

Green Paper on

Operation Rebound



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Foreword

The COVID-19 pandemic is a once-in-a-century crisis that has hit every sector of the economy and every corner of the country.

The Northern Territory Government acted fast to protect Territorians from the worst impacts of the COVID-19 crisis. Our top priorities have been **saving lives and saving jobs**.

By making the Territory the safest place in Australia, we are now well-positioned to have the strongest comeback in Australia.

We have adopted a “**whatever it takes**” approach to protecting Territorians through this crisis. We will continue this approach as we work to get the Territory back on the road to recovery.

In dealing with the COVID-19 crisis, the NT Government’s economic response has three phases: Survive, Adapt and Rebound:

Our first job was to **survive** by supporting people and businesses get through the immediate financial and employment downturn as a result of the restrictions placed on society to save lives.

Our second and current task is to help Territorians **adapt** to the “new normal”, as we get back to businesses and back to work while still staying safe with strict physically distancing and hygiene measures. This means a short-to-medium term focus supporting businesses and people to adjust to new operating environments, and addressing urgent and emerging sector needs.

Our third priority is to **rebound** the Territory economy so there is more growth and more jobs for all Territorians. This is about the future, but this work starts right now. This includes prioritising investment in job-creating projects, upskilling workers, working with industry to grow private enterprise, and securing future private investment.

This is what **Operation Rebound** is all about: doing whatever it takes to recover, rebuild and rebound so the Territory economy is stronger in the future.

Put simply, we are here to help. And that means:

- Making it easier for businesses to recover, grow and create more jobs.
- Getting new investment into the Territory as quickly as possible.
- Kick-starting plans for economic diversification, building on our comparative advantages and exploiting our strategic location.
- Improving the Territory’s investment readiness and competitiveness, and strengthening key trading relationships.
- Identifying opportunities to work with the Australian Government on recovery efforts.

Keeping the Territory safe from COVID-19 required all Territorians to work together. Operation Rebound demands that same sense of urgency and unity.

Working together, we can make the Territory safer, smarter and stronger for the future, for all of us.

I ask you to join me in this new effort. Territorians have been the best in the country throughout this once-in-a-century health crisis and we’ll continue to be the best.

MICHAEL GUNNER

Jobs First – an economic vision for the Territory

Operation Rebound is about doing whatever it takes to recover, rebuild and rebound so the Territory economy is stronger in the future.

We will rebound by putting Jobs First. By making it as easy as possible to invest, work and create jobs in the Territory.

The Territory has the potential to be a Jobs First economy that is \$40 billion by the end of this decade. With new opportunities for clean energy supply and international data connectivity supporting advanced manufacturing, the Territory can harness its rich natural resources, strong infrastructure potential and hard-working community to consolidate its national and global position as a hotspot for investment and jobs.

And because we are starting the rebound before anywhere else in Australia, we are in pole-position for the jobs of the future.

By averaging 5% annual economic growth across the 2020s, we could reach \$40 billion Gross State Product by 2030 – from the \$26 billion the Territory produced last year.

A \$40 billion economy by 2030 would mean:

- creating 35 000 more jobs
- generating new economic output of \$1.3 billion every year
- boosting our population beyond 300,000, and
- creating a critical mass of demand that will support a higher level of services for business and the community.

It won't be enough to simply recover from the economic shock of COVID-19. To secure more jobs and prosperity, Territorians will need to reconstruct our economy by transforming the way we do business, embrace new opportunities and take bold decisions.

This is a job for every Territorian. A job for everyone to maintain the urgency, unity and discipline that has seen us withstand COVID-19 better than anywhere else in the world.

