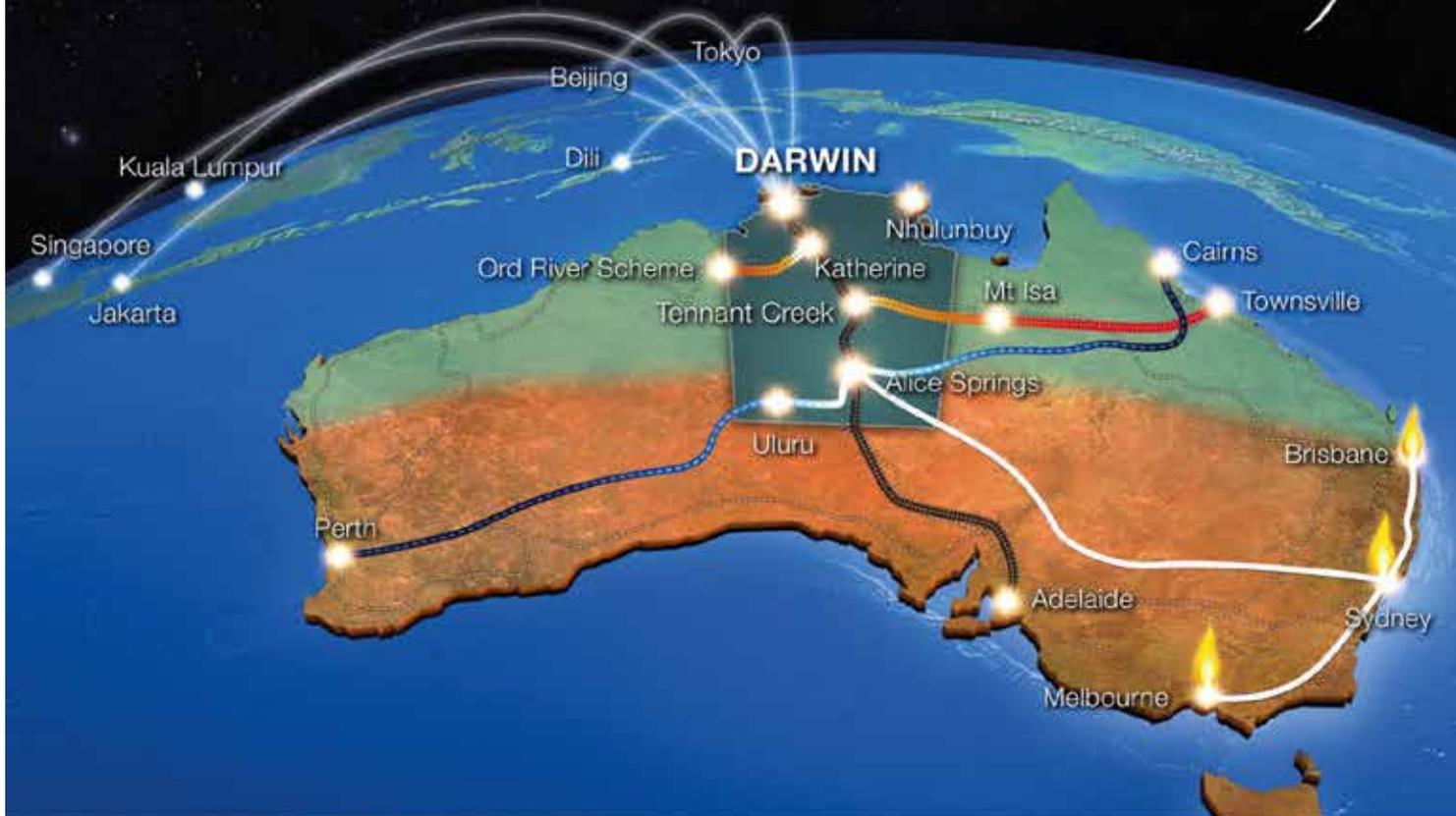




Northern
Territory
Government

AUSTRALIA'S
Northern Territory



Northern Territory Government Response to the Green Paper on Agriculture Competitiveness

December 2014

*Unlocking the
Nation's potential*

Energy | Food | Water | Lifestyle | Trade | Culture

DEVELOPING
THE
NORTH



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EXECUTIVE SUMMARY

The release of the Australian Government's Green Paper exploring policy options for improving agricultural competitiveness is timely. The success of the broader intent to develop northern Australia is interdependent with the success of the agriculture sector in northern Australia – and the success of the agriculture sector depends on Australia's ability to sustain better farm gate profits and develop stronger competitive advantage in the marketplace domestically and internationally.

Starting a genuine conversation with agricultural communities that helps to diagnose the issues, challenges, opportunities and priority needs of the sector is fundamental to generating meaningful policies that will drive change and innovation. With a narrative already running about the strategic opportunities growing on our northern borders, there has never been a better time to ensure our agricultural sector is highly competitive and tactically positioned to optimise results for the nation.

Apart from the clear advantage of physically neighbouring the emerging powerhouse economies of Asia, the Northern Territory is particularly well positioned in the context of sustained and substantial agricultural production. Within the Territory there is a gradient of climatic regions from wet tropical to dry temperate landscapes and this creates advantage and opportunity to service seasonal gaps in southern markets. The primary production sector is well established in the Northern Territory and is a national leader in valuable commodities such as live cattle and mangoes.

Significantly, the Northern Territory also offers Australia's richest agricultural development and diversification opportunities. Throughout the NT much of the land and water resources are not fully utilised and opportunities exist to drive new agricultural development. Our physical location and the fact that we have strong cultural and business linkages already in place with our northern neighbours puts us in the box seat as an agricultural production, business, research and development, and transport hub for Australia.

Visionary policies that drive competitive advantage, better profitability and strong investment in the sector are the keystones to success and the Northern Territory Government strongly encourages an ongoing dialogue between all parties to deliver policy reform with a clear line of sight through to the needs of our farmers.

It is also important to note that the development of a competitive agriculture sector is fundamentally important to regional economies within Australia. While the well timed push to develop northern Australia to realise global opportunity is commended and welcomed, the Northern Territory Government is also mindful that strong and purposeful policies are necessary to ensure agriculture stands as a sustainable and competitive industry domestically. The Northern Territory is a highly productive jurisdiction with significant future development opportunity, but geographic, economic, social and cultural challenges need to be met to ensure a fair business environment exists nationally for agricultural enterprise.

The Northern Territory Government's response to the Green Paper represents a coalition of input from primary industry, business, natural resource management, strategic policy and workforce planning portfolios of government. It contains credible ideas and carefully identified priorities with real merit. The Northern Territory has also worked closely with our regional peak industry bodies such as the Northern Territory Cattlemen's Association and the Northern Territory Farmers Association. A broader perspective is also drawn from the outcomes of the

recent Food Futures Conference, held in Darwin to ensure a strategic focus on big picture issues that touch the agricultural sector nationally.

From the Northern Territory Government's perspective, it is essential to maintain an integrated approach to promote resilience and improve competitiveness of the Australian agriculture sector. Key drivers of success include:

- Infrastructure development to secure access to inbound services and facilitate efficient and cost-effective transport of commodities from farm to market.
- A stable and consistent approach to how the sector operates nationally, for example with regard to water allocation processes and policies.
- Simplified regulatory systems to minimise a farmer's time spent on red tape administration and maximise time on production.
- Readily available business support, advisory services and finance policies (including taxation) that stimulates regional development, encourage investment and provide confidence that exceptional circumstances support networks exist.
- A balanced approach to encouraging foreign investment in the right areas to benefit from capital stimulus, particularly where development opportunities exist.
- A 'light touch' approach to natural resource management that ensures the integrity of ecological systems is properly protected without creating unnecessary hurdles to agricultural development.
- Significant investment in a knowledge economy surrounding agricultural development to ensure applied science keeps Australian agriculture at the cutting edge of production and production efficiency.
- A strong and strategic approach to biosecurity management based on credible assessment of risk supported by effective surveillance, rapid diagnosis and assertive intervention where necessary.
- Investment in building the knowledge base of land and water resources to support increased agricultural development to de-risk private sector investment in new enterprises.

However, the Northern Territory Government recognises that it has an important role to play in contributing to the unlocking of the emerging agricultural regions in northern Australia for the overall social and economic benefit of all Australians. Key to that is the development of a network of all-weather roads that will facilitate consistency and certainty of access to services and markets. Policies that drive the development of telecommunications and ports/shipping infrastructure are also necessary.

The Northern Territory Government welcomes the process to explore policy options to improve the health and future of agriculture in Australia. Farming is a fundamental part of our economy and an important part of the social fabric of the nation. The inclusive approach of the Australian Government to the formulation of ideas is also welcomed and ongoing engagement is encouraged throughout the formulation of the White Paper to ensure good integration and a focus on areas that will make the most difference.

INFRASTRUCTURE

Considerations for the White Paper

The Northern Territory Government proposes the White Paper on Agricultural Competitiveness considers the following:

1. **Development of a long-term plan for critical infrastructure funding informed by the identified priority infrastructure needs of the Australian Agriculture Sector (and integrated with the agenda to develop northern Australia), with an emphasis on all-weather roads, ports and port facilities and telecommunications in the bush.**
2. **Funding commitment for the identification, preservation and acquisition of key agricultural transport corridors**
3. **Funding commitment to realise the connecting railway spurs to Mt Isa and the Ord**
4. **Funding commitment in order to reach an Indigenous land use agreement, carry out water infrastructure upgrades and extensions, and for essential roadwork in relation to the Ord Stage 3.**
5. **Funding commitment to the development of water infrastructure that will be critical to the future development of new agricultural precincts.**

Despite the best efforts of the Northern Territory Government in a challenging environment, a lack of infrastructure will continue to undermine any other efforts to capitalise on a highly advantageous strategic position within the agriculture sector. Infrastructure is the primary issue constraining agricultural businesses in the Northern Territory, particularly road development. The cost of obtaining services on farm and of getting products to market in a remote region defined by seasonal access constraints is central to competitiveness domestically and globally.

