

Securing Northern Development in the Long Haul: The Need for a Place-Based Backbone Institution

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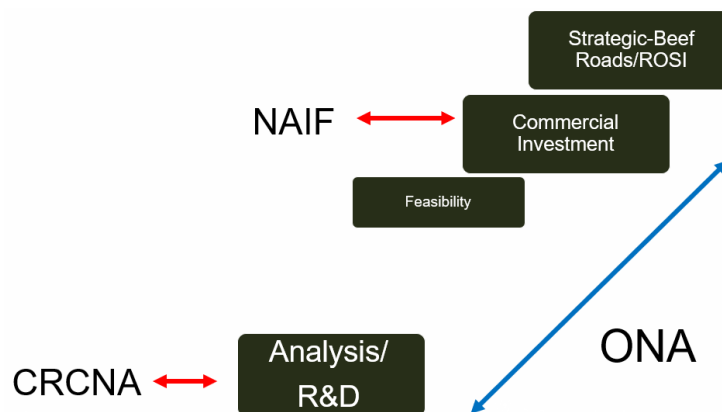
Key Messages

- **Northern Australia remains key to Australia's future.** It is a place of great economic opportunity and holds globally significant environmental and cultural values. The north is also an Indigenous domain, with Traditional Owner rights across most of the landscape. It is the gateway to the Indo-Pacific region and crucial to the nation's future defence.
- **The Developing Northern Australia White Paper (2015) sought to build the governance, policy and delivery systems necessary** to secure these nationally-important opportunities.
- **The White Paper's core elements supported the establishment of a new "investment pipeline"** to attract public and private investment into the north.
- A **refresh of the White Paper's Action Plan** was released in August 2024.
- Recent systems analysis has shown that **key successful elements of the original Implementation Action Plan (51 actions)** have included the Northern Australian Infrastructure Facility (NAIF), the major enabling infrastructure packages (e.g. the Beef and Strategic Roads Packages) and key investments in foundational R&D activities via the (Cooperative Research Centre for Developing Northern Australia (CRCNA)).
- This work also shows **less effort has been directed towards other key elements** of the investment pipeline, particularly investment in human and institutional capacity (particularly for local governments and First Nations), place-based partnership building to mobilise solutions, land use and infrastructure planning and well targeted feasibility assessment.
- These **pipeline deficiencies have resulted in bottlenecks** for potential major projects, and a limited focus on small to medium business investment, poor resolution of environmental conflict and the continuing marginalisation of Indigenous, rural and remote communities.
- To make the pipeline effective over time, **four inter-dependent institutions are key.** These include the NAIF (with a wider mandate/longevity), the Office of Northern Australia (ONA) and Ministerial Forum (for coordination across governments) and a place-based backbone institution to facilitate collective approaches to identifying/resolving pipeline problems.
- Key operational approaches of **CRCNA have shown the critical importance of a specialist place-based backbone institution** across the north to enable the system to function.
- An essential reform is needed to ensure the long haul **establishment of strong, place-based backbone institution to help facilitate solutions to critical barriers** being experienced by communities and investors getting access to and support along the investment pipeline (particularly enabling investment in RD&E, capacity and partnership building, planning and feasibility. The existing CRCNA has tested and continues to provide some of these functions.
- It is suggested that, to service NAIF and the ONA, **a stable, commercially-aware and place-based backbone institution work closely with those on-ground parties** (or problem owners) experiencing the barriers. This includes First Nations groups, project proponents, councils, regional development organisations, RDA's, researchers, industry bodies, governments, etc).
- **Such an institution could be recognized/empowered by review of the NAIF Act or mandate,** funded by reinvestment of NAIF loan interest, and collaborate with NAIF and ONA.
- **This critical reform can also be applied to help service the resolution of multiple complex policy agenda** in northern Australia, including net zero transitions, Closing the Gap, EPBC-based environmental reforms and Commonwealth housing, defence and health policies.