Together, we will achieve this by:

Creating jobs – opportunities to stimulate job resumption, reopening of businesses and new jobs and activity

Building consumer confidence – approaches to build demand and encourage local spending activity to support Territory businesses and increase economic activity

Accelerating investment – identify specific actions to support investment in the near term, encourage those that have or are considering deferring investment to move forward

New policy settings – approaches to streamline the development of critical industries, including options to secure long term domestic gas supply, land development and new sustainable industry

Tax reform – opportunities to stimulate businesses and create jobs that will provide lasting benefit for Territorians

Priority Strategic Enabling Infrastructure – specific projects that will support the development and viability of regions, communities and industries

Customer Service and Aftercare – a public service that continues to help and do whatever it takes to support businesses to grow and employ more locals

Bring everything we have to the table – Establish a Major Project Coordinator with statutory powers to support project development and fully expend the Local Jobs Fund on projects that create jobs

Build critical enabling infrastructure – Invest early in critical enabling infrastructure such as the Ship Lift, the University campus in Darwin CBD, new water storage for the Top End and solar transformation of energy supply to remote communities

JOBS FIRST

RECOVER. REBUILD. REBOUND.



CREATING JOBS

Creating 35,000 more jobs, boosting our population beyond 300,000 and supporting businesses and the community.



ACCELERATING INVESTMENT

Encouraging short-term and long-term investment into the Territory and identifying specific actions to support investment decisions.



DEVELOPING INDUSTRY

Streamlining the development of critical industries including a new gas precinct, land development and new sustainable industries.



CUSTOMER SERVICE & AFTERCARE

A public service that keeps doing whatever it takes to support businesses to grow, and employ more locals.



ENABLING INFRASTRUCTURE

Investing in critical infrastructure including ship lift and solar transformation, and projects that support the development of regions, communities and industries.

Achieving a \$40 billion economy by the end of this decade.



Operation Rebound

The economic circumstance now confronting the Territory, the nation and the world is unique and immensely challenging. The widespread cessation of movement and exchange to contain the COVID-19 contagion is testing fundamental assumptions around the functioning of markets, the nature of supply and demand for goods and services and the certainty of cash flow.

Considerable effort will be required to revive the global and national economies, potentially creating substantial shifts in economic policy paradigms. As the Territory entered 2020 after two years of subdued activity, the prospects for securing new investment in key sectors were encouraging; however, the new economic circumstance has delayed opportunities for greater development in some core sectors such as tourism and onshore gas. In addition, some underlying structural economic weaknesses have been masked by large investment projects over the last two decades. This global shock is an opportunity to reconstruct the Territory economy as we rebound.

To sustain businesses and jobs, the Territory economy needs to be positioned to effectively respond to a new global and national operating environment the exact characteristics of which are still unfolding. This will require proactive policies and practical actions the Territory can take to ensure our industries recover, investment does not falter in the medium to long term and new opportunities are seized.

Now more than ever, all Territorians must act quickly, collaboratively and decisively to do whatever it takes to ensure the continued safety and prosperity of our community. We must adapt to the post-COVID-19 environment, plan strategically and implement boldly – this is Operation Rebound.

Health Response

To date, Australia has been highly effective in its approach to suppress COVID-19 relative to other nations. This has been achieved with significant constraints on movement and interpersonal engagement to help slow the rate of infection. In the Territory, these include the closure or limitation of business activity that relies on direct consumer contact, strict border controls and mandatory quarantine measures.

The Territory, through its rapid response capability has led the nation in keeping COVID-19 at bay. Our health response strategies, embraced strongly by Territorians and collaborative decisive action has resulted in no community transmission to date. Of critical importance is the protection of our most vulnerable community members, particularly our Indigenous Community. Together with our Aboriginal Community Controlled Organisations and key Indigenous Community Members we adopted measures, specifically restrictions on intra-Territory travel and processes for local management and testing, which have ensured their safety.

The Territory's 'Roadmap to the New Normal' outlines how we will transition through the stepping out of restrictions to reopen business in the short term while continuing our strong focus on maintaining health outcomes.

Economic Response

The constraints imposed by the health response, at home and internationally, have created a series of demand and supply shocks in the economy, resulting in the cessation of tourism activity and lower consumption of goods and services, as well as adversely affecting the supply of labour.

The true extent of the economic impacts are now starting to be felt with Federal Treasury estimating that 1.4 million Australians will be unemployed by the end of June 2020.

In response, the Australian and NT Governments have implemented a raft of assistance measures to support individuals and businesses through the restrictions.

What next?

The focus of government, public discourse and expectations are now turning to understanding the true extent of the economic impacts reverberating throughout our economy, and devising a rapid response. What must we do to rebound and drive sustainable private sector job creation in our 'new normal' and build a robust economy for the future?