The Northern Territory Government's priority infrastructure areas are road improvements, a gas pipeline to link to the eastern Australian grid, rail extensions, port extension to facilitate bulk and containerised commodity shipment and water infrastructure to support new agricultural developments and population growth.

Applying policy settings that are more supportive of major infrastructure developments are possible, and will be pursued by the Northern Territory Government, but in the absence of national collaboration and funding support, these will be rendered largely ineffective.

With its low population base, the Northern Territory too often misses out on major infrastructure spending due to the commonly used cost benefit analysis model. There are alternative methods available that put less weight on population and consider other factors in infrastructure allocation with a view to strategically developing areas with an understanding of the substantial longer term return on investment and flow of benefit to Australia. Moreover, the opportunity cost of not investing should be included in funding considerations.

Private enterprise has a critical role to play and all efforts should be made to make it easier for private enterprise to invest, but the Australian Government must contribute heavily to the development of enabling economic infrastructure and policies as a public good investment and proof of commitment to reform and development.

Roads and Rail

The Northern Territory Government is committed to delivering projects that increase all Territorian's access to opportunities and resources and that encourages them to further contribute to and participate in the Northern Territory economy. The agricultural sector is a major user of the Territory's road network, and is entirely dependent on that infrastructure to succeed. The remoteness of the Northern Territory, combined with seasonal climate patterns that make year-round access challenging, places our agriculture sector at a competitive disadvantage. Policy drivers to address this are essential as the Northern Territory moves into a period of growth and development.

Road development that better links existing, and opens up new, agricultural precincts to major transport hubs is the Northern Territory's priority development issue.

New rail connections east and west are essential to ongoing growth and development of a competitive agriculture sector across northern Australia. As such, the Northern Territory Government considers the following railway connections as important enablers:

- Mt Isa to Tennant Creek, which would connect north-western Queensland with the AustralAsia line to Darwin
- Western Australia's Kimberley region, including Ord River, to Katherine, to also connect with the AustralAsia line to Darwin.

Both the east and west rail corridors are yet to be preserved, identified or acquired. That acquisition process will be directly dependent on an integrated policy platform for agriculture that cuts across environmental, native title, land use planning and investment policies at a national level.

Sea Port Facilities

The sea port facilities across all of northern Australia require significant upgrading to meet any increase in agricultural production as well the expanding resource industry. Both bulk and containerised facilities are needed.

Economic infrastructure Projects

Other than roads, rail and ports, the establishment of economic infrastructure projects has the potential to deliver significant impact on the competitiveness of our agriculture sector, either by creating opportunity or delivering important services to promote efficiency.

Ord Stage 3:

Realisation of the Ord Stage 3 proposal represents a major agricultural development opportunity for the Territory and northern Australia. This project is clearly at the forefront of northern agricultural development and has the potential to create a new northern sugar industry, diversify our trade relationship with Asia, provide the momentum for investment in northern agricultural precincts, employ local Indigenous people and stimulate economic development.

Extensive work in Western Australia has seen the Western Australian irrigation channel come to within 6km of the Northern Territory border. The Ord Stage 3 project will expand irrigation channels and roads from Western Australia into the Territory to open up 14 500 hectares of new agricultural land, providing the scale required for further private sector investment. Inclusion of

additional Northern Territory land would provide the scale required for investment of \$700 million to re-establish a sugar industry.

The Northern Territory Government is targeting new private sector investment for construction of Ord Stage 3 and has already fielded significant interest ahead of marketing the opportunity. Completion of Ord Stage 3 would be the final stage in the realisation of the potential of Lake Argyle and the Ord Irrigation Scheme and would be a demonstration of government collaboration with the private sector to commercialise the development potential of northern Australia.

To facilitate development of Ord Stage 3, significant Australian Government funding assistance is needed to reach an Indigenous land use agreement, carry out water infrastructure upgrades and extensions, and for essential roadwork, which has the capacity to deliver other regional projects (e.g. energy and seafood industry development).

Essential Services Infrastructure

Keeping families as the cornerstone of farming in Australia is important. Actually doing so will depend heavily on a commitment by all sectors of Government to ensure essential services are in place in the bush. Doing so will create the social and economic incentives necessary to keep families on farms. Access to affordable and reliable essential services should be regarded as a critical ingredient of a resilient agricultural sector in remote regions of Australia.

Access to Energy:

The Northern Territory Government is taking the initiative in looking for ways to improve essential services to our remote communities. An example of this is the recent partnership with ARENA to install hybrid diesel/solar units across a small range of remote communities. The \$60 million project will reduce the reliance on diesel and in turn reduce the cost of providing electricity services to the communities involved.

A visionary, nation building approach to providing secure energy to regional areas would be of genuine benefit in the upcoming White Paper. The Territory has estimated potential resources of over 200 trillion cubic feet of unconventional gas spread across six onshore basins plus over 30 trillion cubic feet of gas reserves offshore.

Territory gas has the potential to significantly contribute to the Territory and Australian economy and will have an important role to play in providing energy security for the nation. In the future, it will provide the feedstock to support development of the Territory's downstream gas processing industry and create potential opportunities for world-class projects to be developed in the Territory, thereby bringing substantial business, employment and economic benefits to the nation.

At its meeting in October 2014, the Council of Australian Governments (COAG) supported the work of the Territory to establish a competitive process for the North East Gas Interconnector (NEGI) Pipeline. The NEGI project has been granted major project status.

On 13 November 2014, an Expressions of Interest process was launched for the NEGI pipeline.

Connecting Territory gas into the east coast grid could enable a more competitive and reliable gas market resulting in lower-cost energy for agri-food businesses on the eastern seaboard. Further infrastructure investment to support for the installation of networks into new agricultural

development precincts in northern Australia would also be tactically prudent to ensure private investment in new agribusinesses in the north.

Telecommunications Infrastructure:

There are serious deficiencies in the telecommunications infrastructure that services northern Australia. Telecommunication infrastructure has obvious economic and social importance, particularly to agricultural businesses operating in remote regions. In 2014, 32 Northern Territory communities with a population greater than 200 have no optic fibre, 39 have no ADSL broadband and 25 have no mobile phone coverage. The mobile coverage of our major highways (Stuart, Victoria, Arnhem, Kakadu and Barkly) is largely incomplete.

Significant commitment is required to the delivery of 21st century telecommunications to much of the Northern Territory in the interests of economic development and social equity.

Technology and Knowledge Infrastructure:

The Northern Territory Government has research laboratories and research farms strategically placed in agricultural precincts. However these government assets are heavily dependent on linkages with inter-jurisdictional research partners because the Northern Territory lacks university-based agricultural campuses and academic research personnel. The development of appropriate facilities in Northern Territory to meet the challenges of a competitive agricultural section should be regarded as a high priority. To that end, the Northern Territory Government has been a foundation member of the growNORTH CRC bid initiative. The support of the Australian Government for this initiative would provide the opportunity for a quantum leap forward in northern agriculture that is required if we are to compete in global markets.

Water Infrastructure

Water is a critical driver of future agriculture development in Northern Australia. Augmenting natural supplies with dams and off-stream storage at a variety of scales will be crucial to bringing more arable land into production. Multiple use water infrastructure projects which provide water for agriculture and importantly for public water supply will enable the Northern Territory to grow its population and its agriculture base.

The Australian Government Water Infrastructure Options Paper identified three main projects in the Northern Territory that it considered likely to be suitable for possible assistance to accelerate feasibility studies, cost benefit analysis and design:

Ord Irrigation Stage 3 (water infrastructure components), Northern Territory and Western Australia:

This project consists of the extension of the M2 channel from Western Australia to the Northern Territory Ord Stage 3 which would provide a guaranteed water supply to 14,500 hectares following native title settlement.

The second component is the raising of the Lake Argyle spillway which would allow Western Australia to provide the Northern Territory an allocation of 300 GL per annum at 95% reliability which would be required by investors.

Exploring off-stream storage opportunities including managed aquifer recharge to increase water availability for agricultural development, Northern Territory

Water availability to facilitate agricultural development in the Northern Territory is limited due to the significant variation between dry/wet season river flows and aquifer recharge. The opportunity exists for significant post peak flood flows to be harvested during the wet season and stored off stream in high priority river basins such as the Daly and Roper. These storages can be used to either replace existing ground and surface water extractions or to supplement allocations increasing the ability for highly suitable agricultural land to be utilised for irrigated development. Potential exists for these developments to be either substantially private sector investments or joint private/public investments.

A key enabler will be investment in hydrological assessment and modelling supported by on ground verification and evaluation of land resources supported by economic modelling.

Managed aquifer recharge whereby surface water is stored in underground aquifers for use during the dry season has a high potential to supplement water availability for development. The benefits of aquifer storage are that loss of water to evaporation is prevented and water can be accessed from the aquifer by multiple users. The performance of managed aquifer recharge is well understood in the arid zone with its use and viability in northern aquifers untested.

Upper Adelaide River Dam / off stream storage, Northern Territory

The Darwin Region Water Supply Strategy identified two priority options for securing Darwin's future water needs comprising of the Upper Adelaide River dam (previously known as the Warrai dam) and the Adelaide River Off stream storage.

