



Senator the Hon Matt Canavan
Minister for Resources and Northern Australia

SPEECH

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Statement by the Minister for Resources and Northern Australia,
Senator the Hon Matthew Canavan

2018 Annual Statement on Developing Northern Australia

Opening remarks

When this government announced its White Paper on northern development three years ago, we mapped out a 20 year plan to develop the north, the first White Paper by any Commonwealth Government to develop Northern Australia. The government has made significant progress on implementing our plan, including the construction of roads, dams and other infrastructure, and three quarters of the White Papers recommendations have been implemented.

During the past year we have just gone past the 10 per cent time mark of our 20 year plan. While the progress we have made is substantial we must remember that true progress on northern development will take time. What is needed now is persistence to stick with the plan so we can make a real difference.

This third statement is noteworthy for the great momentum being built, the concrete results being delivered and untapped potential being realised in a region that is already an economic powerhouse, yet has so much more to offer our nation:

As I speak:

- extensive road upgrades are connecting industry and producers to markets and making travel safer for northern communities
- industry-led research is generating productivity gains in industries critical to wealth creation
- water resource assessments are reducing the risks for investors to encourage financial commitment to major water storage infrastructure developments, and
- each northern jurisdiction is benefitting from private sector investment thanks to the Northern Australia Infrastructure Facility.

So far more than 74 per cent of the measures in the White Paper has been implemented—that is, 38 of the 51 measures delivered.

But our plan for the north was never intended to be a short-term agenda; we've continued to invest in it, the 2018–19 Budget a clear indication of our commitment to its continuity.

Building world-class infrastructure

The northern agenda is a nation-building agenda, and is rightly characterised as an infrastructure-driven agenda.

Roads, railways, ports, airports, water and energy supply, telecommunications—they are all fundamental to the proper functioning of any modern economy.

Making infrastructure development the lynchpin of our plan for the north is therefore a necessary strategic objective.

It is gratifying to see that infrastructure development in the north, fostered by our agenda, is gathering pace. And all who live, work, do business and travel in the north stand to benefit.

Nearly half of the 37 projects planned under the \$700 million Northern Australia Roads Program and Northern Australia Beef Roads Program are either complete or underway.

They are improving safety and access to services; more efficiently connecting communities and businesses to domestic and international markets; and allowing locals to earn money.

These road upgrades are creating up to 2,400 direct jobs for the local communities, including significant business and employment opportunities for Indigenous people.

The impact of this investment is felt far beyond direct employment on these projects.

Mayor Tom Gilmore of Mareeba Shire Council in far north Queensland tells me that on the Hann Highway, the Northern Australia Roads Program is transforming this vital infrastructure.

He says:

“It will make an enormous difference to the lives of not only the people who live beside it, but the cattle, fruit and vegetable, agricultural and minerals industries”.

It is heartening to hear that through these investments, we are driving economic growth in these industries.

In Western Australia works have commenced on the Cape Leveque Road north of Broome on the Dampier Peninsula. The remaining 90km are being sealed creating bigger opportunities for tourism and other industries. Twenty full time positions have been created for Aboriginal workers and 20 per cent of the subcontract works are being delivered by Aboriginal businesses.

In the Northern Territory we are well underway with further upgrades to the Buntine Highway, one of the Northern Territory's high-priority cattle routes. This benefits the region's cattle industry with around 15 pastoral stations relying heavily on the Buntine Highway to get their cattle to markets.

In the White Paper, we identified the iconic Outback Way as a priority route right across the north. The first of five new Queensland upgrades are now underway, with further upgrades

planned for the Northern Territory and WA roads that make up this inland route. This year we allocated a further \$160 million towards the Outback Way taking our overall commitment to \$330 million. We are on track to seal just the third route, east-west, across our nation.

These 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 right across the north.

We are building on these initiatives.

The Roads of Strategic Importance program, a decade-long commitment in the 2018–19 Budget, invests an additional \$1.5 billion directly in northern Australia.

It will upgrade key agricultural and mining corridors to open up local supply chains and provide more reliable and safer transport links for freight, tourism and community road users.

Access to domestic and export markets will be easier, enhanced through better connection to intermodal freight facilities.

This investment will be a great boost to the northern economy and add to the jobs already being created over the next decade.

