

30 September, 2019

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Dear Committee Secretary

**RE: Inquiry by the Select Committee on the effectiveness of the Australian Government's Northern Australia agenda**

Thank you for the opportunity to provide this input in response to your invitation for submissions. The Regional Development Australia Townsville and North West Queensland (RDA) Committee understands the current opportunities and challenges in Northern Australia. We regularly engage with our key regional stakeholders in our role to facilitate and advocate for economic development.

**Context in which we are making this submission**

RDA works across the 15 local government areas in north and north-west Queensland, an area that covers nearly 26% of Queensland. To put our comments in context, I provide the following facts about our region based on statistics from the Queensland Government Statistician's Office July 2019 Regional profile.

- The region contributed \$17.3 billion to the national economy in 2016/17. We are confident of this increasing again after the earlier mining downturn, droughts and floods.
- The region is a strong minerals, beef cattle, sugar and horticultural producer with significant volumes of these products going to export markets, often directly from the Port of Townsville to nearby Asian markets.
- Industries in which the region has a high employment specialisation ratio are agriculture/forestry/fishing, mining, utilities, public administration, education/ training and health care/social assistance.
- In June 2018 the population was approximately 267,005; the long term forecast is for our regional population to increase to 353,453 by 2041.
- 72% of the population is located in Townsville, Northern Australia's largest city.
- 9.8% of the population identifies as being of Aboriginal or Torres Strait Islander background.
- The region has 81.9 homeless persons per 10,000 people vs 45.6 per 10,000 people in Queensland.
- Unemployment stands at 8.3% (11,068 persons) in the March 2019 quarter.
- The majority of unemployment is in the region's two largest cities: 7,363 of these people are in Townsville; 1,069 are in Mount Isa.
- Palm Island, Burke, Doomadgee, Carpentaria and Mornington Island have the highest unemployment rates ranging from 45.6% to 35.5%.

Before making comments on individual topics in the Terms of Reference, we note that RDA has welcomed the bi-partisan approach to the development of Northern Australia and the commitments, and funding that has stood behind those, as articulated in the *Our North, Our Future: White Paper on Developing Northern Australia*. There has never been such a focus by the Australian Parliament on development in the north and we wish to encourage an on-going concentration of effort to build on the foundations that are being laid. We now have the opportunity to take the north to the next level of development, with a focus on continuing policy and program work that is making a positive difference and assessing and tailoring new opportunities for policy and program development and implementation.

### **Facilitation of public and private investment in infrastructure and economic development**

RDA has welcomed the Australian Government's investment over the last four years on infrastructure in the north. Investment in infrastructure is critical for industry development and growing our small business base, the maintenance and growth of jobs and for liveability to attract and retain workers.

We understand that the White Paper focussed on the first tranche of priorities and there is now the opportunity to focus on the next five years.

We particularly note the investments made into roads through the Northern Australia and Northern Australia Beef Roads Programs as 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. Complementing the roads investment we have welcomed the investments into remote airstrips that have ensured on-going connectivity for residents and service delivery and access to health and education services as well.

Road, rail, port and airport investment has been vital and we encourage on-going investment into strategic assets that service and can grow the north's industries and competitiveness. Infrastructure Australia's next Australian Infrastructure Plan is a key opportunity to highlight the key strategic infrastructure priorities in the north.

Based on our work on the Inland Queensland Roads Action Project (IQ-RAP) over the past five years, we have welcomed announcements since the White Paper on long term funding commitments for the Roads of Strategic Importance initiative. 10 year programs with a blend of short term firm and long term tentative commitments can create greater efficiency and certainty and better outcomes in the planning and construction stages, particularly in regard to employment as well as productivity and safety benefits.

We also recognise the significance of the investment made into the Port Expansion Project (PEP) at the Port of Townsville and the recent Northern Australia Infrastructure Facility (NAIF) loan commitment to Townsville Airport Pt Ltd for its terminal development. Public investment means improved integration of supply chain connections which are of benefit to our entire region and neighbouring areas.

Industries and communities critically need enhanced water infrastructure. We have 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 Government is welcomed as a significant commitment to progressing key water projects.

Telecommunications infrastructure has improved over the past four years, but there are still gaps in service access and quality. While telecommunications was not a focus areas in the White Paper, 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.

In the next five years we would like to encourage a focus also being made on energy issues and opportunities. Energy and electricity prices are major issues for businesses and residents alike. Private investment is occurring in the renewable energy sector, and we have welcomed governments' support for new projects like CopperString 2.0 which proposes to build transmission capacity linking Mount Isa to the national grid and northern Queensland renewable generation. Going forward, policies and programs to further enhance energy and electricity generation and transmission as well as open up new opportunities like hydrogen production in the north will be important.

Private investment is currently coming mostly from the mining, processing or energy sectors. However, there are several exciting agricultural projects under development. Some examples from the mining and energy sector include:

- Kennedy Energy Park (Flinders Shire)
- Sun Metals Corporation Solar Farm (Townsville)
- Sun Metals Stage 2 Expansion (Townsville)
- Re-opening of Capricorn Copper Mine (Mount Isa)
- Black Rock Open cut, Glencore (Mount Isa)
- Pajingo Gold Mine – Open cut mining (Charters Towers)

While the Northern Australia Infrastructure Facility (NAIF) has attracted much attention, we believe it is helping to fill a gap in the market and assist major projects to develop. In our region investment is occurring into James Cook University and the Townsville Airport. We understand that a long lead time is required for large projects and for developing the business case and meeting all requirements to access the public's funds. RDA has also facilitated several introductions for future opportunities that are in the pipeline.