The Upper Adelaide River dam would have a storage capacity of 340 GL and would involve construction of an in stream dam above the Adelaide River township. Whilst the analysis to date by Power & Water Corporation has focused on public water supply there is an opportunity particularly in the medium term for storage water to also be utilised for agricultural development downstream. Preliminary analysis indicates there is 7500 hectares of land with moderate to high potential for irrigated agriculture downstream of Adelaide River Township. Discussions at the recent Water Infrastructure Roundtable indicated that the Commonwealth is particularly interested in proposals which are multi-purpose and that have potential for private sector capital investment partnerships.

The second option is known as the Adelaide River Off Stream storage which consists of the development of an 300 GL off stream storage fed by pumping from the Adelaide River during the wet season which is then fed to the Darwin region water supply throughout the year. This option is a public water supply facility only given its location downstream of suitable agricultural land. However, there is potential for this option to assist in maintaining the viability of the Howard East Aquifer within the Darwin Rural area which includes horticultural areas such as Lambell's Lagoon.

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

Northern Australia Infrastructure Audit: The Northern Territory Government is working with the Australian Government to ensure Territory projects are included in the critical infrastructure requirements list as part of the Northern Australia Infrastructure audit.

Northern Territory Regional Infrastructure Plan: The Northern Territory Government is developing its 30 year Regional Infrastructure plan that can be taken to public or private

investment markets. Work is progressing to schedule and due for completion at the end of 2014 and has allocated the largest budget to date, to road spending.

Water Infrastructure: The Northern Territory Government is exploring how the water infrastructure can be funded and developing models for private sector investment to assist Government to realise the priority projects. Government is also defining the feasibility studies that need to be completed in order for these projects to proceed.

Road Program 2014-15: The Northern Territory Government's 2014-15 Budget for its road program is one of the biggest in the Territory's history, with a total of \$377.8 million including \$81 million for maintenance, \$30 million for strategic economic development roads and \$7.3 million to improve the Outback Way roads.

WORKING WITH THE STATES AND TERRITORIES

Considerations for the White Paper

The Northern Territory Government proposes the White Paper on Agricultural Competitiveness considers the following priorities:

1. **Development of a policy position on how the *Aboriginal Land Rights (Northern Territory) Act 1976 (Cth)* can be structured to better support economic development for traditional land owners, including consideration of which government is best placed to administer Northern Territory lands. This should include potential delegations and timing of modifications. In particular:**
 - i. **In-depth consideration of government policy on secure tenure and rent payments on Indigenous land. This should include reviewing how top of the range market rates set by government may have distorted the market and reduced private sector investment**
 - ii. **Development of a standard leasing system for Indigenous land rather than the current situation where a range of place-based leases is emerging. This would reduce complexity for private investment**
 - iii. **Examination of the existing land council model from the perspective of developing options that might better support traditional land owners in their continuing efforts to gain economic advantages from their vast land holdings**
 - iv. **Examination of ways of offering traditional land owners the opportunity to gain clear freehold title to their land in a way similar to the proposed Queensland model**
 - v. **Development of a joint framework that enables and supports the commercial development of Indigenous lands, including townships, to benefit residents of remote communities**
2. **Harmonising regulation and streamlining administrative process.**

The Northern Territory Government is firmly committed to a pragmatic and collaborative approach to de-risking and growing agribusiness in northern Australia. Stakeholders have raised a number of relevant areas for improvement during consultation on the Australian Government's issues paper that informed development of the Green Paper. The Northern Territory Government is encouraged by the approach being taken to engage with, and hear from, people living and working within the agriculture sector. It is those people that will have the greatest insights about where efficiencies can be best found.

Land Tenure

Discussions on Indigenous land tenure are ongoing between the Northern Territory and Australian governments. The Northern Territory's objective is to ensure that land access and tenure arrangements and their allied processes support the development of local economic and social wellbeing.

Indigenous land tenure arrangements in the Northern Territory are largely subject to Federal legislation. From both governments' perspective, a priority is modifying, where appropriate, existing land tenure arrangements to a form that better allows for socioeconomic development in remote regions whilst maintaining security of title for land owners. Existing arrangements,

however well-intentioned, have demonstrably been a barrier to business viability and regional development.

While the Australian Government's Green Paper acknowledges this issue, the Northern Territory Government is of the view that it lacks a clarity of purpose and would encourage the development of clear reform items that will be pursued via the White Paper.

It is important that the difference between the *Aboriginal Land Rights (Northern Territory) Act 1976 (Cth)* (the ALRA) and the *Native Title Act (Cth)* are understood. Unlike other jurisdictions, the Northern Territory is subject to two types of Indigenous land tenures under two separate pieces of Federal legislation:

- Aboriginal freehold under ALRA which applies only to the Northern Territory covers approximately 50% of the Northern Territory's land mass and 85% of its coastline
- native title with over 40% of the Northern Territory being pastoral land subject to native title under the *Native Title Act*.

There are significant differences in the statutory application of ALRA and the *Native Title Act*, and each must be considered separately in their own right to gain the full understanding of the impact each has on use and access to land in the Northern Territory.

ALRA provides a deliberately structured form of communal land tenure that mitigates against transfer, investment and individual ownership. A project requiring security of tenure on ALRA land requires extensive negotiations between numerous parties including traditional owners, land councils and Australian and Territory governments. The negotiations can often be drawn out and provide little certainty for any proponent that their project could/will proceed and when. Often development projects on ALRA land simply become too hard.

There is also a significant back-log of claims or unresolved Indigenous Land Use Agreements in relation to land under the *Native Title Act*. It is most often a lengthy and costly process to reach a determination or negotiate an Indigenous Land Use Agreement to extinguish native title. There is no settled process of valuation of native title rights when compensation for extinguishment is being negotiated. Timelines and processes can create a barrier to the conversion of vacant Crown land and pastoral leases to higher forms of tenure. Where proposed projects require the resolution of native title, the timeframes can lead to significant delays or abandonment of the project.

Land Use Planning

Land tenure information:

The Northern Territory Government places a high priority on the production and dissemination of information relating to land tenure and land use. Given the range of land tenure arrangements in the Northern Territory, the provision of timely and accurate information is a vital precursor to developmental activities. It is recommended that the White Paper develops options that will make data on land tenure accurate, user-friendly and accessible. The Northern Territory Government will be placing an increased emphasis on providing user friendly and accessible data relevant to information on land tenure, access, availability and processes for negotiating potential land use.

Research on land characteristics:

It is critical that more research is commissioned to better describe the characteristics of the Northern Territory relevant to development. To that end, a Northern Territory Government initiative titled Creating Opportunities for Resource Exploration (CORE) is designed to maximise opportunities for the exploration and discovery of new mineral and petroleum resources.

The Northern Territory Government has committed to an active program of land and water suitability assessment in 2014, with a purpose to identify parcels of land with a co-existence of adequate land and water resources to establish new agricultural precincts. In its submission to the Joint Select Committee on Northern Australia, the Northern Territory Government called for accelerated investigation and research into the Territory's soil, vegetation and water resources to inform the identification of priority areas for development.

The desire of the Northern Territory Government to develop agriculture in the north is highlighted by the allocation of almost \$2 million in Northern Territory Government resources to find arable land for local development and investment.

Scientific assessment of the natural resources to determine the potential suitability and productivity of the land and whether it is conducive to agricultural purposes, and ultimately economic development, is essential for underpinning successful agricultural developments. The availability of this information is also the key to accelerating and attracting private investment. It can be also used to greatly reduce the risk to investors and of potential business failures, while mitigating potential land, water, and flora and fauna degradation.

An opportunity exists for the Australian Government and neighbouring jurisdictions to partner with the Territory on land and water suitability assessment to achieve our shared vision of developing the north. The Northern Territory Government wishes to reconfirm the importance of the above and recommends that the White Paper contains clear and well defined actions to address the above issues.

Harmonising Regulation and Administration

Stakeholders provided a clear message to all governments involved with managing and supporting the Agriculture sector in Australia via submissions to the recent issues paper circulated by the Australian Government. The Northern Territory Government sees merit in supporting improvements by focusing on:

1. Development of transparent water regulation systems that provide surety to investors and consistency across Northern Australia.
2. Implementing a nationally consistent and mandatory approach to farm debt mediation
3. Streamlining development application and other administrative processes, complimented by improved intelligence sharing and information transfer between jurisdictions
4. Continual improvement of Workplace Health and Safety operating frameworks to ensure consistency, effectiveness and pragmatism of approach.

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

Workplace Health and Safety: Worksafe NT is leading the consistent application of national Workplace Health and Safety legislation that is nationally applicable

Removed restrictions on the land use options available to pastoral properties: Amendments to the *Pastoral Land Act* have increased the flexibility of land use options on land held under pastoral tenure through the issue of non-pastoral use permits. This allows for greater diversification opportunities for pastoral properties to support economic sustainability. Permits can now be issued for 30 years and registered to the lease. Previously permits were issued for only 5 years to the lessee and reviewed annually. The amendments provide the certainty required to develop non-pastoral operations on pastoral leases. Pastoral leases with potential for more intensive development are being reviewed to determine the feasibility of change of land tenure.

Streamlining native vegetation clearing applications: The Northern Territory has reduced approval time for land clearing applications. Application times have reduced from 30 weeks in 2013 to within 8-14 weeks of lodgement since 2013. Unnecessary layers of assessment of matters outside the requirement of the relevant legislation have been eliminated from internal processes.

One stop shop for environmental approvals: The Northern Territory and Australian governments are pro-actively working to reduce green tape by entering into bilateral agreements for both environmental assessments and environmental approvals issued under the Commonwealth's *Environmental Protection and Biodiversity Conservation Act 1999*. The agreements aim to provide a single entry for assessment and approval for environmental matters to reduce duplication.

