particularly from the UN. These are destroying our national sovereignty and our ability to develop the north for all Australians, and particularly for residents of northern Australia.

### **Positions on the Chair's specific recommendations**

- 1.68 Given the absence of opportunity for discussion over the individual recommendations as a committee, I provide the following comments.

#### *Recommendations with which I agree*

- 2,
- 3,
- 4,
- 5,
- 6,
- 7,
- 8: without researching the priorities in the national Road Safety Program;
- 9,
- 11,
- 15,
- 18: in principle without specifics and provided responsibility is allocated to relevant stakeholders;
- 19,
- 20,
- 24: While supporting this in principle I oppose racially based policies. I am supportive of policies that apply across the north and involve getting back to basics;
- 25,
- 27,
- 28,
- 29.

#### *Recommendations with which I agree in part or in principle or disagree with in part*

- 1: Specifically:
  - The refreshing of challenges and opportunities associated with COVID-19 needs to be based on solid data that has been sadly lacking in state and federal government actions to date;

- Broadening the agenda to include value adding and new and emerging industries and addressing the social and environmental challenges: I support
- Improving social and environmental outcomes in Northern Australia: I support providing environmental assessments are based on objective data and not masquerading as a means of locking up land;
- Addressing the extensive and severe nature of aboriginal Australians' socioeconomic disadvantage: I support providing this is based on lessons from objective assessment of the failures of national and state governance for the last half century that has resulted in the current terrible state for many aboriginal communities and that the future focus is on getting back to basics and giving aboriginals within aboriginal communities autonomy leading to responsibility;
- Facilitating aboriginal Australians' participation in the Northern Australian economy: I support providing it is not racially based and is instead based on needs and applies to all people across the north;
- Emphasising value adding and capturing new industrial opportunities: I support;
- Undertaking a serious examination of, and response to the risks posed by climate change to the region and greater engagement with local communities: I support with the proviso that it be a serious scientific examination using a scientific approach. ie, it cites specific empirical scientific evidence within a logical scientific framework proving cause-and-effect and quantifies the specific effect(s) of any claimed causes of climate change, due to natural causes or due to human causes. I note that the term "climate change" has become politically charged to the extent that it is now commonly used to imply or assume claims of climate change due to carbon dioxide from human activity and that is affecting climate and is used to advocate that human carbon dioxide needs to be cut. No one anywhere in the world has specified scientifically the specific quantified impact of human carbon dioxide on temperature, rainfall, drought, storm frequency and severity or any other climate factor. Personal meetings with CSIRO's climate team and with the previous Chief Scientist, letters to ministers and former ministers in governments of both parties, personal discussions with senators and members of the House of Representatives, discussions with climate scientists, Freedom of Information requests on government departments, parliamentary library research, discussions with former CSIRO research scientists and senior officers, and other discussions and requests show there has never been any scientific evidence presented to justify climate and energy policies now destroying industry, agriculture, household wealth and our nation's economy. Neither Australia, nor especially the north can afford to continue wasting money; continue handicapping people; continue

diverting attention, time, energy and resources from real and serious environmental challenges and humanitarian challenges to this unfounded diversion; continue crippling our national economy and productive capacity; continue destroying our sovereignty through various UN climate “agreements”/protocols/declarations; nor, continue destroying our national governance. Recent international summits and gatherings show the enormous difference and divergence of political and economic actions and policies that confirm and highlight that climate claims are not data-driven and instead are political constructs. The same can be said of transient and changeable positions among members of parliament in both the major parties/coalitions. Instead, we need to restore scientific integrity and integrity of governance.

- 10: while supporting this in principle with this I add the provisos that:
  - the federal government needs to work with the states and leave ultimate responsibility for decisions on water to the states;
  - The inclusion of cultural heritage should not be racially based and should apply to all Australian cultures;
  - The inclusion of cultural heritage should not be used as it has in the past as a strategy to apply international directives aiming to lock up vast areas of land to prevent development;
- 12: while supporting this in principle I add the proviso that ultimate responsibility for decisions needs to be left to the states;
- 16: given the federal debt I disagree with imposing additional spending on the federal government. There is a need for the governments to understand the impact of state and federal policies on housing and to revise policies;
- 23; while agreeing with the principle, it needs to be left to state and Territory governments and not be racially based. eg, Mt Isa City Council has a potentially very attractive concept of providing a true rehabilitation service for people whose connection with family is strong;
- 26: Supportive of providing a strategy based on solid data is first developed for managing COVID-19. We have yet to see such a strategy and plan as evidenced in the jumbled mishmash of responses across the states to date. There is more to be gained in getting back to basics through reassessing tax and other policies and systems.

