

Developing northern Australia

The White Paper on Developing Northern Australia identified a range of opportunities for the region. Yet despite these advantages, the region faces some challenges

Developing the north...

Proximity to key trading partners

Northern Australia lies in the heart of the Asia-Pacific, a region experiencing rapid population and economic growth. South East Asia and Southern China are just 3 to 5 hours flight from Darwin, providing an opportunity for industries in the north to access Asian markets. Today, Asia accounts for around 60 per cent of the global population

Natural Advantages

Northern Australia has vast mineral wealth. The region accounts for most of Australia's iron ore and gas production, around half of Australia's coal production and a large share of Australia's zinc, copper and bauxite production. The majority of resource and energy production in northern Australia is exported to the Asia-Pacific region.

Defence

Northern Australia is the gateway for Australian defence. Its position supports the country's ability to project and sustain forces into the region for surveillance, humanitarian assistance and disaster relief. Defence investment and employees deliver significant benefits to the north by boosting local economies and populations and improving infrastructure.

...means navigating some challenges

Population and remoteness

61 per cent of northern Australia's population lives in 13 significant urban areas (areas with a population over 10,000). Relative to southern Australia the north is more urbanised – there are more people living in city like relationships - the Significant Urban Area of Townsville has a close relationship with the many smaller communities nearby. This means urban centres in the north are more important to the regional economy than is the case in the south. Outside these urban areas, most of northern Australia is sparsely settled and remote. Industries tend to be smaller and dispersed, which along with low population density, significantly increases the cost of living and doing business. Infrastructure provision and broader investment are also more challenging because of the difficulty in achieving economies of scale.

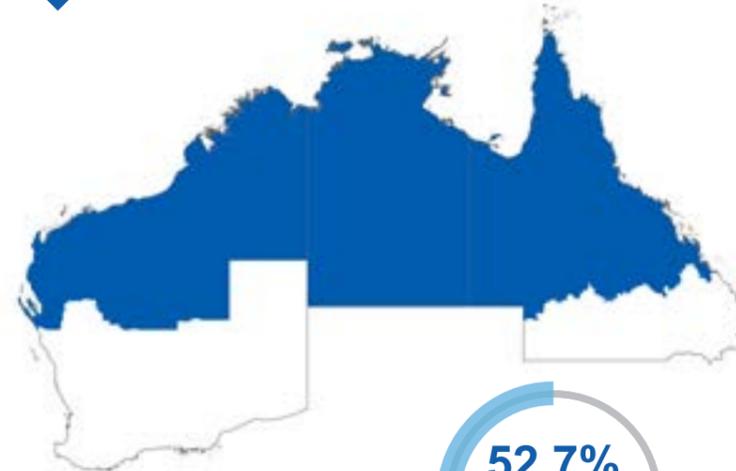
Water

The availability of water is a major driver of economic activity, particularly for industries key to the north, including agriculture, mining, energy and tourism. While northern Australia receives more than 60 per cent of national rainfall it is highly seasonal and has high evaporation rates, making utilisation challenging.

Labour

Unemployment rates vary substantially across the region, ranging from 9.4 per cent in northern Queensland, to 3.2 per cent in the Northern Territory. Around 64 per cent of employment is in urban areas, with remote areas generally having weak labour markets and low labour force participation. This is particularly evident in the Northern Territory, which has low unemployment in urban areas, but high unemployment in regional areas.

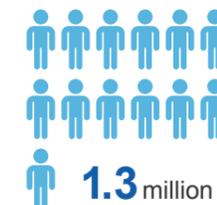
An economic overview of northern Australia



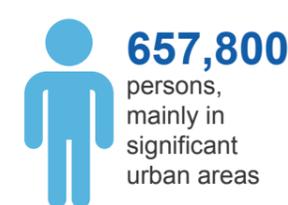
Northern Australia encompasses over 50 per cent of Australia's land mass and contributes 11.7 per cent of Australia's GDP, despite only accounting for 5.5 per cent of the Australian population