Review of legislation: The Northern Territory Government has commenced a review of key legislation to ensure it is contemporary and adequate to deal with the challenges of delivering sustainable development. The review of legislation is broadly aimed at examining the effectiveness of existing regulation and identifying improvements to the regulatory framework. The review is being conducted with a view to:

- improve environmental outcomes
- reduce green tape
- remove duplication
- address gaps in the existing framework.

A review of the *NT Bushfires Act* has commenced to recognise and improve mechanisms needed to provide a bushfire management service to over 90 percent of the Northern Territory. The review will clarify the responsibility for landholders and the role of the Government in the suppression and management of wildfire.

The *NT Weed Management Act* is being reviewed to ensure landholders meet responsibilities and align with the *Bushfires Act* for the management of invasive grasses. The review will consider the biosecurity arrangements for responding to emergency incursions. Declaration categories will be also be reviewed for risk alignment and to clarify landholder responsibilities

The Northern Territory is also developing contemporary water policy and legislation that recognises the value of water to supporting agricultural development.

COMPETITION AND REGULATION

Considerations for the White Paper

The Northern Territory Government proposes the White Paper on Agricultural Competitiveness considers the following priorities:

1. **Developing strategies to improve market competition in line with policy idea 7 in the Australian Government's Green Paper**
2. **Strengthen Competition Laws in line with policy idea 8 in the Australian Government's Green Paper.**
3. **Streamline and de-clutter regulation and permit application processes to allow farmers to undertake day-to-day without an overburden of administrative paperwork.**

Competition

The Northern Territory government is largely supportive of the policy ideas outlined in the Australian Government's Green Paper to ensure ongoing vigilance regarding competition and anticompetitive behaviour. The agricultural sector can broadly be characterised as a price taking industry as opposed to a price making industry and as such can be subject to significant marketplace pressures as the cost of production increases out of line with commodity price.

Proposals to improve competition protection and to strengthen competition laws are therefore strongly supported by the Northern Territory Government. Moves to ease the burden of proof around market power provisions, increased penalties, general divestiture powers for repeat offences, reviewing the capacity of the ACCC (especially around agribusiness), investigating potential barriers to greater consolidation amongst agribusiness firms, and the appointment of an ombudsman with appropriate powers, to monitor supermarket operations will all assist agribusiness enterprises to be more competitive.

Regulation

It is essential that all Australian governments work through effective collaboration to minimise the time spent by farmers on administrative paperwork. The Northern Territory Government supports a pragmatic approach to making sure that unnecessary red and green tape is removed. We also agree that necessary regulation must be targeted and effective whilst imparting the lowest possible time and financial costs for individuals and businesses. A review of how AgVet chemical regulations currently impact farmers is a valid idea and should focus on simplification and streamlining of reasonable access pathways.

The Northern Territory Government strongly supports an analysis of how Country of Origin Labelling can better serve the agricultural (and broader primary production) sector in Australia. Traceability and proof of origin are a key to the ongoing competitiveness of our agricultural sector in a global market. While other countries may be able to outcompete our farmers on production volume because they enjoy a more accessible and cheap labour market, Australia draws significant advantage from issues relating to trust. Our agricultural products stand among the best when it comes to food safety and our natural resource management systems are regarded as some of the worlds most accomplished when it comes to sustainability. Helping

farmers to tap into the trust Australia has as a food producer is an essential element to industry competitiveness.

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

Red tape reduction: Red tape reduction is a key priority of the Northern Territory Government, with approximately 100 red tape reduction initiatives implemented in the past two years and a further 80 initiatives underway.

A Red Tape Abolition Squad has recently been established with the role of challenging all forms of red tape across all sectors and government agencies. The Squad is working closely with government clients (including business, individuals, industry bodies and non-government organisations) and agencies to identify and prioritise reform. It will be implementing a systematic and strategic approach to reform with a key priority being to reduce the number of contact points business and individuals need to make with government.

Simplification of Wildlife Use Permits: The Northern Territory Crocodile industry relies on the sustainable harvest of crocodile eggs from the wild through permits issued under the *Territory Parks and Wildlife Conservation Act*. Increased vertical integration of the industry requires movement of crocodiles between farms in the NT and Queensland, with complex import/export permit requirements. The NT is introducing a number of reforms to consolidate permits in order to reduce regulatory load on the industry and reduce administrative/compliance costs to government the following reforms are being implemented.

FINANCE, BUSINESS STRUCTURES AND TAXATION

Considerations for the White Paper

The Northern Territory Government proposes the White Paper on Agricultural Competitiveness considers the following priorities:

1. **Further development of mechanisms to provide farmers with access to the capital they need to grow, on terms that are fit-for-purpose to agribusiness.**
2. **Development of a clear policy framework for delivery of business support services to agribusinesses that is equitable and adaptable to a diversity of circumstance.**
3. **Consideration of taxation options that promote fairness and that are agile enough to recognise special and exceptional circumstances (including those associated with remote area operation and isolation).**

The contemporary global economic situation has had significant impacts on Australia's agricultural sector, most acutely through the prolonged high value of the Australian dollar and the downward impact that has on the price point for agricultural exports. At the same time climatic events (e.g. drought and fire), increases in the cost of living and price increases in key farming consumables (e.g. fuel, water and chemicals) have put considerable strain on farming communities.

Raising profit margins and increasing competitiveness would require farmers to become more strategically focused on business structures. Farming cycles and production processes need to be market oriented and efficient. However, farmers also need significant intervention and business support to break the cycle of eroding profit.

An integrated approach to improving profitability, which is at the heart of the issue of sustained competitiveness, is going to be essential. All of the other policy areas covered by the Green Paper need to be considered with a clear line of sight to farm gate profitability if meaningful change is to be realised.

A core part of that approach needs to be an integrated review of how governments can work most effectively to facilitate and provide growth opportunities and to release the crippling financial pressure being experienced in some pockets of the agricultural sector.

Finance

Access to financial decision-making support in new and novel ways to ensure farmers can make the best possible decisions when it comes to debt management and business growth will be essential.

The Green Paper clearly identifies that the most successful farming enterprises in Australia are typically larger spatially and more sophisticated from a business structure perspective. Farmers who are in a position to grow their holdings (either as individuals, families or businesses) would be more strongly placed if a diversity of more competitive investment opportunity outside of the traditional banking systems was made accessible. This could include options like those identified via superannuation funds and crowd funding mechanisms. It is also likely to involve a level of foreign investment, albeit facilitated in a way that still provides for genuine opportunity for Australian families to stay at the heart of farming in Australia.

Business Structures

Investing strategically to develop business opportunities:

Growing Australia's agriculture sector both in terms of value and volume of production depends to a significant extent on expanding our agricultural footprint. With a contemporary pattern of large farm subdivision and competition for land between urban developers and the agriculture sector in many parts of Australia, untapping the enormous potential of rural and remote regions of northern Australia for large scale agricultural production is sensible.

The Northern Territory and Western Australian Governments are doing much to achieve this, most recently via extensive 'proof of concept' work on the third stage of development of the Ord agricultural precinct in the Northern Territory. The Northern Territory strongly believes that a partnership approach by governments is essential to actually realise the potential that such initiatives offer. While it remains important to invest in concept development and facilitation to attract private investment, up-front strategic investment by governments to unlock new agricultural potential in northern Australia is also required.

Commercial business support

Business structure and strong business management is as significant to future proofing farm gate profits as prudent financial investment. Farm businesses need to consider and identify the most appropriate business structure for their particular circumstance. To be able to do so, farmers need access to high quality, clear and pertinent business information and advice. Therefore rural support services are central to promoting better farming businesses and need to be able to provide sound independent business (and financial) counselling.

A process to self-identify for intervention and/or support due to business or financial stress, coupled with a risk identification mechanism to enable the program to notice 'at risk' businesses requiring intervention and/or support is important. Then providing access to a network of support and business building opportunities may enable the base of sustainable agricultural enterprise in Australia to grow most rapidly.

Taxation

The day-to-day costs of living on the land are considerable and represent a genuine hurdle to profitability in Australia's agriculture sector. There is a clear need to integrate policies to drive agricultural competitiveness with those being considered to develop northern Australia.

A key issue put forward for consideration by the Northern Territory Government to the Green Paper on developing northern Australia, that also warrants attention here, is to establish a 'special economic zone' for the north that would allow for a targeted approach to the kind of tax reform necessary to succeed. The Northern Territory Governments also understands that further work will be done on taxation reform for Australia in the coming 12 months via the development of a White Paper to guide taxation reform nationally. It is a timely and important discussion that is emerging on a number of fronts and requires prioritised and detailed consideration. Rather than focus on specific areas of taxation reform, the Northern Territory would encourage the development of a core set of principles through which broad tax reform could be worked. Those principles should priorities equity, efficiency and prioritisation of drivers for future economic growth.

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

North Australia Development Office (NADO): The Northern Territory Government has established the North Australia Development Office as a central place for innovative and informative discussions about improving and growing the region. Ideas, options, and advisory forums around how to optimise the use of our natural resource wealth is a core part of the NADO's role.

Rural Financial Counselling Services: The Northern Territory Government is providing facilitation support to the delivery of the service, with a key focus on pastoral production impacted by closures to live cattle trade.

National Policy Development: The Northern Territory Government is continuing discussions with other States, Territories and the Australian Government regarding the provision of more flexible intervention strategies such as drought relief.