### *Recommendations with which I disagree*

- 13: this is yet another infringement of states’ rights and responsibilities when Australia’s poor governance across state and federal jurisdictions is in significant part due to federal encroachment of states responsibilities;
- 14: this is yet another infringement of states’ rights and responsibilities when Australia’s poor governance across state and federal jurisdictions is in

significant part due to federal encroachment of states responsibilities.

Secondly, it is racially based;

- 17: This is racially based. The housing shortage across northern Australia is widespread and not limited to one race. Housing needs to be based on needs and affordability and on that basis housing for many aboriginal people would be a high priority;
- 21: This is racially based. This should be based on needs not on race and as such the unique needs of aboriginal communities would be accommodated. Without such objective needs, it would be difficult to fairly allocate a proportion of funding. NAIF needs to develop policies and application processes that are fit for purpose for the environment in which it is working whether these be aboriginal communities or mixed communities or established towns or new settlements. Assessment of projects and the means of their support should be based on the needs of the community - large or small - and the needs of the market that a proposed industry will serve;
- 22: see preceding comments. Additionally, I cannot support the so-called carbon dioxide "industry" that is based on a lie (see comments on climate in my notes discussing Recommendation No.1, above). In places carbon dioxide sequestration is sterilising productive land and thereby rendering it worthless and a blight imposing additional costs on neighbouring landowners.

# Appendix 1

## Submissions and additional information

### *Submissions*

- 1 Gladstone Conservation Council Incorporated
- 2 NT Farmers Association
- 3 Phosphate Resources Limited
- 4 Business Foundations
- 5 Djarindjin Aboriginal Corporation
- 6 North Queensland Bulk Ports
- 7 Regional Development Australia Fitzroy and Central West
- 8 Northern Territory Government
- 9 Generation One; Minderoo Foundation
- 10 Prof Ken Baldwin and others
- 11 Dr Kamaljit Sangha and Prof Jeremy Russell-Smith
- 12 Dr David Kault
- 13 Professor Jon Altman and Dr Francis Markham
- 14 Dr Keith Noble
- 15 CRC for Developing Northern Australia
- 16 Wet Tropics Management Authority
- 17 Regional Development Australia Pilbara
- 18 Northern Regional Development Australia Alliance
- 19 Australian Institute of Marine Science
- 20 Rio Tinto
- 21 Townsville City Council
- 22 Greater Whitsunday Alliance
- 23 CQUniversity Australia
- 24 Mackay Regional Council
- 25 Queensland Tourism Industry Council
- 26 Charles Darwin University
- 27 Far North Queensland Regional Organisation of Council
- 28 Department of Agriculture
- 29 Alcoa
- 30 Department of Industry, Science, Energy and Resources
  - 30.1 Supplementary to submission 30
- 31 Kimberley Regional Group
- 32 Department of Home Affairs
- 33 Australian Logistics Council
- 34 Advance Cairns
- 35 Town of Port Hedland
- 36 Regional Development Australia Far North Queensland & Torres Strait

