

Kevin Rudd and Labor

A New Way

Australian
Labor *

Growing the North: A Plan for Northern Australia

Policy Summary

The Rudd Labor Government has a positive plan to invest in jobs and economic growth in Northern Australia.

The Government understands the importance of supporting economic diversification which is more important now as the decade-long China resources boom is coming to an end.

Since 2007, the Rudd Labor Government has invested heavily in the future of the Northern Territory, Far North and Northern Queensland and Northern Western Australia to support existing and new, emerging businesses.

Labor has invested in infrastructure, communications, innovation, agriculture, education, health and hospitals, tourism, defence, indigenous communities and the environment.

The Plan for Northern Australia will build on this investment. Specifically, the Rudd Labor Government's Plan for Northern Australia will:

- **Create a Northern Special Economic Zone focussing on the Northern Territory** to attract new investment through simplifying investment rules for the Territory, streamlining regulation and application processes for major projects and introducing new company tax incentives for business with the objective of reducing the corporate tax rate for Territory based companies in five years.
- **Expand the Ord Irrigation Scheme (OIS) Stage 3** by providing \$10 million to the Northern Territory Government to enable expansion of the OIS from 29,000 hectares to 43,000 hectares. This will result in an estimated \$150 million in new economic output
- **Implement 20 Year Growth Plans for Regional Hubs in Darwin and North Queensland** based on the successful Mt Isa to Townsville Economic Development Zone (MITEZ) supply chain model developed by Infrastructure Australia in collaboration with the private and public sectors

Building on our investment since 2007

The Rudd Labor Government has made an unprecedented commitment to Northern Australia since 2007 by investing in:

- **Infrastructure** - \$1.1 billion Nation Building Program in the Northern Territory which is delivering a record investment in the Territory's transport infrastructure.
- **Jobs and Remote Communities** – \$1.5 billion Remote Jobs and Communities Program commenced on July 1, 2013 to provide flexible employment services adapted to the needs of local communities. This will help communities to take advantage of regional economic opportunities in a range of areas including mining and agriculture.
- **Defence** - Defence spending for Northern Australia totals \$1.18 billion.
- **Community and Social Infrastructure Grants** - More than \$300 million in grants for community and social infrastructure in Northern Australia.
- **Tourism** - \$8.7 million in grant funding (since 2009) to eligible tourism businesses in Northern Australia.
- **Resource Sector Growth** - \$7.6 million in funding for regional infrastructure planning to support resource sector growth in the Northern Territory, Queensland and Western Australia.

Growing the North: a Plan for Northern Australia

Northern Special Economic Zone

Federal Labor recognises the strategic opportunities in our north and will help to promote economic development by creating a Northern Special Economic Zone focussing on the Northern Territory.

This Special Economic Zone will help attract new investment and create new jobs in the North. The development of the zone will be co-ordinated by the Office for Northern Australia, established by Labor in March 2008.

The Special Economic Zone will have three core features:

- Attracting more investment
- Streamlining regulation
- Providing incentives for growth

Attracting more investment

A Rudd Labor Government, in consultation with local communities, will examine a relaxation of certain investment categories in Northern Australia.

Labor understands there are local communities, businesses, farmers and investors looking to attract and secure more domestic and foreign investment to fund their future development and economic growth.

The Special Economic Zone will be able to take advantage of simpler rules on foreign investment that will make investment more attractive. These simpler rules will help streamline the application process, while at the same time protect local and national interests.

Foreign investment has helped build Australia's economy and will continue to benefit all Australians by supporting economic growth and prosperity. This investment supports existing jobs and will help create new jobs. It encourages innovation and introduces new technologies and skills. It brings access to overseas markets and promotes competition.

Options for the new arrangements include:

- Removing or increasing the thresholds required for upfront screening.
- Removing duplication of regulatory oversight where there is regulatory overlap.

Alternatively, upfront screening requirements could be removed where foreign investors enter into joint ventures with existing owners as opposed to buying 100 per cent of an enterprise.

These new arrangements would only apply to privately-owned foreign investors and would not apply to residential property. Rules that protect national security would remain. The current rules will continue to apply in the rest of Australia.

The final arrangements will be determined following consultation with the relevant State, Territory and local government, and local communities.

Streamlining regulation

The Rudd Labor Government will prioritise the use of Strategic Assessments in the Special Economic Zone. Strategic Assessments streamline processes under the Environmental Protection and Biodiversity Act while protecting environmental standards.

Strategic Assessments are landscape scale assessments and unlike project-by-project assessments, which look at individual actions (such as the construction and operation of a pipeline or wind farm), they can consider a much broader set of actions.

Entering into a Strategic Assessment offers the potential to deal with cumulative impacts and to look for economic, conservation and planning outcomes on a much larger scale than can be achieved through project-by-project assessments.

The main advantages of Strategic Assessments are:

- Clarity for business in undertaking their project planning.
- Confidence for conservation and environmental groups that the matters of national significance have been fully explored and protected.

Providing incentives for growth

A Rudd Labor Government will initially work with the Northern Territory government to deliver new tax incentives that support businesses to establish and expand in the north.

The objective is to reduce corporate taxes for Territory based companies in five years. This will include consideration of a new offset for companies in the Northern Territory or a company tax cut to provide a significant incentive for economic growth in the region.