Over the next five years we encourage more public infrastructure investment as we know it will drive further private investment. We also encourage consideration of policies and programs to drive decentralisation in Australia whereby aiding the congestion of cities and encouraging population growth in regional areas where population is currently declining. Northern Australia would benefit from having its own population growth strategy and associated policies and programs.

### **Economic and social benefit arising from that investment into Northern Australia, in particular First Nations people**

The establishment of the CRC for Developing Northern Australia has been a landmark initiative to help drive economic and social benefit across the north. We have welcomed its establishment in Townsville and note the good work being done by all involved at the CRC and in the projects that have been completed or are under way.

Infrastructure projects are catalysing jobs through construction and are improving productivity for all industry and community users creating both economic and social benefits. Research projects like those undertaken through the CRC, are also leading to better understanding of issues and opportunities to enhance economic and social benefits.

Unfortunately though our region is still experiencing a high unemployment rate of 8.3% during the March 2019 quarter, compared to Queensland at 6.1% and Australia at 5.1% during the same period. Unemployment is particularly high for those who identify as being of Indigenous and Torres Strait Islander cultures. Jobs growth in our region has been hampered by the boom and bust cycles and impacts of mining and commodity prices and long-term droughts, once in a generation floods and cyclones.

Socio-Economic Indexes for Areas (SEIFA) is a summary measure of the social and economic conditions of geographic areas across Australia. In our region we have only 12.8% in the least disadvantaged quintile but 24.9% in the most disadvantaged quintile with the trend worsening. We encourage consideration of the SEIFA index as a prime indicator of how well a region is faring and where attention needs to be focussed to drive economic and community prosperity.

We recognise the work of the Indigenous Reference Group and look forward to meaningful ways to develop and enhance business development and employment opportunities, alongside improved outcomes in education and health.

### **Funding models and policy measures that capture the full value of existing and emerging industries**

One of the challenges of assessing the value of existing and emerging industries is understanding their setting and scale of impact. For example 20% growth in employment at a small business in a remote area will make a much greater impact than a 20% growth at a small business in a metropolitan area. Hence evaluations need to take into account, and value, the context and ability to make an impact even if the raw numbers are not large.

Secondly, support for new emerging industries does involve some risk taking but it is critical to support economic diversification particularly in rural and remote regions. Not only the short and long terms costs of support but the opportunity costs of not supporting new opportunities must be considered.

RDA also supports the need to change the framework for assessing and funding infrastructure. Our IQ-RAP partners believe there is a need and opportunity to reassess the framework for investment decision-making for regional roads and other infrastructure. We believe the current city-centric data that goes into cost analysis does not capture all issues, costs and benefits that would be accrued from investment in a regional setting. Productivity, safety, industry diversification through tourism, maintenance impacts on vehicles, animal welfare, dust impact on animals and crops and visibility and reliability of access are most important to inland road stakeholders; current benefit cost ratio analysis models favour the convenience factor for large numbers of commuters saving small amounts of commuting time in capital cities. The current one size fits all decision making methodology is flawed when it comes to regional roads infrastructure investment decision-making and this issue would apply to many other infrastructure cases.

We would encourage a framework that factors in the cost to specific industries. Industries aim to reduce their costs, to be more efficient and effective and therefore competitive. Our region would benefit from changes to funding models and policy measures across our agricultural, mining, logistics, tourism and construction industries to name a few.

We acknowledge the work done by Infrastructure Australia to produce the 2019 Infrastructure Australia Audit and the emphasis on accessibility, quality and affordability of infrastructure which is key to growing our region and the greater north. We look forward to on-going engagement with Infrastructure Australia and welcome their focus on the north and regional areas as well as addressing the issues in metropolitan areas.

### **Measures taken to develop an appropriately skilled workforce**

While we acknowledge the skilled workforce areas of activity noted in the White Paper, going forward we encourage an expanded and targeted focus on people and skills in our region. To drive the future of our region, we need to put a strong emphasis on the future skills needed by industry and businesses and start to promote these through our schools and tertiary education providers.

There needs to be an increased focus on Science, Technology, Engineering and Maths (STEM) skills. According to PwC if we could move just 1% of the workforce into STEM roles this would increase gross domestic product in Australia by \$57.4 billion. 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.

RDA is working on a major STEM initiative to significantly ramp up STEM skills interest, take up and learning, modelled on the work that Regional Development Australia Hunter (RDAH) have rolled out. A Memorandum of Understanding (MOU) has been established by our two RDA Committees and local engagement and support has been strong. A business case is currently being developed for funding to roll the program out in our region as a pilot for what could be highly relevant across the whole of the north.

### **Emerging national and international trends and their impact on the Northern Australia agenda**

International trends have a major effect on the north, especially as the key industries in our region such as mining and agriculture operate on a global scale. A challenge in our region is that our industries are price takers and not setters and as a result international trends often mean business uncertainty. We do however see many opportunities as a result of international trends and we welcome the Free Trade Agreements across our major markets.

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, infrastructure and communities will enhance the north's ability to access, leverage and develop these new opportunities.

In summary, we have been highly supportive of the development of the White Paper and its implementation and encourage an on-going bi-partisan approach to the next stages of development of the north, for the benefit of all Australians.

RDA would be delighted to respond to any questions you may have. RDA's Chief Executive Officer Ms Glenys Schuntner can be contacted on 07 4410 3655; 0417 198 284 or [ceo@rdanwq.org.au](mailto:ceo@rdanwq.org.au).

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'Frank Beveridge', with a long horizontal stroke extending to the right.

**Frank Beveridge**

Chairman