FOREIGN INVESTMENT

Considerations for the White Paper

The Northern Territory Government proposes the White Paper on Agricultural Competitiveness considers the following priorities:

1. Explore options for facilitating foreign investment in Australia's agriculture sector.
2. Develop appropriate and fair levels of transparency to record foreign investment.
3. Develop clear and informative guidelines for potential offshore investors that articulate the steps and information requirements necessary to invest in agriculture in Australia.

While public sentiment on the topic is strong, the objective analysis provided in the Green Paper suggests that foreign investment in agriculture is important for growth and innovation. Appropriate foreign investment can create links to global value chains, and it can contribute to the prosperity of local businesses, rural communities and the Australian economy. Foreign investment can continue to play an important role in expanding production in the sector and potentially help to boost returns at the farm gate.

The Northern Territory Government is supportive of a balanced approach to investment in Australia's agricultural sector that protects and conserves domestic opportunity and advantage whilst also benefiting from new capital investment. In developing a policy position on this issue, the Northern Territory Government would strongly urge due consideration of the contest created by broadening foreign investment whilst also seeking to keep families as the cornerstone of farming in Australia. Investment should be encouraged in ways that will lead to growth and development in new areas and under terms that ensure further benefit to Australia via the transfer of innovation, new technology and novel approaches to agriculture generally.

The Northern Territory Government also considers an integrated approach to facilitating financial growth and development in the sector. The lending, financial support and business management support structures considered under the previous section of the Green Paper need to have clear linkages to foreign investment and the risks and opportunities that brings to Australia's agriculture sector. For example, an understanding of different business models (and regulatory frameworks) is likely to be important if partnerships and cooperative ventures with foreign investors are to be built by Australian farmers. At the same time, Australian farmers will benefit from sound advice about the opportunities that may exist from exploring foreign investment options to secure the capital they may need to develop and grow competitively.

The role that Austrade may play in support of Australia's agricultural sector may be significantly enhanced if emphasis is put on proactive and close liaison with States and Territories in investment and trade.

With regard to the development of greater transparency of foreign investment, the Northern Territory Government encourages efforts to further improve the transparency of foreign investment in a way that is balanced and fair to all parties. While it is understood that the Australian Government is currently in the process of developing a register of foreign ownership of agricultural land, the idea of extending this to cover water and agribusiness should be progressed thoughtfully as the net benefits of doing so are not immediately apparent and the end purpose of such a register should be made clear.

While much emphasis is put on gateways and protective processes to address Australia's needs and concerns regarding foreign investment in agriculture, it is also important to focus on good facilitation of the right investment. Just as Australian businesses can find it difficult to navigate investment pathways offshore, foreign investors coming to an Australian business environment will need effective help to navigate our investment frameworks. Similar work has been undertaken in other fields of investment (e.g. the minerals and energy sector) and the Northern Territory Government strongly encourages that consideration be given to developing guidelines for foreign investors to support their need to understand what investment will entail.

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

Industry Delegations: The Northern Territory has strong cultural and business relationships with our northern neighbours and the Northern Territory Government undertakes, facilitates and supports international delegations (outgoing and incoming) on a regular basis to grow and develop business and investment partnership opportunities. Agricultural enterprise, particularly for live cattle production and horticulture are a regular focus with delegations to/from Timor Leste, Indonesia, Vietnam, Cambodia, Korea and China all featuring in recent months.

Investment Prospectus: The Northern Territory Government has assembled a 'first point of contact' investment prospectus for the region that covers all aspects of natural resource investment including farming and fishing.

Industry Development Plan: The Northern Territory Government recognises agricultural growth as an important pillar of broader economic growth and has published an Industry Development Plan designed to provide confidence and a clear road map for developing primary production over the next five years.

EDUCATION, SKILLS, TRAINING AND LABOUR

Considerations for the White Paper

The Northern Territory Government proposes the White Paper on Agricultural Competitiveness considers the following priorities:

1. **Development of education, leadership development and Vocational Education and Training initiatives to facilitate greater involvement by Indigenous Australian's in the agriculture sector.**
2. **Identification and implementation of meaningful changes to resolve labour and skills shortages through welfare reform to transition latent talent to the workforce.**
3. **Expand and improve visa and migration policies and procedures to address critical skill shortages, and address administrative overburden on potential employers.**

Education, Skills and Training

The agriculture sector stands to gain significant benefits from developing a long term strategy to popularising agricultural careers and opening education pathways (domestically and internationally). Education and skills development through diverse and relevant training opportunities clearly drives better performance on farms and is considered a priority in the Northern Territory; and one that should be considered for prioritisation nationally.

The Northern Territory Government believes that there is merit in investing in tertiary-level agricultural education, and has previously proposed that a training institution be developed in northern Australia to provide the capacity essential for developing competitive, sustainable and environmentally responsible agri-business tailored to our tropical regions where expansion opportunity is significant. To realise growth in northern Australia, there is a need for industry-ready graduates in tropical agricultural sciences, business management, Asian market engagement and economics to support and enable development initiatives in the north. There are currently no faculties dedicated exclusively to tropical agribusiness and a centre for agribusiness development has considerable merit.

A core component of education and skills development needs to focus on the sociocultural context of doing business within Asia. The regional marketplace is underpinned by a business culture based on collaboration, partnerships, mutual benefit and trust. Developing cultural awareness education programs for agribusiness strategists and grass roots agricultural businesses hoping to benefit from trade with Asia is essential.

The Northern Territory Government is Australia's nearest neighbour to Asia and enjoys a long history of cultural connectivity and collaboration. The strong cultural and business ties that exist between the Northern Territory and Asia present an ideal foundation upon which to build and extend both education and engagement programs.

In addition to a tertiary-level and strategic agribusiness skills development, there is a fundamental need to further develop a robust VET skilled workforce to work in both the livestock and plant industries of the north. This is critical for the development of a competitive agricultural sector in northern Australia over the next two decades.

A strong emphasis is put on regional growth and Indigenous employment in the Northern Territory and considerable importance is put on the development of VET initiatives that facilitate entry to work via apprenticeships and cadetships. The Northern Territory Government strongly urges the uptake of the issue of Indigenous training and development within the agriculture sector as a keystone policy initiative.

Labour

Access to skilled (and unskilled) labour on farms and throughout the agricultural sector is a critical issue. Short term effective triage strategies that allow the development of longer term innovation (and investment in education and career pathways) that enables workforce growth and development are essential and synergistic.

Activating local capacity

A large 'latent' pool of labour exists in the Northern Territory in the form of unemployed or underemployed residents of remote communities in the Northern Territory. It is expected that a one third reduction in unemployment benefits across the Northern Territory would save the Australian Government \$262 million per year. The Northern Territory Government urges the Australian Government to commence a dialogue with governments and communities on the implementation of models that can move welfare dependant people into the workforce, especially in remote communities.

The Northern Territory notes the recently released Forrest Review and is committed to working collaboratively with the Australian Government to develop innovative ways to support Indigenous people to move towards meaningful, appropriate and secure employment. The social benefits of people being engaged in meaningful work cannot be understated. It is essential for the successful development of the north that we ensure our people in rural and remote northern Australia have the opportunity to work.

Skills shortages and overseas migration

Solutions to skills shortages in Australia need to be fit-for-purpose. The Northern Territory Government welcomes the implementation of a pilot Designated Area Migration Agreement in the Northern Territory and will continue to work closely with the Australian Government to finalise implementation planning.

Given the importance of overseas workers supplementing the Northern Territory's workforce, the Northern Territory Government will use every opportunity to lobby for change to skilled visa/migration programs so that they have the flexibility to meet the needs of Northern Territory employers. In a submission to Australia's Migration Programme 2014-15, the Northern Territory Government highlighted a range of policy and process changes needed to suit the Northern Territory's labour force demands. A submission to the Independent Integrity Review of the subclass 457 visa program further canvassed policy/process changes to make that type of visa sensitive to the needs of Northern Territory employers.

The purpose of the Temporary Work (Skilled) Subclass 457 visa is to provide employers with flexible options to employ overseas workers where they are unable to recruit suitably skilled Australians to vacant positions. The criteria currently in place for the 457 visa have not allowed this objective to be met for the Northern Territory agricultural sector.

For the 457 visa to be an effective tool for agricultural industries in the Northern Territory, it will not be sufficient to simply increase the number of eligible 457 occupations. The complexity and

business burden posed to a potential employer needs careful and detailed consideration to ensure that eligibility criteria and administrative cost pressures are effectively addressed.

Geographical dispersion of immigrants is also fundamentally important for Australia to gain maximum benefit from skilled migration, but is currently not occurring effectively. Successive changes to skilled migration policy in recent years have virtually removed concessions and/or incentives to encourage skilled migrants to settle outside major Australian metropolitan centres. Refocusing on the needs of regional Australia will be essential to encourage the skilled migration necessary to develop northern Australia.

Other changes to migration policy should:

- provide business-friendly support mechanisms to assist small and medium enterprise (SME) employers through the complex processes and confusing electronic systems for temporary visa, skilled migration and permanent employer nominations
- allow for the introduction of full work rights for the dependents of student visa holders who are studying in university campuses in regional Australia
- revise the interpretation of the international student visa work entitlements to allow the level of flexibility that the Knight Review recommendations intended.
- revise the Training Benchmarks to reflect the difficulties small employers face in recruiting and training Australians in regions where access to workers is extremely limited or where unemployment levels are low.

Expand the Working Holiday Maker (Subclass 417) visa

The Northern Territory supports the expansion of the Working Holiday Maker (WHM) (Subclass 417) visa, as well as the related Work and Holiday (subclass 462) visa. Working Holiday Makers provide the Northern Territory with a valuable source of labour and are also a potential source of well-informed, young, skilled migrants.