Population



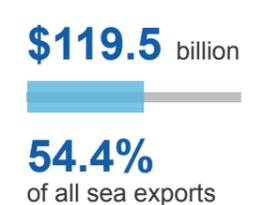
Employment



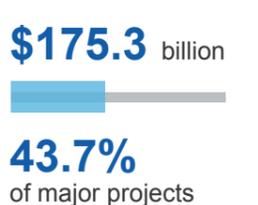
Business



Sea exports

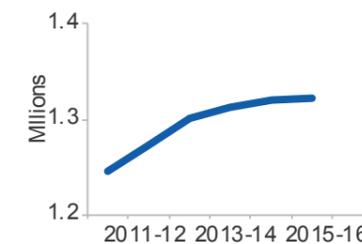


Investment



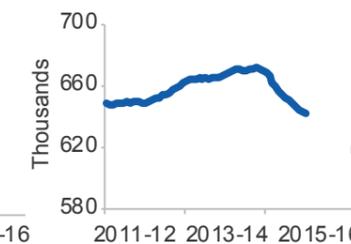
Population growth

On average, over the past five years, the population of northern Australia has been increasing on average 1.2% per year



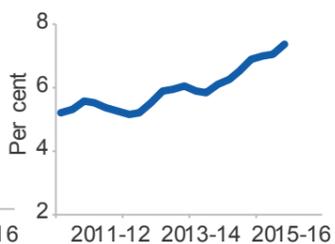
Employment trends

Employment has decreased 1.1% over the last 5 years, an average -0.2% per year



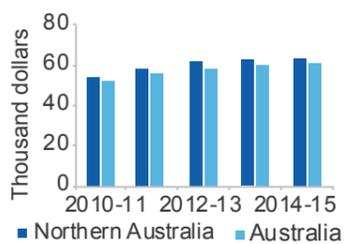
Unemployment

The current unemployment rate for northern Australia is 6.8%



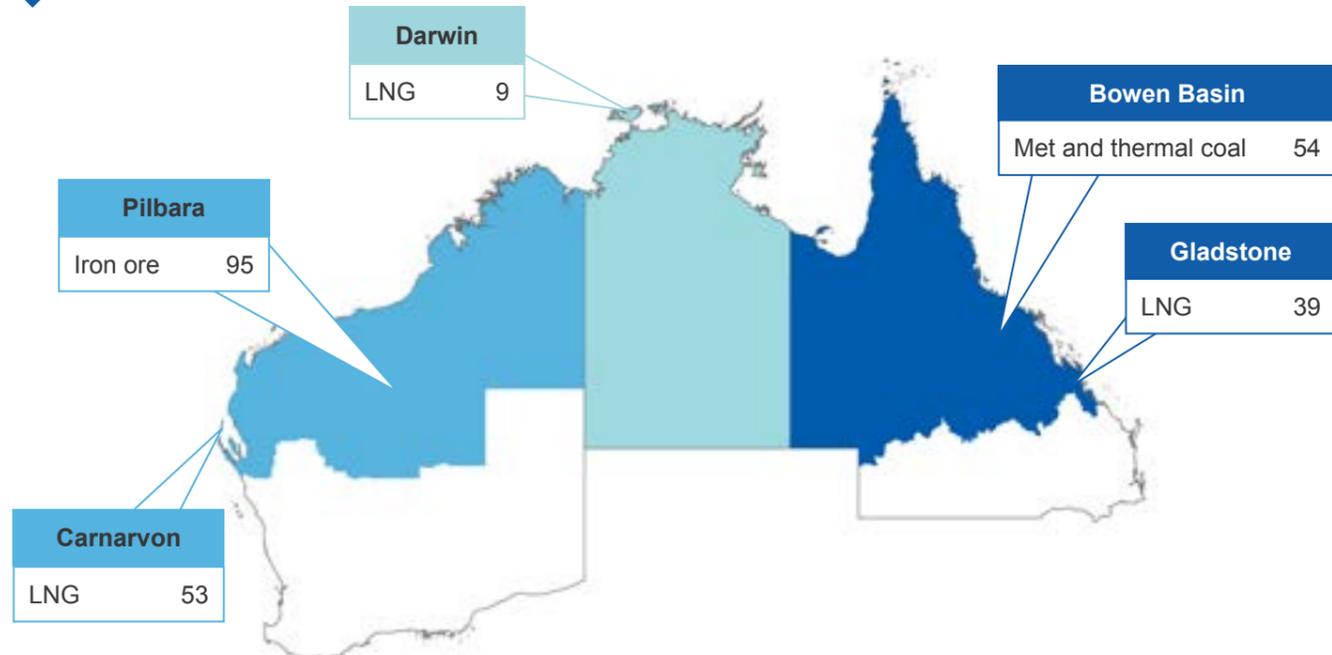
Average income

The average income in northern Australia has been increasing over the last 5 years and was \$63,597 in 2014-15