- 37 The Chamber of Minerals and Energy Western Australia
- 38 Independent Tertiary Education Council Australia
- 39 Mr David Biber
- 40 Australian Sugar Milling Council
- 41 Insurance Council of Australia
- 42 James Cook University
- 43 Suncorp
- 44 Townsville Enterprise Limited
- 45 Mount Isa to Townsville Economic Development Zone Inc (MITEZ)
- 46 Mount Isa City Council
- 47 Regional Development Australia Townsville and North West Queensland
- 48 North Queensland Sustainable Resources Corridor Regional Reference Group
- 49 CopperString
- 50 Australian Manufacturing Workers' Union
- 51 Australian Manufacturing Workers' Union (QLD & NT)
- 52 Australian Manufacturing Workers' Union WA
- 53 Wilmar Sugar Australia Limited
- 54 Local Government Association of Queensland
  - 54.1 Supplementary to submission 54
- 55 Association of Mining and Exploration Companies
- 56 Queensland Airports
- 57 Shop, Distributive & Allied Employees' Association (SDA)
- 58 Cape York Land Council Aboriginal Corporation
- 59 Australian Labor Party Mt Isa Branch
  - 59.1 Supplementary to submission 59
- 60 Australians for Northern Development & Economic Vision
- 61 Indigenous Allied Health Australia
- 62 North Australian Indigenous Land and Sea Management Alliance Ltd (NAILSMA)
- 63 Department of Foreign Affairs and Trade and Austrade
- 64 Northern Territory Seafood Council
- 65 AgriFutures Australia
- 66 Services for Australian Rural and Remote Allied Health
- 67 Mr Michael Dillon
- 68 Mr John Hine
- 69 Mr Terry Bowring
- 70 Dr Allan Dale
- 71 *Name Withheld*
- 72 Darwin Major Business Group
- 73 Meat & Livestock Australia
- 74 Regional Implementation Committee
- 75 Minerals Council of Australia
- 76 Department of Defence

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- 77 Department of Infrastructure, Regional Development and Cities
  - 78 North Queensland Livestock Industry Recovery Agency
  - 79 Mr Mark Green
  - 80 Western Australian Government
  - 81 Mr Alvin Hava
  - 82 Port Hedland Community Progress Association Inc
  - 83 AgForce Queensland Farmers
  - 84 Gamarard
  - 85 Pew Charitable Trust
  - 86 Gulf Port
  - 87 Groote Eylandt and Bickerton Island Enterprises (GEBIE)
  - 88 Ms Monica Mesch
  - 89 Torres Shire Council
  - 90 Queensland Council of Unions
  - 91 Indigenous Business Australia
  - 92 Indigenous Reference Group to the Ministerial Forum on Northern Development
  - 93 Larrakia Nation Aboriginal Corporation
  - 94 Dr Cameron Richards
  - 95 Mr Roy Jorgensen
  - 96 Red Meat Advisory Council
  - 97 *Confidential*
  - 98 Torres Cape Indigenous Council Alliance
  - 99 Australian Fresh Produce Alliance
  - 100 Bank of Queensland
  - 101 NPF Industry Pty Ltd

#### *Additional Information*

- 1 NQLIRA Roundtable consultation summary - provided by NDNQFRRRA - 8 May 2020 - Canberra public hearing
- 2 MCA - additional information - 22 May 2020 - Canberra - public hearing
- 3 Ms Margaret Shaw - additional information - 12 March 2021 - Townsville - public hearing

#### *Answer to Question on Notice*

- 1 Australian Institute of Marine Science - answer to QoNs taken at public hearing - 9 October 2019 - Townsville
- 2 CRC for Northern Australia - answer to QoNs taken at public hearing - 9 October 2019 - Townsville
- 3 Northern Territory Government - answer to QoNs taken at public hearing - 6 November - Darwin
- 4 National Drought and North Queensland Flood Response and Recovery Agency - answer to QoN - 8 May 2020