Operation Rebound is an urgent task for all Territorians. The NT Government can set policies and frameworks and make strategic investments for revival and growth, but our success relies on the close collaboration and involvement of business, industry, workers, Traditional Owners, community groups and other levels of government.

This is a massive and complex task; we will need to be nimble and adapt as we move through this transition. The decisions we make now and the action we drive, will shape the wellbeing, livelihood and prosperity of future generations of Territorians.

Now is the time to be decisive, brave and bold while playing to our strengths and natural advantages.

This Green Paper establishes a framework of priorities across five focus areas – Investment, People and Liveability, Territory Businesses, Industry and Supply Chains and the role of Government.

It proposes a series of Immediate Rebound Initiatives that harness our natural advantages and makes the most of opportunities emerging from this crisis:

- (i) change the way government does business to build on the agility demonstrated through the COVID-19 response
- (ii) establish a Territory Economic Reconstruction Commission composed of prominent Territorians and experts along with dedicated support teams
- (iii) consolidating Darwin as a National Resilience Centre to support emergency response and resilience activities both in Australia and the region
- (iv) supporting our tourism industry to rebuild and grow, including capitalising on the changes in tourism patterns by repositioning and reimagining the Northern Territory as the national holiday of choice
- (v) getting advanced investment projects across the line, including development of financing strategies that can harness external sources of capital to support new investments
- (vi) establishing a Major Project Coordinator to develop and deliver job creating projects
- (vii) strategic investments to advance the Territory's potential as a clean energy, advanced manufacturing hub
- (viii) early investment in critical enabling infrastructure such as the Katherine Agribusiness Hub, new water storage for the Top End and solar transformation of energy supply to remote communities
- (ix) build and capitalise on the Ship Lift and Marine Industries Park projects
- (x) harness the economic advantages of the new Charles Darwin University City Campus
- (xi) grow tourism and education opportunities in Central Australia through development of the National Aboriginal Art Gallery in Alice Springs
- (xii) supporting the creative industries sector to become more sustainable with a focus on growing the textile and live music elements
- (xiii) develop and enhance medical and medical research facilities in the Territory
- (xiv) targeting skills investment to ensure a capable and future ready workforce
- (xv) supporting Traditional Owners and Land Councils to progress the development of projects in their communities and on their land
- (xvi) aftercare for existing Projects to encourage further capital investment

- (xvii) ensuring Water Security for our environment, for drinking, growing and making
- (xviii) building economic opportunities in the delivery of human services to achieve better outcomes in Aboriginal communities
- (xix) realising the potential for expanded agricultural development in food and fibre
- (xx) establishing regional fresh produce supply chains to maximise returns and processing opportunities to capture value
- (xxi) supporting the pastoral industry to remain resilient in an environment of a highly variable climate and market conditions
- (xxii) support ongoing development of the resources sector by continuing to support geological exploration
- (xxiii) creating a knowledge-based industry precinct around secure data centres linked with undersea cable networks
- (xxiv) advancing new industries including renewables, marine services and space
- (xxv) preparing for the world to rebound by refining trade market engagement strategies
- (xxvi) mobilising displaced workers to protect key Territory assets
- (xxvii) growing the Territory's population to support new and existing industries and create jobs through additional demand for goods and services.