The Northern Territory has recommended that consideration be given to the development of a Special Program visa to enable overseas workers, who are in Australia on WHM visas, to be sponsored by an approved employer for up to 12 months for work in a specified industry sector in regional Australia where critical workforce shortages have been identified. It is proposed that the agricultural industry in the Northern Territory would be an eligible industry for this proposed visa.

The Northern Territory also supports, for the existing subclass 417 and 462 visas, the following additional reforms:

- increasing the quotas of 462 visa holders from various countries, particularly for participating countries in south east Asia, and expanding the number of participating countries.
- increasing the period that a WHM visa holder can work for any one employer on a relevant visa from 6 months to 12 months for employers operating in the agricultural industry in the Northern Territory.

Expand and improve the Seasonal Worker Program (SWP)

The inclusion of Timor Leste and the Northern Territory aquaculture and tourism accommodation industries in the Seasonal Worker Program pilot was welcomed by the Northern Territory. The Northern Territory urges the further expansion of eligible industries by the inclusion of the livestock industry. This industry is currently experiencing skilled and labour shortages in the Northern Territory. The potential growth of the industry with the announcement

of the free trade deal with China is likely to result in greater skills shortages in the short to medium term. The inclusion of the livestock industry would not only assist in alleviating these shortages but also allow the transfer of animal husbandry skills to Timor Leste.

Northern Territory Government officers are continuing to work closely with Timor Leste Government officials to identify potential Northern Territory employers to participate in the Seasonal Worker Program. However, those discussions have been fettered by the administrative red tape embedded in the program. In particular, issues such as the need for up to four substantial reports and submissions to be produced for Australian government agencies create a strong disincentive for time poor SMEs.

Providing clear pathways to residency

It has always been the view of the Northern Territory Government that retaining temporary skilled workers in the Northern Territory long term by transitioning these workers to permanent residency is essential to not only reducing workforce shortages, but provides for good settlement outcomes and social cohesion and development.

Currently there are in place a number of pathways available to enable temporary skilled migrants to apply for permanent residency. However, these focus on pathways for Subclass 457 visa holders. Appropriately designed pathways should also be made available for other temporary residents such as graduate students (Subclass 485 visa holders) and Working Holidaymaker visa holders if the agricultural sector is to fill skills shortages and transfer overseas agricultural skills and knowledge into Australian businesses. For example pathways could be developed with streamlined, 'low documentation' visa pathways for visa applicants who have been employed by an employer in the position for 12 months or who has undertaken occupational training for 12 months in that position.

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

Training NT: is working with the Commonwealth with regard to a number of national reforms including the National Partnership Agreement. Training NT is also reviewing funding models to better target skill shortage priorities and career pathway development in the agriculture sector.

Northern Territory Rural College: If funded via Training NT to provide an agricultural campus of Charles Darwin University.

Primary Industries Training Advisory Council (PITAC): if funded to provide industry specific feedback and intelligence on the education and training needs of the primary industries.

Review of the Northern Territory Employment and Training Act: to ensure a contemporary and responsive legislative environment that meets the needs of the agriculture sector.

DROUGHT

Considerations for the White Paper

The Northern Territory Government proposes the White Paper on Agricultural Competitiveness considers the following priorities:

1. Targeted development of agricultural precincts that take advantage of the Northern Territory's wet tropical climate characterised by greater water availability.
2. Investing in RD&E to develop innovative solutions and establish drought resistant agricultural production systems and products.
3. Improving access to climate information, predictive models and adaptation strategies
4. Creating agile responsiveness strategies that provide timely support and relief to communities subjected to drought
5. Enhancing health care services that are skilled in the emotional and mental impacts drought causes.

Despite the Intergovernmental Agreement on Drought, and aside from the interests of individual producers, there is a strong community expectation that government will assist farmers during a drought crisis. Given the situation in Queensland and New South Wales it is timely that there again is a national discussion on how this can best, and most fairly, be delivered. Given the diversity of circumstance that is encountered when considering how best to provide drought assistance, it is important that the focus is kept on preservation of a stable and competitive agriculture sector nationally; and with assistance processes and arrangements developed in a fit-for-purpose manner to cover social and economic impact.

A key part of managing drought is in the proactive strategies put in place to ensure Australia's agriculture sector is informed, resilient and adaptable. A key approach to mitigating and managing drought impact on farming communities will be to invest in research, development and technological innovation to develop products and farming processes that are more resilient to variable and/or low water regimes. Other key policy platforms need to be built around drought prediction (severity and extent) and the responsiveness of support services to impending and early onset drought conditions (including access to appropriate health care services).

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

Non Pastoral Use Permit: Recent amendments to the *Pastoral Land Act* to allow longer term Non Pastoral Use provisions will provide alternative source of income to assist Pastoralists in weathering periods of extreme climate variability.

Diversifications options: To support the amendments to the *Pastoral Land Act*, intensive agricultural cropping systems are being evaluated by precinct, supported by economic data, to de-risk the opportunities of pastoralist or their co-investors to take advantage of this new opportunity to diversify their farming enterprise.

Water assessment program: Expanding the understanding of water resources through targeted water assessment programs will assist in identifying aquifers for new water supplies to allow for pastoralists to install more stock watering points or to move into intensive agricultural cropping systems.

Pastoral adjustments for climate variability: At the Old Man Plains Research Station near Alice Springs predictive models are being developed to apply and test adaptive strategies to deal with the variable environment experienced by cattle producers from central Australia .

WATER AND NATURAL RESOURCE MANAGEMENT

Considerations for the White Paper

The Northern Territory Government proposes the White Paper on Agricultural Competitiveness considers the following priorities:

- 1. Dedicated funding to build on the identification and assessment of Northern Territory land and water resources to underpin future agriculture developments and to ensure long term water supply security for NT towns and communities.**
- 2. Research funding into off-stream storage and flood harvesting potential in priority catchments.**
- 3. Funding for comprehensive research into the sustainability of water resources to support increased extraction levels from northern Australian aquifers and rivers**
- 4. Introduction of the Water Project Development Fund for Northern Australia to assist in the construction of dams for northern development.**
- 5. Promote collaboration of agencies such as Geoscience Australia, Bureau of Metrology and CSIRO for research into managed aquifer recharge.**
- 6. Investment to better manage the threats to the productivity of the land.**

Water

The Northern Territory Government's 50 Year Water Policy and Plan will provide a clear policy framework for the long term management of the Northern Territory's water resources. The framework will provide a clear statement of the intent to maximise the sustainable use of water resources to support economic development.

Investment in water infrastructure is considered a priority to aid development of the Territory. Providing a secure future water supply for developing Darwin as a major northern Australian city and certainty of supply for regional and remote communities requires significant government investment. Australian Government investment through a Water Project Development Fund has great potential in advancing the necessary planning and infrastructure.

In the Northern Territory the opportunities for economic development through irrigated agriculture production is highly dependent on a good understanding of the soil and water availability in areas located close to existing or emerging infrastructure, again emphasising the need for an integrated approach to policy making.

The Northern Territory is investing in improving our knowledge of water resources to support agricultural development. This includes investment of \$2.8m per annum over four years for an expanded program of land and water investigation and significant investment on the Tiwi Islands. Australian Government support in scientific research to determine sustainable extraction rates on ground water resources is also critical to viable long term development and liveability.

Opportunity for development

In the Northern Territory there are very few areas of uniform soils with flat relief that offer opportunities for broad scale irrigated agriculture development similar to the Ord River Irrigation Scheme. The greatest opportunity for expanded irrigated agriculture in the Territory will be around developing small precincts of arable soil which overly potable aquifers. This will deliver a mosaic of irrigation developments that can target varying climatic zones throughout the Territory.

The Territory is facilitating this opportunity by allowing further long term diversification of the extensive pastoral holdings in the Territory. Similar opportunities exist for extensive tracks of scheduled land under the *Aboriginal Land Rights (Northern Territory) Act*. The priority for the Territory is identifying where the arable soils for agriculture development exist and determining the capacity and quality of any underlying aquifers to support irrigation.

The challenges in accessing water for irrigated agriculture include the high evaporation rate of surface water, including water in open storages, and the relatively flat topography for the transportation of water by gravity. Therefore water for year round agriculture needs to be predominately from groundwater resources, extracted close to the point of use.

There is a reasonable amount of data available on the Northern Territory's water resources but there are unquestionably areas where more research is needed. Gaining additional water resource data and investigating in 'greenfield' regions is of equal importance to addressing data gaps in terms of available volumes and recharge levels of groundwater aquifers.

Water planners have high quality modelling tools to analyse and assess existing water resource information in all key areas that are currently under development pressure or have strong prospects for future development. These modelling tools are, however, "data hungry" and there is not always sufficient data on which to make the strongest predictions of the effects of development on water resources and, consequently, the reliability or security with which development can proceed.

There is a growing need to strategically review the data gaps that limit understanding of the likely effect on water resource systems of different development scenarios and possible climate change. Consequently our ability to inform current and potential developers and planning and regulatory agencies is limited. Filling the strategic gaps will be fundamental to improving adaptive management capacity, whereby new resource information, modelling predictions and monitoring results can be fed back into planning, development and adaptive management decisions to ensure long term sustainable use of water to maintain and grow development.

Investing in infrastructure

In parallel to better access to water for irrigation development in the Northern Territory development of better transportation, communication and social infrastructure development is needed. This is a priority. Supporting infrastructure is crucial to water extraction and use. Developing such infrastructure has to be based on sound economic modelling and should not be the sole responsibility of government.

Management and planning

Water is essential for the future development of northern Australia. Understanding the resource and careful planning and management is required for the north to flourish in the future.

The Northern Territory is developing a contemporary water policy and plan for the next 50 years for the assessment, management, monitoring and regulation of water supply.

