

31 January, 2020

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Dear Treasurer

Re: Pre-budget submission - creation of a *Growing Jobs in Northern Australia Fund*

This submission is prepared and submitted by members of the Northern Regional Development Australia Alliance (NRDAA) - Regional Development Australia committees from the Mid-West Gascoyne, Kimberley, Pilbara, Northern Territory, Far North Queensland and Torres Strait, Townsville and North West Queensland, Mackay-Isaac Whitsunday and Central and West Queensland. Our RDA regions cover Northern Australia.

Funded by the Australian Government, each RDA operates as a not-for-profit, incorporated association with a charter to focus on economic development. As an Alliance, we support the Australian Government in the delivery of the White Paper on Developing Northern Australia and have common objectives of sustainable economic development across Northern Australia.

From our extensive experience over the last 10 years of operations of RDA committees, we would like to recommend that a program based on the Australian Government's Regional Growth Fund be developed and implemented to encourage private sector investment and development in the north. The Regional Growth Fund (RGF) was set up to provide grants of \$10 million or more for major transformational projects which support long-term economic growth and create jobs in regions, including those undergoing structural adjustment. In the only round of the RGF, there were 16 successful projects across Australia. We recognise that three of these were in Northern Australia but also note that we are aware of several good projects that were not successful or ready to apply. There were even more projects that had potential to develop but were not at the right scale.

The proposed *Growing Jobs in Northern Australia Fund's* goals would be focused to align with the outputs of the refresh of the Northern Australia program and associated priority areas of development and growth, priority industries and or regions.

Background to the need for such a program in Northern Australia

- The RGF provided a rare opportunity for the private sector to be able to apply for a grant that would help catalyse jobs and step-change in local industry. The Fund was well oversubscribed, indicating that there is pent up demand in the private (and public) sector, and that with a government funding incentive, new initiatives could be developed to create short term construction jobs and longer term on-going jobs. There were 337 applications to the RGF seeking \$5.9 billion in grants to catalyse \$17.9 billion of total project costs. 16 projects were successful in securing \$272.2 million to catalyse total project value of \$794.6 million.



- Projects seeking less than \$10 million in matching funds could not apply to the RGF. In Northern Australia, given the dispersal and relative sparsity of population and reliance on small to medium sized businesses for the bulk of employment, we believe there is an opportunity to catalyse private sector investment in the mid-range (seeking grants of \$1 to \$10 million) with a similar mandate to create jobs in the short and longer term. Co-funding requirements could be similar to the RGF or the Building Better Regions Fund (BBRF).
- In the White Paper on Developing Northern Australia, the Government states that *“Business and household living expenses are much higher than they should be, and much higher relative to the rest of Australia and many other developed economies. High business costs discourage investment, while high living costs can discourage settling in the north. Governments need to focus on making a difference where they are best able, and enable business and markets to do the rest. Many failed projects and plans litter the north. It is essential that development ambitions recognise these challenges.”*
- The sectors that could be targeted would be those with most potential for growth in the north based on global demand and local strengths, for example tourism and hospitality, food and agribusiness, advanced manufacturing, international education and training, and services to support the north’s industries. Other industry sectors would be welcomed too.
- Employment in Northern Australia is characterised as being regionally specific and large variances occur between regions regarding unemployment rates as well as significant shortfalls in access to suitable skills. Jobs growth is a priority and the ability to fill the jobs with a skilled workforce is a key focus for both the private and public sectors. The need for jobs growth and a skilled workforce within the Health Care and Social Assistance Sector along with, Public Administration and Safety and Education and Training sectors is consistent across all regions and is heavily influenced by changing age demographics in our communities. Additionally many regions are currently under-resourced within the mining, agribusiness, manufacturing, engineering, construction and retail sectors. A more diversified and stronger private sector driven economy is critical to create future prosperity for those in the north and the nation as a whole.
- Unemployment in Northern Australia is approximately 1 point higher than the national average, but we also note that there are huge variations between coastal and remote communities and especially Indigenous communities with unemployment reaching over 50% in some cases.
- While there are 11,600 Indigenous businesses in Australia, only 1,100 are in Northern Australia despite 78% of land in Northern Australia being subject to Indigenous interests. The *Growing Jobs in Northern Australia Fund* could help catalyse the expansion of existing businesses with a track record. (There is also the need for other programs to continue to support the establishment of new businesses.)
- 1.3 million people live in the north, making up 5.2% of the Australian population, but the region contributes 10.7% of Australia’s GDP. Investment into the north will further drive the productivity of the north and its contribution to national GDP.
- One of the most significant impediments to developing new projects in Northern Australia is access to skills and funding to develop feasibility studies, economic impact assessments and business cases that are required for grant or loan applications. To be able to encourage and nurture applications from suitable candidates, RDA could play a lead role in promoting the *Growing Jobs in Northern Australia Fund*, meeting with project proponents and providing advice. If RDAs were also resourced

to provide support with economic and business analysis and business case development, a much stronger pipeline of new projects could be developed.

- In order to gain traction with project proponents and create a pipeline of new job creation, and skills development within the workforce, we recommend a four-year program with \$100 million committed in each round. That could potentially catalyse another \$100 million + per annum in private sector investment. There could be the opportunity to approach each state and territory jurisdiction to match Australian Government funding, but that would be somewhat cumbersome to develop and administer and could slow down the process and achievement of outcomes.
- If regular multipliers are used, there is the potential to conservatively create more than 1,200 direct jobs in construction, a much larger impact in indirect jobs and potentially the same again in on-going jobs.

The Northern RDA Alliance (NRDAA) would be pleased to respond to any questions you may have or to discuss the finer details of the proposed *Growing Jobs in Northern Australia Fund*. Please contact RDA Townsville and North West Queensland Chief Executive Officer Ms Glenys Schuntner on any matters regarding this submission. Glenys can be reached on 07 4410 3655, 0417 198 284 or ceo@rdanwq.org.au and will coordinate with myself and NRDAA colleagues as appropriate.

Yours faithfully



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Chairman
RDA Townsville and North West Queensland

On behalf of Northern RDA Alliance members:

Regional Development Australia Mid-West Gascoyne
Regional Development Australia Kimberley
Regional Development Australia Pilbara
Regional Development Australia Northern Territory
Regional Development Australia Far North Queensland and Torres Strait
Regional Development Australia Townsville and North West Queensland
Regional Development Australia Mackay-Isaac Whitsunday
Regional Development Australia Central and West Queensland

Cc: The Hon Michael McCormack MP, Deputy Prime Minister/ Minister for Infrastructure, Transport and Regional Development
Senator the Hon Matthew Canavan, Minister for Resources and Northern Australia