Background

New optimism and confidence in the future of northern Australia was sparked through the Commonwealth's launch of the Developing Northern Australia White Paper in 2015. The White Paper in effect, was seeking to build the governance, policy and delivery systems necessary to secure the nationally-important development opportunities that northern Australia provides. This foundational policy architecture comprised some 51 implementation actions covering research and development, workforce development, feasibility assessment, concessional loans, major infrastructure programs, trade development and the overarching governance of the agenda. A detailed refresh of the associated Implementation Action Plan has now been released. Indeed, new and special attention is required in northern Australia to progress the Commonwealth's Closing the Gap, Defence, Net Zero, Future Made in Australia, Nature Positive and Housing policies *and* recently released R&D priorities.

Building on a synthesis of some seven years of strategic research across the Cooperative Research Center for Northern Australia (CRCNA), a recent CRCNA report (Dale 2024) has assessed that achieving the sustainable and inclusive development of northern Australia will be a generational task. It found that the original White Paper established some successful foundational initiatives, but only established parts of an integrated investment pipeline to achieve northern development.



The most successful key components of the Implementation Action Plan included the establishment of the NAIF, the operation of the CRCNA, and large, publicly-funded enabling infrastructure programs (such as the Beef Roads and Strategic Roads Package). All of these cornerstones of the White Paper were coordinated by the Commonwealth's Office of Northern Australia (ONA). However, while these actions were part of a clear stable investment pipeline, significant key problems emerged:

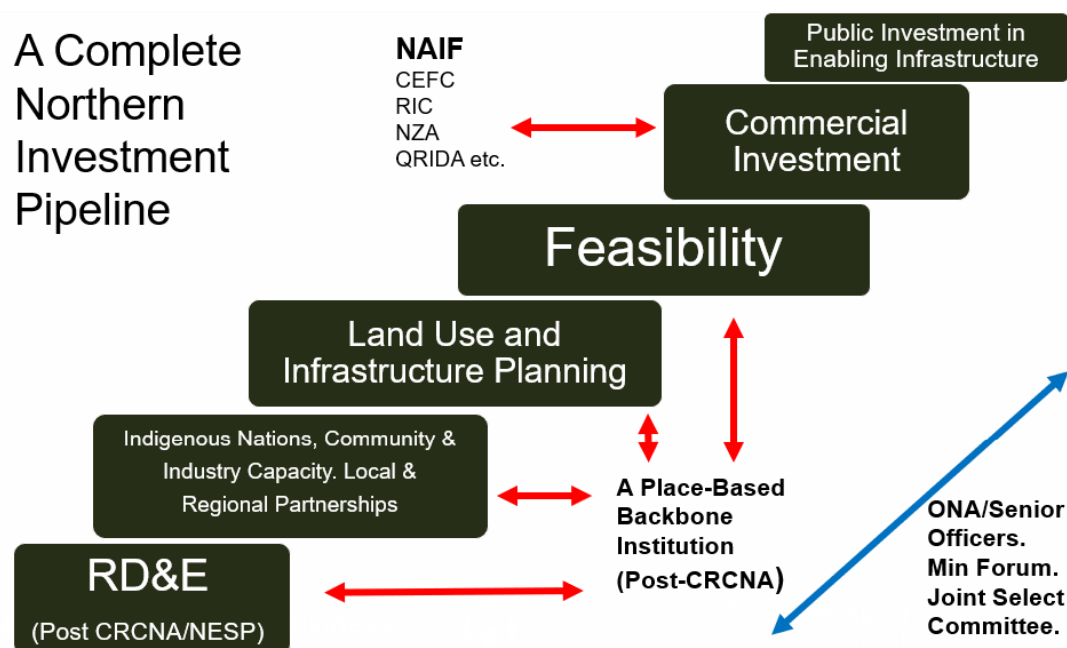
- There was initially a strong lag in emergent eligible projects for NAIF funding. This suggested significant deficiencies in local and regional proposal generation, a deep lack of influential land use and infrastructure planning, and insufficient investment in feasibility;
- The original NAIF structure focussed attention in the very large corporate interests, many of which still faced great uncertainty in navigating development approval processes;
- Small to medium business development generally garnered less attention, leading to a lack of diverse development and leaving less resilient economies;
- The reinforcement of entrenched disadvantage for Aboriginal and Torres Strait Islander communities and remote and rural communities versus larger regional towns;
- A strong focus on economic development only at the expense of social and environmental development programs needed to secure local liveability and energy transition;
- A comparatively low level of political representation despite the north's strategic importance, creating a barrier to adequate attention in implementing national priorities; and

- Generally slow progress in achieving economic and social development goals.