The need for research into new water storage options should be promoted. Adequate consideration must be given to the proximity of arable soils to new dam sites, the economics of building dams in remote areas and ability to deliver water to irrigators and other users at acceptable cost as well as the environmental consequences upstream and downstream.

Off-stream storage, through the harvesting by diversion or pumping of post-peak flows to suitable land forms or constructed earthen “tanks” is feasible in a number of drainage basins in the Top End of the Northern Territory, without adversely affecting the area’s river system health. The opportunity exists to facilitate agriculture and associated regional development where water is able to be diverted at strategically located sites close to soils with good agriculture potential. Suitable drainage basins, in decreasing order of potential, are the Daly, McArthur, Roper, Victoria, Moyle, Victoria, Mary, Baines and Blythe river basins. There is a requirement for modelling of river flows and water harvesting options along with the identification of topography that is suitable for off-stream storage and for the assessment of soils suitable for agriculture.

The Northern Territory is investigating the opportunities for increased water storage through managed aquifer recharge (MAR). MAR involves artificial aquifer recharge from surface water sources such as those available during high-flow events. This can increase the amount of the water available for allocation and improve water security and reliability of access. MAR ensures the reliability of water supply to irrigated agriculture whilst at the same time allowing environmental flows of rivers to be maintained during the dry season. This has the potential to offer major benefits in terms of economic, social and environmental development through significantly improved efficiencies in water management and use.

These investigations require significant investment in specialised research. This will require collaboration with agencies such as Geoscience Australia, Bureau of Meteorology and CSIRO and both Australian and Northern Territory government input as well as private sector involvement.

Remote communities

A number of Northern Territory remote communities are facing catastrophic failures of their water supplies in the not-too-distant future. The Northern Territory Government is maximising, within its funding limitations, its efforts to prevent this happening. The Northern Territory Government calls on the Australian Government to assist where possible to ensure that adequate water infrastructure is provided. Having the viability of remote communities severely compromised is the very antithesis of northern development.

Natural Resource Management

The landscape of the Northern Territory are relatively intact with less than 2% of the NT cleared. The pastoral industry covering just over 50% of the Northern Territory is based on the sustainable utilisation of native pastures. The other 50% of the NT held under ALRA freehold title is largely undisturbed but the threats to the ecosystem are still from fire, weeds and feral animals.

The existing agriculture sector in the NT generates in excess of \$500 million annually, with strong growth potential through production and production systems improvement, diversification of land use and development of new ventures. Large areas of arable land exist in a patchwork

throughout the Northern Territory. Development of arable land will require access to secure, reliable water.

The current 10 000 ha of irrigated agriculture in the NT could easily be quadrupled over the next 20 years. This development would not impact overall on the unique flora and fauna of the Northern Territory.

Threats to the pastoral and agriculture industries still remain from fire, weeds, feral animals and introduction of exotic pests and diseases. Greater investment is needed in managing these threats if we are to realise the full potential of agriculture development in the North.

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

Resource assessment of agricultural precincts: The Northern Territory Government has committed an additional \$2.4M per year for expanded assessment of soil and water resources in the Northern Territory to determine new agricultural precincts.

Ord Stage 3: The Northern Territory Government continues its activities to facilitate the extension of the Ord River irrigation scheme into the Northern Territory in the form of Ord Stage 3.

Bathurst Island: Water, land, and flora and fauna investigations are underway on Bathurst Island to identify suitable areas for irrigated horticultural production.

Allocation of water resources: Supporting sustainable economic development by granting 103 licences which equates to the allocation 146GL/ year in total of the Territory's water resources.

Monitoring the natural resources: Continuous monitoring of the pastoral estate and key rivers to ensure the sustainability of the resource.

Feral animal management strategy: A strategy is being developed to provide a long term, cost effective, coordinated approach to feral animal management across the NT.

Mapping feral animals: A broad scale aerial survey of buffalo distribution and density has been conducted in Arnhem Land. This data will be used to develop a regional management strategy to identify economic opportunities for related industries to be developed in Indigenous communities.

Strategic fire break program: Expansion of the regional strategic fire breaks program to improve wildfire response and management in the Northern Territory.

Partnerships: Provide natural resource management extension services and advice to landholders across the Northern Territory

RESEARCH, DEVELOPMENT AND EXTENSION

Considerations for the White Paper

The Northern Territory Government proposes the White Paper on Agricultural Competitiveness considers the following priorities:

- 1. Considering the relative merits of establishing a new research agency based on clear and transparent operating criteria and through which existing research and development corporations may work.**
- 2. Funding the development of a targeted research and development initiative for agriculture in northern Australia via the growNORTH CRC proposal currently under consideration.**

An ongoing investment in research, development and extension across the full spectrum of applied, basic and innovative (transformational) research is essential to furthering Australia's agriculture industry. Other nations have workforce, regulatory and other competitive advantages over Australia and our ability to stay at the cutting edge of production and production processes through outstanding applied research has been the difference that has prevented us from being swept aside in international markets.

The sustainability of the nation's agricultural-innovations system is critical. Thought needs to be given to 'sustained' as opposed to 'temporal' policies. The fact that agricultural RD&E investment in Australia has been demonstrated to achieve 1:12.2 cost: benefit ratio over more than 80 years, should encourage governments, industry and the private sector to invest.

Given the references cited in the green paper, it would appear that the authors have not explored wider policy or structural innovations in agricultural RD&E in Australia and internationally. For example New Zealand agriculture is reforming the way it has organised and funded its RD&E systems in various industries. They are developing more inclusive innovations systems that include both research and extension capacity. They are also combining both industry and public resources more effectively and are ensuring research direction is for the benefit of industry and not necessarily the research institution.

The Danish Agricultural Advisory Service deserves serious investigation as an innovation model. It has been in existence for 139 years and offers some insights into how industries can secure, retain and manage expertise instead of having a reliance on public resources.

The Australian cotton industry's Development and Delivery Team model also demonstrates a comprehensive integrated agricultural innovation systems framework that should be further investigated by government and rural industry policy makers as a potentially effective and sustainable structural arrangement.

The adoption of innovation requires the building of human capital in the client base. In spite of the increasingly complex and demanding value-chain structures of modern agriculture, Australian rural industry has the lowest number of workers with postsecondary qualifications compared to other sectors. The Australian Senate in a review into higher education and skills training to support agriculture and agribusiness, found that in 2009 only around 7.8% of agricultural industry had tertiary qualifications, compared to 25% for the wider Australian community.

With regard to specific RD&E support and delivery mechanisms in Australia, one of the primary paths to gain funding is via the RDC's that have effectively played a brokers role in prioritising research program nationally. While the Northern Territory Government sees merit in a line of investigation that would weigh the costs and benefits of developing an overarching research agency to lead rural research forward in Australia, caution is also recommended with regard to wholesale change of a largely effective system of research delivery driven by the current RDC model.

Any change to that system would need to be demonstrably beneficial to grass roots delivery of research to Australia's agriculture sector. Alternative options may have greater merit on full examination, including a consideration to bolster existing RDC capacity to fill a critical gap around extension of research findings to industry so that innovation and knowledge uptake is best facilitated.

Ultimately the Northern Territory Government's final support for any change to existing models will depend on levels of engagement with the sector to explore options; and on the, locality, Terms of Reference and associated operating criteria for a new research agency.

The Northern Territory Government also strongly encourages the development of a clear national strategic research agenda that focuses on research capability, prioritises transformational research to lead innovation in the agriculture sector and drives resource allocation, sector resilience and adaptation planning. A key component of this will need to prioritise RD&E focused on the development of northern Australia. The Northern Territory is ideally situated to play a lead delivery role for tropical agricultural research and strongly encourages the Australian Government to endorse and approve the establishment of the currently proposed growNORTH CRC. The proposal assembles an indispensable set of joint public-private institutional capital and offers a clear focus on enterprise development and farmer/workforce technical development.

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

Applied Research Delivery: The Northern Territory Government has research laboratories and research farms strategically placed in agricultural precincts. In partnership with the Federal Government, the Territory Government is planning to renew the research facilities and laboratories at Berrimah Research Farm to meet the challenges of a competitive agricultural section.

Industry Support: The Territory Government has maintained strong support to the primary industries and natural resource agencies to ensure the agricultural sectors is well serviced with technical knowledge.

GrowNORTH: The Northern Territory Government is a lead partner in the proposed growNORTH CRC bid.

Partnerships: The Northern Territory Government has built strong alliances and collaborative networks with academic and government-based research providers locally (e.g. Charles Darwin University), nationally (e.g. Queensland Government) and internationally (e.g. Washington State University)

BIOSECURITY

Considerations for the White Paper

The Northern Territory Government proposes the White Paper on Agricultural Competitiveness considers the following priorities:

1. **Implementation of a strong and effective (nationally consistent) biosecurity systems based on risk.**
2. **Investment in superior and efficient quarantine systems as well as controlled research facilities to strengthen diagnostics and diagnostic control that is essential to protecting Australia's agriculture sector.**
3. **Conduct an issues and gap assessment of biosecurity legislation and regulation in partnership with State and Territory jurisdictions with a view to ensuring a strongly networked and decisive system of operation is in place nationally.**
4. **Education and awareness building that promotes biosecurity as everyone's business.**

The Northern Territory Government strongly supports the position on biosecurity and encourages the Australian Government to regard biosecurity as a high strategic priority if the nation's agricultural sector is to maintain its clean green competitive advantage, particularly with regard to accessing the emerging markets of Asia.