We will also enhance the investment environment by examining incentives for States and the Northern Territory to reform their taxes, including reducing insurance and stamp duties, simplifying and harmonising payroll taxes and reducing infrastructure charges for significant projects.

Expansion of the Ord Irrigation Scheme Stage 3

A Rudd Labor Government will provide \$10 million to the Northern Territory Government to increase the size of the Ord Irrigation Scheme from 29,000 hectares to 43,000 hectares.

The Stage 3 expansion is expected to result in up to \$150 million in new economic output. The Ord Irrigation Scheme currently produces agricultural output of around \$120 million a year. This will grow to around \$240 million a year once Stage 2 is completed. The increased economic output will come mainly from expanded sugar-based crops.

There is strong support for this significant national infrastructure from the Western Australian and Northern Territory Governments and from private enterprise and the traditional owners of the land.

20 Year Growth Plans for the Key Regional Hubs of Darwin and Northern Queensland

The Rudd Labor Government will request Infrastructure Australia to work with the Northern Territory and Queensland Governments, local government and business to develop 20 Year Growth Plans for strategic hubs in Darwin and Northern Queensland. In Queensland, plans will be developed for Townsville, Cairns and Mackay.

The new 20 Year Growth Plans will be based on the successful 50 year Mount Isa to Townsville Economic Development Zone (MITEZ) supply chain plan model developed by Infrastructure Australia in collaboration with the private and public sectors in Northern Queensland.

The plans will:

- Identify key infrastructure and planning requirements for integrated development of regional hubs over the longer term.
- Establish a shared vision to support investment from the private and public sector.
- Target key sectors and strategies for increasing trade, investment and employment in the region.

In **Darwin**, growth plans will focus on expanding:

- Natural resource development in Liquefied Natural Gas and mining and related service industries.
- Agribusiness.
- Defence.
- Engineering.
- Financial, medical and education services.

The Growth Plans will also examine ways for business to capitalise on the rollout of the National Broadband Network (NBN).

Key issues to be examined in developing the 20 year growth plans include:

- Transport infrastructure enhancements, including port and rail.
- Coordinated land release.
- Critical services such as energy and water.

Townsville's growth plan will focus on opportunities to capitalise on its central location on transport networks and major port, close proximity to resource and agricultural districts, world class educational facilities, broad economic base, including a defence presence, and proximity to tropical markets.

For **Cairns**, the growth plan will focus on tourism, particularly the significant growth of Chinese tourism, related hospitality service industries, agribusiness, defence, engineering, financial, medical and education services as well as capitalising on the rollout of the NBN.

Mackay's growth plan will focus on opportunities presented by its proximity to the Bowen and Galilee basins, mining service industries, agribusiness particularly sugar and milling industries, transport and logistics networks, rail and port infrastructure and the opportunities presented by the current rollout of the NBN.

Funding for these initiatives are already included in the budget.

Why we need to act?

Northern Australia accounts for around 5.5 per cent of Australia's population but nearly 8 per cent of national Gross Domestic Product and over 20 per cent of national exports (by value). Northern Australia has enormous reserves of minerals and energy resources (iron ore, coal and gas), competitive beef, pastoral and agricultural industries and expansive native grasslands. Its other comparative advantages include diverse natural landscapes and coastline. Northern Australia's proximity to markets in Asia and the region's increasingly wealthy, growing and mobile middle class, make northern Australia strategically placed to take advantage of opportunities in Asia.

There are however some significant impediments to realising Northern Australia's full potential. These include critical infrastructure shortages, the need to diversify the northern economy, high costs of doing business and living in the north, challenging agronomic conditions, and a small population and labour base. In addition, there are significant disadvantages in education and skills attainment as well as broad community disadvantages which all present challenges to economic development.

To harness opportunities and address impediments, a sustained, long term strategy for growth in Northern Australia is needed.

How will it work?

The Rudd Labor Government's *Growing the North: a Plan for Northern Australia* builds on the significant investments made by the government since 2007 by harnessing opportunities and addressing barriers to the sustained, long term growth of Northern Australia.

Under the plan, the Rudd Labor Government will work in partnership with the State, Territory and local governments and business to build the capacity of Northern Australia. This way will help to capture opportunities from the rise of Asia, focus on the Top End's unique strengths and encourage and support the growth of new and emerging industries.

What are the benefits?

Australia is now facing the end of the decade long China resources boom and the global economy is also experiencing a sluggish recovery.

For these reasons we need to find a new way. We must work together - governments, businesses and unions - to make Australia more competitive. We must diversify our economy beyond the mining sector to ensure we don't have all our eggs in one basket.

The Rudd Labor Government's Northern Australia Plan does this. This Plan offers a new way to secure jobs and grow our economy to provide future opportunities for our kids.

Every region is important to the prosperity of the nation. Regions produce the bulk of our exports and are home to roughly a third of our population.

Our regions are well placed to benefit from the transforming national economy.

The economic growth of Darwin, Townsville, Cairns and Mackay and their development as gateways to Asia and will be critical to achieving a more diverse and resilient national economy over the longer term.

What are the costs?

The actions outlined on a Northern Special Economic Zone and to implement 20 Year Growth Plans do not have a direct cost to the budget over the forward estimates.

The \$10 million for the Northern Territory Government for the expansion of the Ord Irrigation Scheme will be provided from the *Economic Competitiveness Fund* included in the budget.