Dale (2024) demonstrated that major components for facilitating investment effectively in the north would require *continuing* and *additional* key components in the investment pipeline. These included:

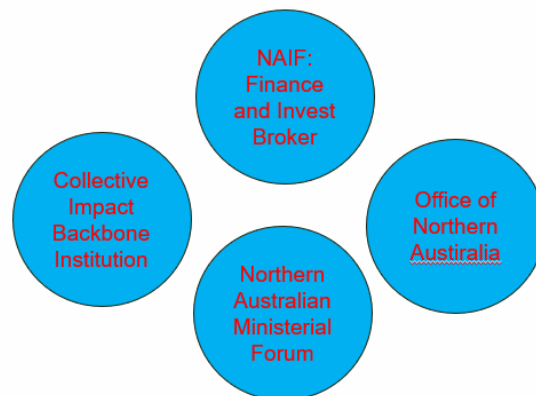
1. *Continuing Research and Development* – Ongoing, targeted research, development and extension to explore opportunities and constraints facing investment in northern Australia;
2. *Mechanisms to lift Human and Institutional Capacity* - Foundational investment in human and institutional capacity and workforces to enable investment projects to function;
3. *Building Strong Indigenous Institutions* - The strong governance of traditional owner institutions to lead self-determined future building and to enable FPIC processes;
4. *Place Based Partnerships for Development* - Strategic and long term partnerships between traditional owner communities, industries, investors, markets, researchers and local, state and federal governments from local, regional, pan-northern and sectoral scales;
5. *Regional and Precinct-Based Land Use and Infrastructure Planning* - The fundamental land use and infrastructure planning required to guide project development and investment;
6. *Improved project Feasibility and Impact Assessment* - Support for progressing possible projects through business case development and impact assessment processes;
7. *Stronger Finance Brokerage and Finance Diversity* - Brokered support for finance from multiple private, philanthropic and government sources to progress development;
8. *Ongoing Public Sector Investment in Enabling Infrastructure* – Continued shared Federal, State and Territory investment in genuinely enabling infrastructure;
9. *Improved International Relations and Trade* - Strong and strategically focused global relationships and a healthy trade environment; and
10. *Overarching Governance Arrangements and Institutions* - Strong national to local governance arrangements to ensure effective northern Australian policy making, budget influence and delivery of strategic programs and projects.

Diagrammatically, this would look as follows:



Continuing R&D investment programs are needed beyond the closure of the CRCNA in 2027, as well as targeted new investment programs dealing with these currently missing pipeline components.

Most importantly, however, Dale (2024) has made it very clear that four key governing institutions are essential for the long term (perhaps out to 2050) to effectively enable long-term, sustainable and inclusive economic growth in the north. These include:



Without all four of these types of institutions operating collaboratively towards an agreed strategy in the northern Australian investment pipeline or ecosystem, significant policy failure is likely. The key roles of these most important institutions can be summarised as follows:

- The ONA will continue to be needed to coordinate cross Commonwealth and cross jurisdictional policy, program aligned and bilateral cooperation. This also means increasingly coordinating between Special Investment Vehicles and associated agencies to mobilise use of their mandates to allow more projects a pathway to success in the north;
- The NAIF will need to be continued into the longer term, increasingly playing a role in brokering multiple Commonwealth loan facilities and developing a small to medium focus.
- The Northern Australian Ministerial Forum will need to continue, ensuring a bilateral and cross-jurisdictional approach to policy and public infrastructure/service investment.