The Northern Territory Government has seen firsthand in recent years the significant impact that biosecurity incursions can have on local agricultural industries and we remain strongly committed to maintaining a science-based biosecurity system that allocates biosecurity resources based on the level of risk. A risk-based allocation process is also critical nationally and needs to feature in discussions about expanding agriculture in northern Australia to provide food into Asia.

The Northern Territory Government agrees with stakeholder input to the Green Paper that recommends legislative review and regards the review and development of a consistent and contemporary approach to biosecurity risk review, detection, response and management is timely.

The outcome must go further than legal review and must also touch policy reform to ensure a strong, evidence based biosecurity operating framework in Australia that clearly makes biosecurity everybody's responsibility. Therefore, the Northern Territory Government also strongly supports Policy Idea 23 (Improving the biosecurity system) and encourages a collaborative approach to developing a world-leading national biosecurity program. The dialogue about how to do so must also include a discussion about resourcing biosecurity effectively, including how best to resource research, surveillance and incident response initiatives and how to build and deploy a highly skilled and effective workforce because the security of Australia's existing industries and the viability of our plans to develop northern Australia are dependent on our success in this area.

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

Legislation and regulations: The Northern Territory Government is planning to undertake a systematic review of legislation relating to delivery of effective biosecurity protection and management at a jurisdictional level.

Biosecurity strategy: The Northern Territory Government is currently preparing a new strategic plan to inform how biosecurity programs will be delivered for the next 10 years. The strategy focuses on a risk based approach to resource deployment, the establishment of best practise surveillance, diagnostic and responses protocols and an emphasis on industry and community participation.

Banana Freckle: The Northern Territory Government is leading a nationally significant response to the incursion of Banana Freckle Disease into commercial and domestic grower systems. The response stands as one of Australia's most contemporary examples of how significant a risk biosecurity incursions represent, and how important strong response preparedness and delivery is to agriculture.

Preparedness: The Northern Territory Government actively participates in research programs overseas to investigate management strategies for exotic pests and disease that pose serious threats to Australian agriculture.

ACCESSING INTERNATIONAL MARKETS

Considerations for the White Paper

The Northern Territory Government proposes that the White Paper on Agricultural Competitiveness considers the following priorities:

1. **Continue to strengthen Australia's overseas market efforts through development of trade agreements and other export opportunities.**
2. **Strategic market analysis extension to identify and properly understand specific opportunities for Australia's key agricultural commodities.**
3. **Extending the services provided by Austrade to the agriculture sector to maximise transfer of knowledge and business development.**
4. **Improve Australia's export/import systems and certification schemes to ensure traceability and protect credibility.**

Access to a range of international is important to the Northern Territory's agricultural sector. There is no better evidence of this than the recent impacts of a breakdown in access to Indonesian live cattle markets on Northern Territory cattle businesses. It is essential that State and Territory Governments work together with the Australian Government to continue to drive recovery of our live cattle trade, to secure emerging market opportunities and to create new markets based on strong business relationship building efforts.

The Northern Territory Government acknowledges the recent development of a Free Trade Agreement with China, Korea and Japan for that purpose and the intent to also secure a similar agreement with India. From the Northern Territory's perspective a number of regional markets not influenced by those broad agreements are also vitally important for protection and/or development – for example with countries like Singapore, Malaysia, Hong Kong, Vietnam and Indonesia.

Timely trade negotiations that focus on relationships and partnerships are imperatives for success. Other countries such as New Zealand, Brazil and the United States of America are moving swiftly to secure trade relationships with Asian countries and any tardiness by Australia in this space may lead to an erosion of our competitive advantage. Trade development and market access is a clear partnership between Government and Industry. The Northern Territory Government has demonstrated this with the live cattle trade with Indonesia and more recently with mango exports into USA.

Building market opportunities depends on our ability to be competitive internationally. To be competitive requires sophisticated cultural operating knowledge and the necessary international networks through which to apply that knowledge. To be an effective facilitator of strong international trade, the Northern Territory Government believes that Australia needs to invest strategically in:

- Food production and processing innovation to develop advantage through protected intellectual property;
- targeted market and trade research;
- tactical network building;
- sector-wide training to make more Australian businesses export-ready;
- promotional branding for Australian agriculture in a coordinated and equitable manner;

- specific of bi/multilateral discussions and agreements to facilitate food trade and to encourage the adoption of superior quality standards for international food trade; and
- the export accreditations, systems, processes, gateways and infrastructure necessary to make good in the marketplace as a preferred supplier.

Succeeding in emerging regional markets

There is no question that the emergence of Asia as a significant global food market represents significant opportunity for Australia. Our proximity, history of strong trade and reputation for quality assurance all place us well to engage more with Asian agricultural markets.

The Northern Territory has a longstanding relationship with our Asian neighbours and has a detailed understanding of key cultural aspects related to doing business in Asia. With the emerging growth of opportunity comes a critical need to properly understand how to engage in doing business, and why.

A national dialogue about Asia as a marketplace for Australian products that focuses only on securing superior competitive access represents a risk to our long term success. The business and operating culture of international marketplaces in the region are founded on partnership, collaboration and shared trust. Trade development needs to start with a focus on partnership-building exercises and collaboration to support progressive opportunity at a social and cultural level. Engaging in a broader conversation about developing national collaboration will build a much stronger platform for dialogue that focuses on business and trade partnerships.

The need for these conversations flow through to all levels, and is just as strong at a business-to-business level. A large extension program is also required to assist Australian agribusiness develop the necessary cultural awareness and international engagement skills needed to build meaningful business partnerships and collaborative relationships.

A case study: Working collaboratively to share opportunity in Indonesia.

Opportunities exist to work with Indonesia to support their transition to food sovereignty in preferred areas.

Indonesia is a strong and important trading partner to Australia, particularly for live cattle. With a population of approximately 250 million people, Indonesia also represents a large food market in the region and offers strong opportunity for growth.

Important domestic policy in Indonesia is in place to transition towards a stronger agriculture sector that provides home-grown food to the nation. Not unlike regional Australia the policy has merit as an important means of providing sustainable subsistence, lifestyle and business opportunity to regional and rural communities. While self-sufficiency may be an idealistic long term vision, establishing areas of food sovereignty (for example in production of staples such as rice) has potential.

By investing in support programs (e.g. knowledge sharing) to assist Indonesia to transition to sustainable food sovereignty for important staples, Australia would demonstrate levels of collaboration and partnership that could have significant flow on benefits to trade relationships in new areas. It would help to rebuild stronger and more sustainable relationships with Indonesia in important existing trade areas such as the cattle trade.

What is the Northern Territory Government doing?

The Northern Territory Government is currently undertaking the following:

North Australia Development Office (NADO): The Northern Territory Government has established the North Australia Development Office as a central place for innovative and informative discussions about improving and growing the region. Ideas, options, and advisory forums around how to optimise the use of our natural resource wealth is a core part of the NADO's role.

Economic Development Unit: The Northern Territory Government has established an Economic Development Unit within the Department of Primary Industry and Fisheries to deliberately focus efforts to grow and secure international markets for the Northern Territory's agriculture sector.

Industry Delegations: The Northern Territory has strong cultural and business relationships with our northern neighbours and the Northern Territory Government undertakes, facilitates and supports international delegations (outgoing and incoming) on a regular basis to grow and develop business and investment partnership opportunities. Agricultural enterprise, particularly for live cattle production and horticulture are a regular focus with delegations to/from Timor Leste, Indonesia, Vietnam, Cambodia, Hong Kong, Korea and China all featuring in recent months.

SUMMARY

The Northern Territory Government notes that the Agricultural Competitiveness Green Paper covers a number of important issues for farming in Australia such as infrastructure development, business support, workforce planning, market access and security, foreign investment, research and innovation and biosecurity. In taking the currently assembled ideas forward into a White Paper that lays out convincing policy platforms for the future, the Australian Government will need to give careful consideration to establishing clear and decisive policy objectives and implementation strategies that meet the aspirations and needs of Australia's farmers and food producers.

With a concomitant focus by the Australian Government on developing north Australia, the Northern Territory is ideally positioned as an agricultural production, business and export hub. We offer best proximity to South East Asia and have an innovative way of delivering outcomes. The Northern Territory Government continues to support and encourage both lines of policy development and sees agriculture at the heart of developing northern Australia.

The policy platforms that are necessary to successfully protect and expand our competitiveness as a food producer are significant and critically interdependent. Investment in component parts or in all of them in sequence rather than in parallel is fraught with risk. Investing in the keystone policy areas of infrastructure and international market planning are essential, but it will not deliver success without strong investment also being put into establishing insightful policy in the other key areas such as biosecurity, research and development and financial and business support to agribusiness.

Innovative solutions to upskilling and activating a larger local workforce, coupled with innovative and streamlined skilled labour importation are also critical and the two issues go hand in hand: without workforce solutions the ability and need to roll out significant infrastructure programs is delayed.

Furthermore, without significant policy outcomes around sector resilience (e.g. drought support), land access and entitlement, reducing red tape, driving innovation into food production and food processing and addressing a raft of knowledge, regulatory and governance related challenges, private (and foreign) sector investment will remain risk shy. The Northern Territory Government is pleased to see an emerging narrative around these issues in the Australian Government's Green Paper.

Doing the work to convert the early narrative into a mature dialogue and clear policy direction will require ongoing collaboration between private industry, communities, the Australian Government and the States and Territory's. How that collaboration is formed and how it operates under effective and fair rules of engagement remains a significant point. It is a key reference point for how the issues of interconnectedness and integration will work – which in turn will define business confidence and investment. The Northern Territory Government looks forward to working closely with the Australian Government and our neighbours, communities and business partners to make real the outstanding opportunities that investing in a healthy and competitive agriculture sector will bring.