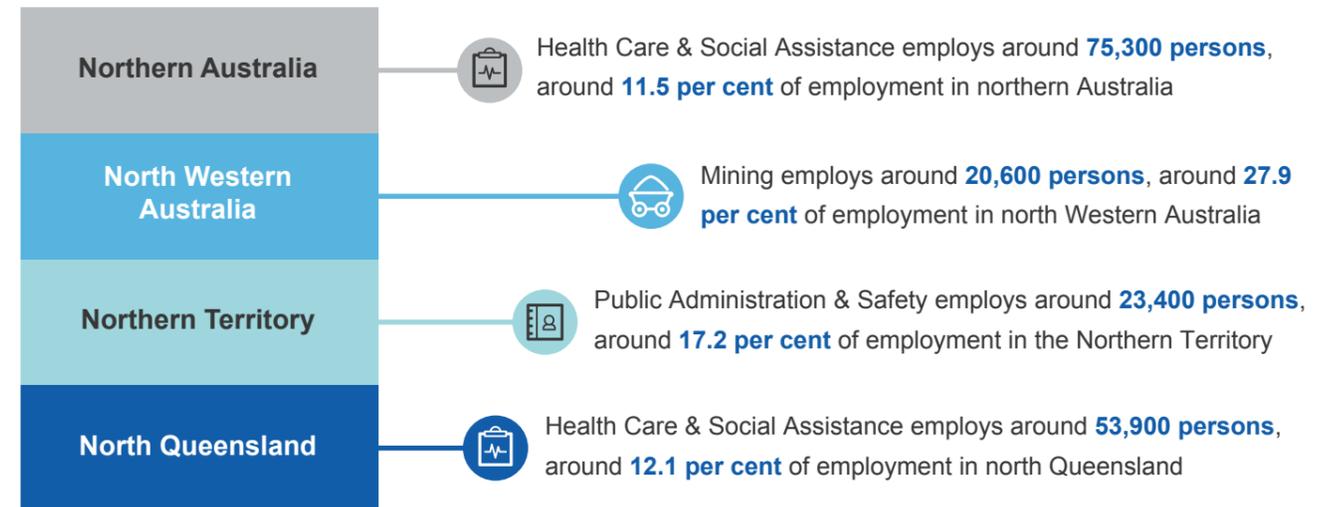
Notes: Exports figures are for goods exported from sea ports only, by value. Investment refers to non-residential investment in projects valued at \$20 million or more, that are committed or under construction. Source: ABS, Regional Population Growth, Australia, 2015-16, cat. no. 3218.0; ABS, Labour Force, Australia, Detailed - Electronic Delivery, March 2017, cat. no. 6291.0.55.001, RM1; ABS, 2011 Census of Population and Housing (TableBuilder extract); ABS, Counts of Australian Businesses, Jun 2012 to Jun 2016, cat. no. 8165.0; BITRE estimates based on ABS 2016, Customised report based on International Merchandise Trade data; Deloitte Access Economics, Investment Monitor, March quarter 2017; Department of Employment, Data tables, Small Area Labour Markets, March 2017 (Table 1 - SA2); ABS, Estimates of Personal Income for Small Areas, 2011-15, cat. no. 6524.0.55.002.

Northern Australia major resource producing regions, share of total production (per cent), 2016



Source: Iron ore and coal production information is derived based on AME research. LNG production data is from EnergyQuest.

Top employing industries in northern Australia, February 2017



Notes: Northern Australia is a construction of Statistical Area Level 2s, however, labour force survey employment data is only published at the SA4 level. Employment by industry is estimated by applying SA2 to SA4 Census ratios to SA4 labour force survey data. Source: ABS, Labour Force, Australia, Detailed, Quarterly, February 2017, cat.no. 6291.0.55.003, RQ1; ABS, 2011 Census of Population and Housing (TableBuilder extract).