- 5 Department of Agriculture, Water and Environment - answer to QoNs taken at public hearing - 8 May 2020 - Canberra
- 6 Department of Home Affairs- answers to QoNs - public hearing - Canberra - 5 June 2020
- 7 Department of Defence - answer to QoN - public hearing - Canberra - 5 June 2020
- 8 Treasury - answers to QoN- written - 8 May 2020
- 9 Department of Defence - answer to QoN 1- public hearing - Canberra - 5 June 2020
- 10 Department of Defence - answer to QoN 7- public hearing - Canberra - 5 June 2020
- 11 Department of Defence - answer to QoN 2- public hearing - Canberra - 5 June 2020
- 12 Department of Defence - answer to QoN 4- public hearing - Canberra - 5 June 2020
- 13 Department of Defence - answer to QoN 5 - public hearing - Canberra - 5 June 2020
- 14 NAIF - answers to QoNs - 7 August 2020
- 15 Department of Defence - answer to QoN 5 - public hearing - Canberra - 5 June 2020
- 16 CSIRO - Answers to QoNs - public hearing - 3 July 2020
- 17 Department of Industry, Science, Energy and Resources - answers to QoNs - Canberra - 7 August 2020
- 18 NAIF - answers to QoNs part 2 - 7 August 2020
- 19 Cairns Regional Council - answer to QoN taken at public hearing - 15 December 2020 - Cairns
- 20 AMPTO- answer to QoN taken at public hearing - 15 December 2020 - Cairns
- 21 Answers to questions taken on notice at the 9 February 2021 public hearing Kununurra, East Kimberley Chamber of Commerce and Industry, received 15 March 2021
- 22 Answers to questions taken on notice at the 10 February 2021 public hearing Broome, Indigenous Business Australia, received 15 March 2021
- 23 Australian Competition and Consumer Commissioner - answer to question on notice taken on 12 March 2021, received 1 April 2021
- 24 Australian Competition and Consumer Commissioner - answer to question on notice taken on 12 March 2021, received 1 April 2021
- 25 Insurance panel - answers to questions on notice taken on 12 March 2021, received 12 April 2021

### *Tabled Documents*

- 1 Document tabled by the City of Townsville at a public hearing in Townsville on 9 October 2019.

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- 2 Document tabled by the Mt Isa City Council at a public hearing in Mt Isa on 10 October 2019.
  - 3 Opening statement tabled by MITEZ at a public hearing in Mt Isa on 10 October 2019.
  - 4 Additional information provided by MITEZ at public hearing in Mt Isa on 10 October 2019
  - 5 Opening statement tabled by Master Builders Northern Territory at a public hearing in Darwin on 6 November 2019.
  - 6 Additional information provided by Master Builders, Northern Territory at public hearing in Darwin on 6 November 2019
  - 7 Additional information provided by Master Builders, Northern Territory at public hearing in Darwin on 6 November 2019
  - 8 Article 'Beneficial land sector change in far Northern Australia is required and possible - a refutation of McLean and Holmes (2019)', provided by Dr Kamaljit Sangha at public hearing in Darwin on 6 November 2019
  - 9 Article 'Repurposing government expenditure for enhancing Indigenous well-being in Australia: A scenario analysis for a new paradigm', provided by Dr Kamaljit Sangha at public hearing in Darwin on 6 November 2019
  - 10 Article 'Emerging opportunities for developing a diversified land sector economy in Australia's northern savannas', provided by Dr Kamaljit Sangha at public hearing in Darwin on 6 November 2019
  - 11 Opening statement tabled by Mackay Sugar at a public hearing in Mackay on 12 March 2020.



## Appendix 2

### Public hearings

*Wednesday, 9 October 2019*

Quest Townsville on Eyre  
19-21 Leichhart Street  
North Ward  
Townsville

*Panel 1*

- Mr Jed Matz, Chief Executive Officer
- Ms Sheridan Morris, Chair
- Mr John Bearne
- Ms Glenys Schuntner, Chief Executive Officer
- Mr Frank Beveridge, Chairman
- Ms Patricia O'Callaghan, Chief Executive Officer

*Panel 2*

- Mr Les Walker, Deputy Mayor
- Mayor Jane McNamara

*Panel 3*

- Mr Joseph O'Brien, Director
- Mr Chris Stewart, GM Corporate Relations
- Mr John Pratt

*TAFE Queensland North*

- Ms Susan Kinobe, Executive Director Corporate Services

*Panel 3*

- Mr Bill Marklew, Queensland Regional Secretary
- Mr Wal Giordani, Organiser
- Mr Ben Driscoll, Political and Campaigns Officer
- Ms Ann-Marie Allan

*Australian Institute of Marine Science*

- Dr Paul Hardisty, Chief Executive Officer
- Mr David Mead, Executive Director Strategy and Development
- Mr Basil Ahyick, Chief Financial Officer and Corporate Services Manager