Encouraging private investment

Since the last report, private sector engagement with our northern agenda has been steadily translating into actual investment with the help of the Northern Australia Infrastructure Facility—the NAIF.

I have acknowledged that the NAIF’s progress did not meet our initial expectations. The NAIF is an innovative way for governments to fund nation building infrastructure by partnering with private investors. It is understandable that it has taken time and some refinements to make this new system work.

Last year I commissioned a review by Tony Shepherd to investigate the NAIF’s progress and suggest changes that could help unlock funding. In response we’ve amended the NAIF Investment Mandate to increase its flexibility and improve its potential to support projects that deliver more jobs and economic opportunities to the north.

These changes have expanded the types of infrastructure the NAIF can fund—from airports to energy networks to abattoirs—and increased the amount it can lend to some projects. It is my view that these changes have helped pick up the pace on NAIF funding.

The NAIF’s total investment, including conditional approvals, is now nearly \$1 billion, with a total new projects value of up to \$2.3 billion.

I want to thank Khory McCormack, the Chair of the NAIF, Sharon Warburton the previous Chair, and their team for the dynamic way they have approached this task and turned things around. Their changed approach is helping to unlock new opportunities across the north.

Take, for example, the Pilbara, WA’s mining powerhouse. Earnings from that region alone, with a population of only 60,000 people, are larger than the individual economies of 119 countries.¹

Yet the Pilbara has more room to create additional wealth if the necessary infrastructure is in place. The NAIF is helping generate private investment for such infrastructure.

The government, through the NAIF, has provided a \$19.5 million loan to a subsidiary of Pilbara Minerals Ltd to upgrade a 70 kilometre public road from its Pilgangoora mine, home to one of the world's largest known lithium ore deposits.

The loan will help get lithium from the mine to port more efficiently, boost exports of lithium from the Pilbara, and improve travel times and safety for a wide range of road users in the region. Lithium is used in batteries for a whole range of consumer products—from portable electronic devices to electric vehicles. There is a huge demand for these batteries and the NAIF is making sure Australia can capture a growing share of this global market.

The first investment decision for Queensland will transform the James Cook University campus to be a university of the future. The landmark Technology Innovation Complex will provide contemporary facilities for a renewed focus on engineering for the tropics. Public benefits will be around \$700 million over 30 years.

Conditional approval has been given for major upgrades to airport infrastructure in Darwin, Tennant Creek and Alice Springs. This includes cold storage, an export hub, upgrades and solar energy farms with an offsite multi-use battery. This project is likely to generate 1,000 jobs through the construction phase, support around 500 indirect jobs, and create 140 new ongoing positions. The projects set the airports up for greater tourist numbers and allow producers to export fresh agriculture and aquaculture products direct to market.

Through investments like this, the NAIF is fulfilling its aim of helping the private sector access the capital it needs to drive infrastructure and economic development in the north.

I am pleased to say that following the changes, we are seeing more investment decisions from the NAIF, and it is now making a substantial contribution to the northern economy.

This is investment in infrastructure, investment in jobs, investment in business opportunity and investment in wealth creation is for all of Australia.

Harnessing more of the north's water resources

We have made good progress in driving the agenda to develop new water infrastructure in northern Australia.

The ability to capture and use more of the region's rainfall, which accounts for more than 60 per cent of Australia's total, is critical to the northern agenda. Currently, just two per cent of this rainfall is being used.²

The government's \$580 million National Water Infrastructure Development Fund has committed over \$230 million to northern Australia water projects. Nine of the 15 water infrastructure feasibility studies commissioned under this funding have already been completed.

We have committed over \$176 million to build the Rookwood Weir, \$3 million to modernise the Nogo Mackenzie Water Supply Scheme, and \$11.6 million to modernise the Mareeba-Dimbulah Water Supply Scheme in Queensland.

We now have more confidence in the north's potential for expanding agricultural production. Scientific assessments by CSIRO have identified up to 387,000 hectares in key water catchments with the potential for agricultural crops such as sugarcane and cotton.

These are the Mitchell River catchment in Queensland, WA's Fitzroy River catchment, and the Finnis, Adelaide, Mary and Wildman river catchments in the Northern Territory.

The assessments have also identified 710,000 hectares of additional coastal land that could accommodate lined aquaculture ponds.

The data from these assessments sets a baseline for major advancement in irrigated agriculture, giving investors the information needed to reduce risks and make informed decisions about financing large scale infrastructure developments in the north.