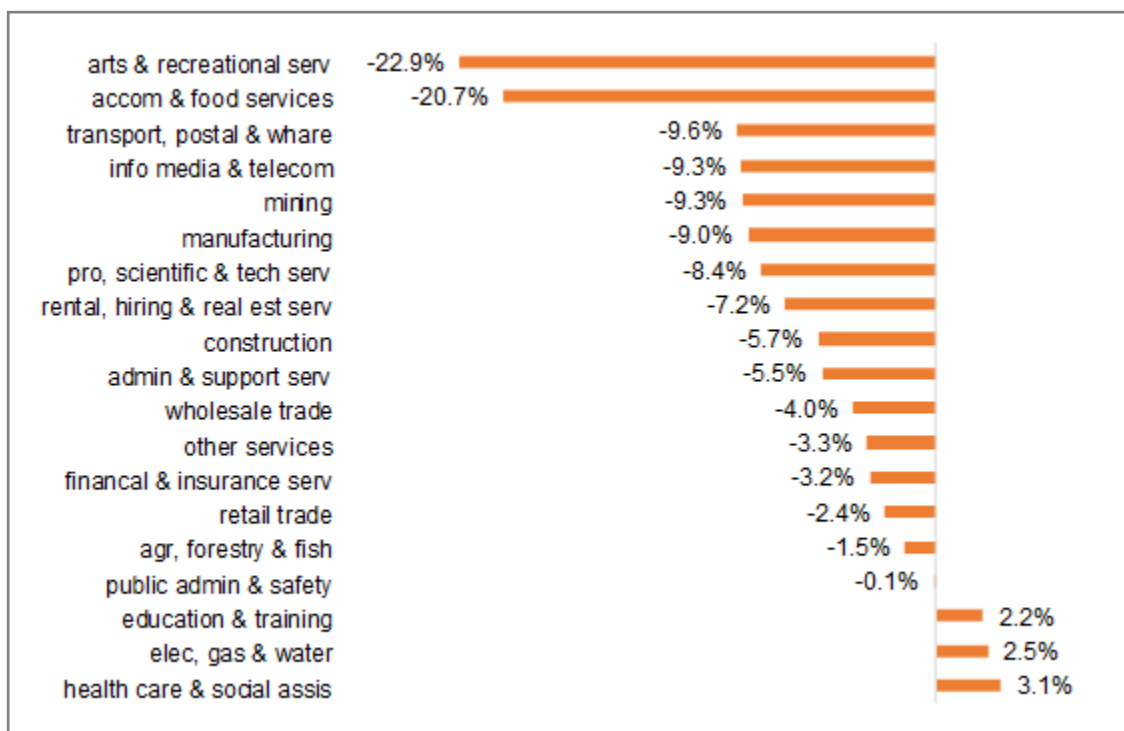
Scope of the challenge

The economic shock created by COVID-19 to Australia and the rest of the world is likely to result in the most severe contraction in activity since the 1930s. Recent Federal Treasury estimates (consistent with recent Reserve Bank of Australia projections) show dramatic decreases in key economic metrics, including a fall in Gross Domestic Product of 10% or \$50 billion in the June quarter and an estimated 1.4 million unemployed across the nation by the end of June 2020.

The profile of the economic recovery is not clear as it will be influenced by many factors. It will depend on the continued lifting of restrictions, the reopening of borders both within Australia and internationally, the rebuilding of consumer confidence and the pace of recovery of our trading partners. Operation Rebound sets out our immediate response based on what we know or expect now, but we continue to be agile and respond as necessary as new challenges and opportunities arise.

While economic activity and employment levels began to grow towards the end of 2019, the combination of travel restrictions and a collapse in oil and gas prices has delayed anticipated growth in key prospective sectors. The most recent employment data show significant fall in sector employment in the Territory economy and the most affected sectors include ‘arts and recreation services’ ‘accommodation and food services’ (see Chart 1).

Chart 1: Change in employee jobs between week ending 14 March and 2 May 2020 by Industry, Northern Territory



Source: Department of Treasury and Finance, ABS Cat no. 6160.0.55.001 -

Appendix 1 outlines the scope of the economic challenge in more detail.

The Territory Government responded swiftly and effectively in the face of this dramatic economic shock with stimulus packages for an already struggling construction trades sector, survival grants for small businesses that lost half or more of their turnover and a series of Business Hardship concessions on payroll tax, water and electricity bills and Council rates. The graphic below illustrates the journey upon which the Territory economy has embarked as it returns to growth. It sets out the phases of support that will be necessary to get back to economic health, starting with the Territory and Australian government cash flow support now in place, and moving to the sources of investment as we progress on the pathway out.