*Thursday, 10 October 2019*

Ibis Styles Mt Isa Verona  
Cnr Rodeo Dr

Mount Isa

*Mount Isa to Townsville Economic Development Zone Inc (MITEZ)*

- Mr Glen Graham, Chief Executive Officer

*North Queensland Sustainable Resources Corridor Regional Reference Group*

- The Hon. Tony McGrady AM
- Mr John O'Brien

*Mount Isa City Council*

- Mayor Cr Joyce McCulloch
- Ms Sharon Ibardolaza, Chief Executive Officer

*North West Queensland Indigenous Catholic Social Services*

- Father Mick Lowcock

*Wednesday, 6 November 2019*

Dining Room, Northern Territory Legislative Assembly  
Mitchell Street  
Darwin

*Northern Territory Government*

- Mrs Claire George, Director, Economic and Industry Development

*Northern Land Council*

- Mr Robert Gosford, Manager, Media and Communications

*Dr Kamaljit Sangha, Private capacity*

*Charles Darwin University*

- Professor Simon Maddocks, Vice Chancellor and President

*Northern Territory Farmers Association*

- Mr Paul Burke, Chief Executive Officer

*NT Cattlemen's Association*

- Mr Ashley Manicaros, Chief Executive Officer

*Darwin Major Business Group*

- Mr Ian Kew, Chair

*Larrakia Nation Aboriginal Corporation*

- Mr Robert Cooper, Chief Executive Officer

*Unions NT*

- Mr Joel Bowden, General Secretary
- Mr Mick McCarthy, Executive Committee Member

*Master Builders NT*

- Mr David Malone, Chief Executive

*Thursday, 7 November 2019*

Walkabout Lodge

Nhulunbuy

*Thursday, 12 March 2020*

Mackay Rydges Suites

9 Gregory Street

Mackay

*Whitsunday Regional Council*

- Mr Ry Collins, Project Co-ordinator (Economic Development)

*Greater Whitsunday Alliance and Regional Development Mackay-Isaac-Whitsunday Inc*

- Ms Kylie Porter, Chief Executive Officer

*Regional Development Australia Fitzroy and Central West (via teleconference)*

- Mr Tony Gambling, Director of Regional Development

*Mackay Sugar*

- Mr Mark Day, Executive Director and CEO

*Capricorn Enterprise (via teleconference)*

- Ms Mary Carroll, Chief Executive Officer
- Mr Neil Lethlean, Regional Economic Development Manager

*Resource Industry Network*

- Mrs Adrienne Rourke, General Manager

*Queensland Council of Unions*

- Dr John Martin, Research and Policy Officer

*Friday, 8 May 2020*

CANBERRA ACT and via teleconference

*National Drought and North Queensland Flood Response and Recovery Agency*

- Mr Nico Padovan, Deputy Chief Executive Officer & Chief Operating Officer
- Ms Monica Finlayson, Director, Flood
- Mr Paul McNamara, Executive Director, Flood and Data

*Department of Agriculture, Water and Environment*

- Ms Rosemary Deininger, Deputy Secretary
- Ms Mary Colreavy, First Assistant Secretary, Water Division

- Mr Peter Gooday, First Assistant Secretary, ABARES
- Mr Chris Tinning, First Secretary, trade & Market Access Division
- Ms Fran Freeman, First Secretary, Export Division
- Mr Tim Fisher, Assistant Secretary, Farm Performance
- Mr Wayne See Kee, Assistant Secretary, Science and Surveillance Group
- Mr Andrew O'Sullivan, Assistant Secretary, Drought Response
- Ms Melissa McEwan, Principal Regulatory Officer, Export Reform and Live Animal Export

*Friday, 22 May 2020*

CANBERRA ACT and via teleconference

*Insurance Council of Australia*

- Mr Karl Sullivan, Head of Risk and Operations

*Minerals Council of Australia*

- Mr Sid Marris, General Manager - Strategy, State & Territory Relations
- Mr Drew Wagner, Executive Director - MCA NT
- Ms Jillian D'Urso, Manager - Social Policy