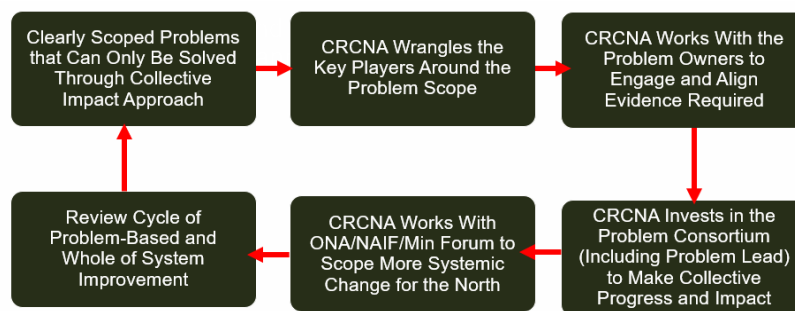
What is currently missing from these institutional foundations, however, is a strong, skilled and northern Australian focussed place-based backbone institution to enable effective and practical problem solving leading to the development of a stronger and more integrated investment pipeline. There has been increasing international and national acclaim for adopting place-based collective action approaches to help solve intractable local development and service problems. Place-based initiatives are **collaborative, long-term approaches to build thriving communities delivered in a defined geographic location**. The approach is characterised by partnering and shared design, shared stewardship, and shared accountability for outcomes and impacts. At a minimum, this requires:

- A trusted and skilled backbone institution with the capacity to mobilise collective agreement about the social, economic or environmental outcomes being sought at appropriate scales;
- Collective analysis of, and agreement about, systemic governance system problems that need to be resolved to improve the regional and local outcomes being sought;
- The adoption of quick win actions to improve system health alongside more substantive, long term strategic projects or activities required to radically improve outcomes; and
- Ongoing adaptive monitoring of progress against outcomes being sought, as well as on going monitoring of the health of the governance system contributing to those outcomes at scale.


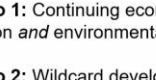
Such a place-based backbone institution is needed within this governance architecture as:

- CRCNA's Sectoral Analyses/Derisking work has identified stunning levels of (generally place-based) barriers facing communities seeking pathways into the investment pipeline;

- By way of proof of concept, the CRCNA has been intentionally been operating to some degree as a foundational place-based backbone institution at the start of the investment pipeline. The CRCNA has focussed on resolving intractable barriers in the investment pipeline. It does this by applying a place-based collective impact approach to problem identification solving through the investment of targeted research and development funding. Key things that have worked in the CRCNA facilitation model can be outlined as follows.



There are several fine examples of the value and essential nature of this approach in the CRCNA's agricultural, indigenous-led and health services development programs. The following outlines the agricultural development barriers experienced in Queensland's Gilbert River catchment.

<p>Example 1: The Dilemma Facing the Gilbert</p> <ul style="list-style-type: none"> Ecologically robust catchment with a water resource plan allocating 464GI. Consequent agricultural development faces <i>where, what, who and how</i> dilemma. Without brokered regional planning and development assessment pathways, the future scenarios are not good. No one takes responsibility for solutions brokerage (CRCNA). 	<p>Scenario's Without Systems Improvement</p> <p>Scenario 1: Continuing economic stagnation <i>and</i> environmental decline</p> <p>Scenario 2: Wildcard development risks.</p> <p>Versus:</p> <p>Scenario 3: Sustainable development of the Gilbert catchment</p> 
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It is suggested that long-term institutionalisation of the NAIF and a new and stable place-based backbone institution could be funded through the re-investment of NAIF interest repayments into

these essential parts of the northern Australian architecture. NAIF is generating significant public benefits from its loans with a current ratio of around and 8:1 return against loan value. There are real benefits in redirecting some NAIF repayments to fund stronger pipeline support. The legislative foundation for a place-based backbone institution could also be formally recognised through either amendment of the NAIF Act, or the expansion of the NAIF mandate or operational procedures. This approach would provide institutional clarity and longevity for the purpose of such an organisation.

What Would be the Role of a Place-Based Backbone Institution

The key roles of the place-based backbone institution would be to:

- Identify critical place-based or sectoral bottlenecks limiting the investment pipeline;
- Work with key problem owners to scope the need for collective action;
- Apply targeted collective impact approaches to facilitating step-wise progression;
- Administer special purpose or specified Commonwealth grant programs and raise other funds to help resolve critical investment pipeline barriers in priority locations or sectors. Such programs should include investment vehicles specifically focussed in targeted RD&E, capacity and partnership building, planning and feasibility assessment activities;
- Facilitate improved access to government, private sector and philanthropic programs; and
- Work with ONA, NAIF and the Ministerial Forum to progress identified policy and budgetary solutions to the most significant problems facing northern Australia.