Key statistics for northern Australia states (share of Australia) (per cent)

Population



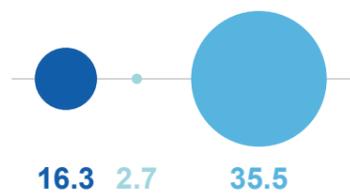
Employment



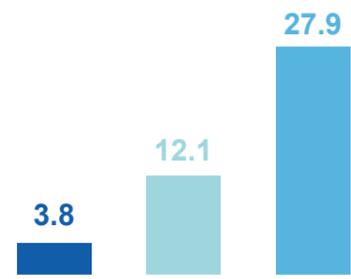
Business



Sea exports



Investment



Average income



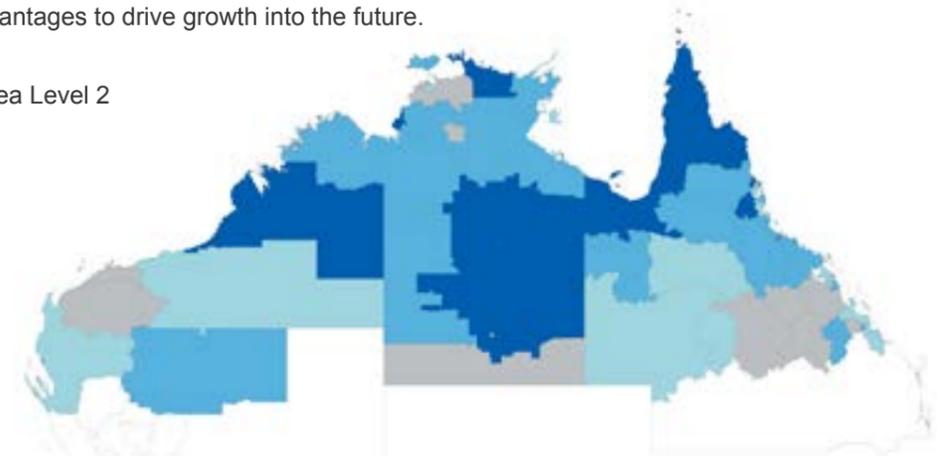
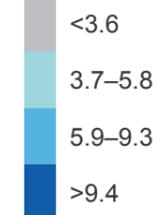
Legend: North Queensland (Dark Blue), Northern Territory (Light Blue), North Western Australia (Medium Blue)

Notes: Exports figures are for goods exported from sea ports only, by value. Investment refers to non-residential investment in projects valued at \$20 million or more, that are committed or under construction. Source: ABS, Regional Population Growth, Australia, 2015-16, cat. no. 3218.0; ABS, Labour Force, Australia, Detailed - Electronic Delivery, March 2017, cat. no. 6291.0.55.001, RM1; ABS, 2011 Census of Population and Housing (TableBuilder extract); ABS, Counts of Australian Businesses, Jun 2012 to Jun 2016, cat. no. 8165.0; BITRE estimates based on ABS 2016 - Customised report based on International Merchandise Trade data; Deloitte Access Economics, Investment Monitor, March quarter 2017; ABS, Estimates of Personal Income for Small Areas, 2011-15, cat. no. 6524.0.55.002.

Northern Australia's economy and structural change

- During the mining boom, employment and population grew faster in northern Australia than elsewhere. However, this has now reversed with both rates below the national average.
- Employment was growing in line with population in northern Australia up until 2014. Since then, employment has fallen (mostly in north Queensland), but northern Australia's population has continued to grow, albeit at a slower pace.
- Northern Australia's unemployment rate is estimated at 6.8 per cent in the March quarter of 2017. This is higher than the national unemployment rate of 5.7 per cent. The map below shows the unemployment rates for northern Australia regions. Unemployment rates tend to be highest in non-urban areas in the north that have benefited least from the mining boom.
- Northern Australia is a region with significant potential for growth. As the economy undergoes structural change in the face of the end of the mining investment boom, the region will need to adapt to overcome its challenges and capitalise on its competitive advantages to drive growth into the future.

Statistical Area Level 2



Source: Department of Employment, Small Area Labour Markets, Smoothed unemployment rates, March quarter 2017 (Table 1 - SA2)