*Friday, 5 June 2020*

CANBERRA ACT and via teleconference

*Department of Home Affairs*

- Ms Mandy Newton, Deputy Commissioner Operations, Australian Border Force
- Ms Kylie Rendina, Assistant Commissioner Border Patrol and Coordination Command, Australian Border Force
- Mr Robert Cameron, Director General, Emergency Management Australia
- Mr Michael Willard, First Assistant Secretary, Immigration and Community Protection Policy Division

*Department of Defence*

- Mr Steve Grzeskowiak, Deputy Secretary, Estate & Infrastructure
- Ms Sheridan Kearnan, First Assistant Secretary, Defence Industry Policy
- Mr Steve Moore, Assistant Secretary Industry Policy

*Friday, 3 July 2020*

CANBERRA ACT and via teleconference

*CSIRO*

- Dr Chris Chilcott, Deputy Director Operation, Research Leader Northern Australian Development
- Dr Ian Watson, Group Leader, Systems Program, CSIRO Agriculture and Food

*Friday, 7 August 2020*

CANBERRA ACT and via teleconference

*Northern Australia Infrastructure Facility (NAIF)*

*Department of Industry, Science, Energy and Resources, Office of Northern Australia Division*

- Ms Sam Reinhardt, Head of Division, Northern Australia and Major Projects Division
- Mr Matthew Crawshaw, Acting General Manager, Major Projects Branch, Northern Australia and Major Projects Division
- Ms Linda Lee, General Manager, Office of Northern Australia, Northern Australia and Major Projects Division

*Friday, 20 November 2020*

CANBERRA ACT and via teleconference

*Regional Implementation Committee*

- Mr Halloway Smirke, Traditional Owner and Director Yinhawangka Aboriginal Corporation
- Ms Tahnee Davies, Governance Partner at Grass Tree Governance

*Business Foundations*

- Ms Susan O'Byrne, Project Director and delegate for Djarindjin Aboriginal Corporation

*Tuesday, 15 December 2020*

Novotel Cairns Oasis Resort

122 Lake St

Cairns City

*Gamarard*

- Mr Anthony Penrith
- Mr Stewart Peters, Advisor

*James Cook University*

- Professor Allan Dale, CRNA Chief Scientist and Prof of Tropical Regional Development (JCU)

*Far North Queensland Regional Organisation of Council*

- Ms Darlene Irvine, Executive Officer

*Carpentaria Shire Council*

- Mayor Jack Bawden

*Advance Cairns*

- Mr Nick Trompf, Chief Executive Officer

*Association of Marine Park Tourism Operators*

- Mr Gareth Phillips, Chief Executive Officer

*Cairns Regional Council*

- Mayor Bob Manning
- Mr Nicholas Masasso, Executive Project Officer

*Torres Cape Indigenous Council Alliance*

- Ms Melinda Eades, Executive Officer

*Cairns and Far North Environment Centre (CANFEC)*

- Mr Denis Walls, President

*Wet Tropics Management Authority*

- Professor Iain Gordon, Chair, Scientific Advisory Committee

*Wednesday, 16 December 2020*

Thursday Island Bowls Club

93 Victoria Parade

Thursday Island

*Torres Strait Regional Authority*

- Mr Napau Pedro Stephen, Chair
- Ms Leilani Bin-Juda, Chief Executive Officer
- Mr Jock Pickering, A/g Programme Manager – Corporate Services
- Ms Tania Hirakawa, A/g Programme Culture, Art and Heritage & Healthy & Safe Communities
- Mr Mark Anderson, Economic Development and Fisheries Programme Manager, Economic Development and Fisheries

*Torres and Cape Hospital and Health Service*

- Dr Ineke Wever, Medical Director, Primary Health Care
- Ms Charlotte Tamwoy, Director of Primary Health Care

*Gur A Baradharaw Kod Torres Strait Sea and Land Council (GBK)*

- Mr Ned David, Chair

*Torres Strait Island Regional Council*

- Mr Phillemon Mosby, Mayor

*Torres Shire Council*

*Tuesday, 9 February 2021*

CANBERRA ACT and via videoconference

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*East Kimberley Chamber of Commerce and Industry*