Fostering globally competitive industries

Another piece of encouraging progress over the past year is that more businesses and industries in northern Australia are actually getting support from Australia's world-class researchers to flourish and stay globally competitive.

The government's investment in research and development in the north is fostering world-leading innovation such as smart supply chains and generating new ideas to capitalise on the region's strengths and address its challenges.

The work of the Cooperative Research Centre for Developing Northern Australia is an excellent example of the positive difference our investment is making in the north.

With funding of \$75 million over ten years, the CRC is supporting industry-led research collaborations in food and agriculture, health service delivery and Traditional Owner-led business development.

Last October, I announced seven collaborative research projects in northern Australia totalling \$13.9 million that leveraged partner contributions of \$37 million.

Since then, the CRC for Developing Northern Australia has announced funding of almost \$3.6 million towards 12 new industry-led projects with a combined project value of over \$12 million.

Just last month, the CRC announced its latest funding—a \$500,000 grant to trial new methods to double the north's mango production and increase business profit margins.

The three-year project is a collaboration between two large commercial mango growers—Manbulloo Ltd and BJM Enterprises—the Australian Mango Industry Association, and the Queensland Department of Agriculture and Fisheries.

Grower Marie Piccone from Manbulloo, Australia's leading producer of Kensington Pride mangoes, says the CRC research and innovation has helped improve her company's performance. They're supplying Australian customers and exporting direct to global customers. By streamlining the supply chain with automation in harvesting and packing, they're reducing their company's costs.

Growing demand for high-quality produce from the north has led to new export opportunities. This research collaboration will ensure more Australian mangoes reach growing overseas markets, helping the mango industry to grow and create more jobs.

Northern Australia is already a region of excellence in research on tropical health, medicine and environments. The government's investment in the north's R&D through the northern agenda means the region's research base is growing from strength to strength.

Greater collaboration

A promising outcome of our efforts in the north is that we are seeing greater collaboration and engagement with the agenda at all levels—government, industry and local communities.

Since the inaugural Ministerial Forum on Northern Development a year ago, Australian Government ministers responsible for northern development and our counterparts from the Northern Territory, WA and Queensland have been working together to advance the agenda. In April we met for the second forum in Kununurra, where we agreed to continue to fund vital roads and water infrastructure, promote investment opportunities and create new jobs. We also agreed in principle to recommendations by the Indigenous Reference Group, comprising a group of Indigenous business leaders, and undertook to work closely to improve economic outcomes for Indigenous Australians in the north.

A stronger economy in the north cannot be achieved without the economic participation of Indigenous Australians. Indigenous people make up about 15 per cent of the population in northern Australia and, in the Northern Territory, this figure is over 25 per cent.

I am pleased to be working with Indigenous business leaders on strategies to help get people into jobs, get the right support for Indigenous entrepreneurs and help Traditional Owners realise the economic potential of their land, sea and cultural assets.

I thank Indigenous Affairs Minister Senator Nigel Scullion and the Indigenous Reference Group for their work in progressing this essential aspect of developing the north.

Conclusion

The review of the first three years of the government's Northern Australia agenda shows progress being made but there is a lot more to do. These annual statements to Parliament themselves help create energy to help maintain the northern momentum.

We must maintain this pressure to ensure that the next 17 years of our Northern Australia agenda continues to make progress. That is a task for all Australians that support the

development of our country. Tonight 160 guests will join me here in Parliament to continue to sell the message about the enormous opportunities that exist in Northern Australia.

Our plan is a plan for all of these Australians and we need to all work together to see this plan to its conclusion.

References

¹ Pilbara Development Commission (2018) *Pilbara Economic Snapshot*, Edition 1, August 2018
http://www.pdc.wa.gov.au/application/files/9615/3535/6982/Pilbara_Economic_Snapshot_August_2018.pdf

² *The White Paper on Developing Northern Australia: Our North, Our Future*, page 40
<https://www.industry.gov.au/sites/g/files/net3906/f/June%202018/document/pdf/nawp-fullreport.pdf>

and 2016 Annual Statement
<https://www.minister.industry.gov.au/ministers/canavan/speeches/northern-australia-annual-statement>

Additional information

Visit <http://northernaustralia.gov.au> for the 2018 *Developing Northern Australia Implementation Report* and the Our North | Our Future video.