- Ms Amanda McLean, President

*The Shire of Wyndham East Kimberley*

- Mr Vernon Lawrence, Chief Executive Officer
- Cr David Menzel

*Sheffield Resources*

- Mr Bruce McFadzean, Managing Director
- Ms Kim Pervan

*Kimberley Regional Group*

- Ms Debra Goostrey, Executive Officer
- Mr Chris Mitchell, Chair

*Boab Health Service*

- Mr Matt Burrows, Chief Executive Officer

*Wednesday, 10 February 2021*

CANBERRA ACT and via videoconference

*Djarindjin Aboriginal Corporation*

- Mr Nathan McIvor, Chief Executive Officer

*Shire of Broome*

- Cr Harold Tracey, President
- Mr Mark Davis, Manager Community and Economic Development
- Ms Janine Hatch, Economic Development Coordinator
- Mr Nathan Caine

*RDA Kimberley*

- Ms Elsia Archer OAM, Chair
- Mr Peter Stubbs, Deputy Chair
- Ms Danelle Dowding, Executive Officer

*Indigenous Business Australia*

- Mr Sean Armistead, Executive Director, Government and Public Relations
- Ms Kirsty Moore, Executive Director Products and Markets

*Fitzroy Crossing Network*

- Mr Phillip Hams
- Mr Patrick Green

*Kimberley Pilbara Cattlemen's Association*

- Mr Luke Simpkins, Chief Executive Officer

*Damper Downs Station*

- Ms Anne Marie Huey, Owner

*Adjournment*

*Thursday, 11 February 2021*

CANBERRA ACT and via videoconference

*Regional Development Australia Pilbara*

- Mr Tony Simpson, Chief Executive Officer

*City of Karratha*

- Cr Peter Long, Mayor
- Mr Ryan Hall, Director Development Services

*Karratha & Districts Chamber of Commerce & Industry (KDCCI)*

- Mr Tony Simpson, President

*The WA Chamber of Minerals & Energy*

- Mr Paul Everingham
- Ms Roannah Wade
- Ms Adrienne LaBombard, Manager, Economic Competitiveness

*Friday, 12 March 2021*

Rydges Southbank

23 Palmer Street

South Townsville

*Australian Competition and Consumer Commission*

- Ms Delia Rickard, Deputy Chair
- Ms Sarah Proudfoot, Executive General Manager
- Mr Nick O'Kane, Director, Gas Transport and Storage

*Townsville Chamber of Commerce*

- Mr Ross McLennan, Chief Executive Officer

*Cairns Chamber of Commerce*

- Mr Matthew Tickner, Vice President

*Ms Margaret Shaw, Private capacity**Real Estate Institute of Queensland*

- Mr Ben Kingsberry

*Suncorp*

- Mr Tim Buckett, Executive General Manager, Consumer

*QBE*

- Mr Phuong Ly, Chief Underwriting Officer
- Ms Kate O'Loughlin, General Manager, Government Relations and Industry Affairs

*Allianz*

- Mr Nicholas Scofield, Chief Corporate Affairs Officer

*Royal Automobile Club of Queensland*

- Mr Craig Bainbridge, Manager, Claims Operation, Property

*Insurance Council of Australia*

- Mr Andrew Hall, Chief Executive Officer

*Insurance Australia Group*

- Mr Mark Leplastrier, Executive Manager, Natural Perils

*National Australia Bank*

- Ms Connie Sokaris, Executive Corporate Finance

*Palisade Investment Partners Limited*

- Mr Roger Lloyd, Managing Director and Chief Executive Officer
- Ms Vicki Rigg, Executive Director

*The Local Government Association of Queensland*

- Mr Nathan Ruhle, Lead, Intergovernmental Relations
- Cr Jenny Hill, LGAQ Board Member and Mayor of Townsville

*Bureau of Meteorology*

- Mr Peter Stone, Group Executive, Business Solutions

*Cyclone Testing Station, James Cook University Australia*

- Dr David Henderson, Chief Engineer
- Mr Patrick Driscoll, Program Manager, Strata Title Inspection Program

*Chamber of Commerce NT*

- Mr Greg Ireland, Chief Executive Officer
- Ms Karen Sheldon, President

*Queensland Pacific Metals*

- Dr Stephen Grocott, Chief Executive Officer
- Mr John Khoo, General Manager, Corporate Development