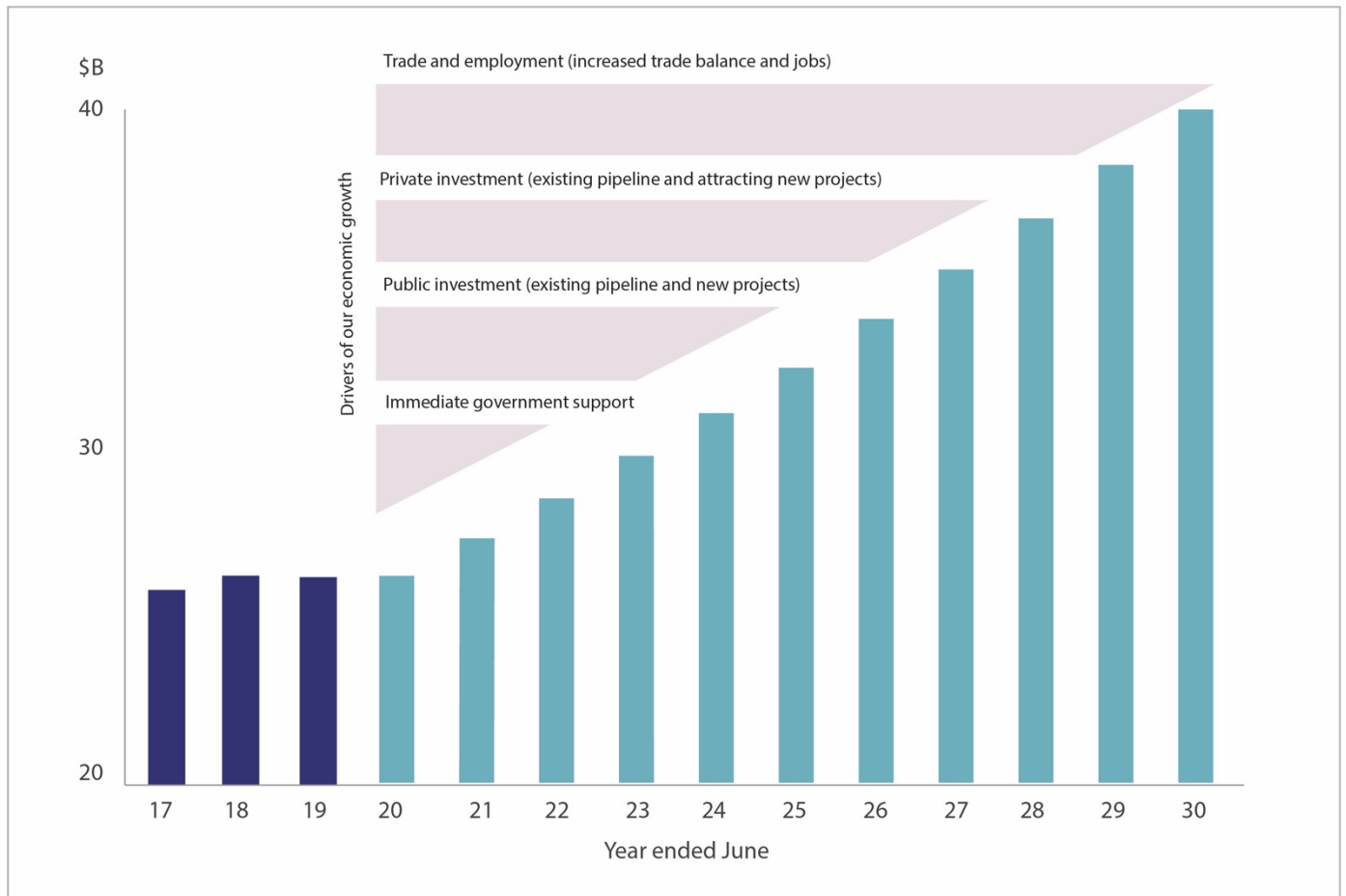


Figure 1 – \$40 billion by 2030 - the path to reconstruction

The Rebound Strategy

Positioning the Territory to rebound strongly from the current crisis requires a comprehensive strategy addressing five focus areas:

1. securing investment to create long term jobs
2. sustaining our population and the liveability of the Territory
3. supporting Territory businesses to keep existing jobs and create new jobs
4. driving industry growth and resilience in our supply chains
5. mobilising the full resources of government

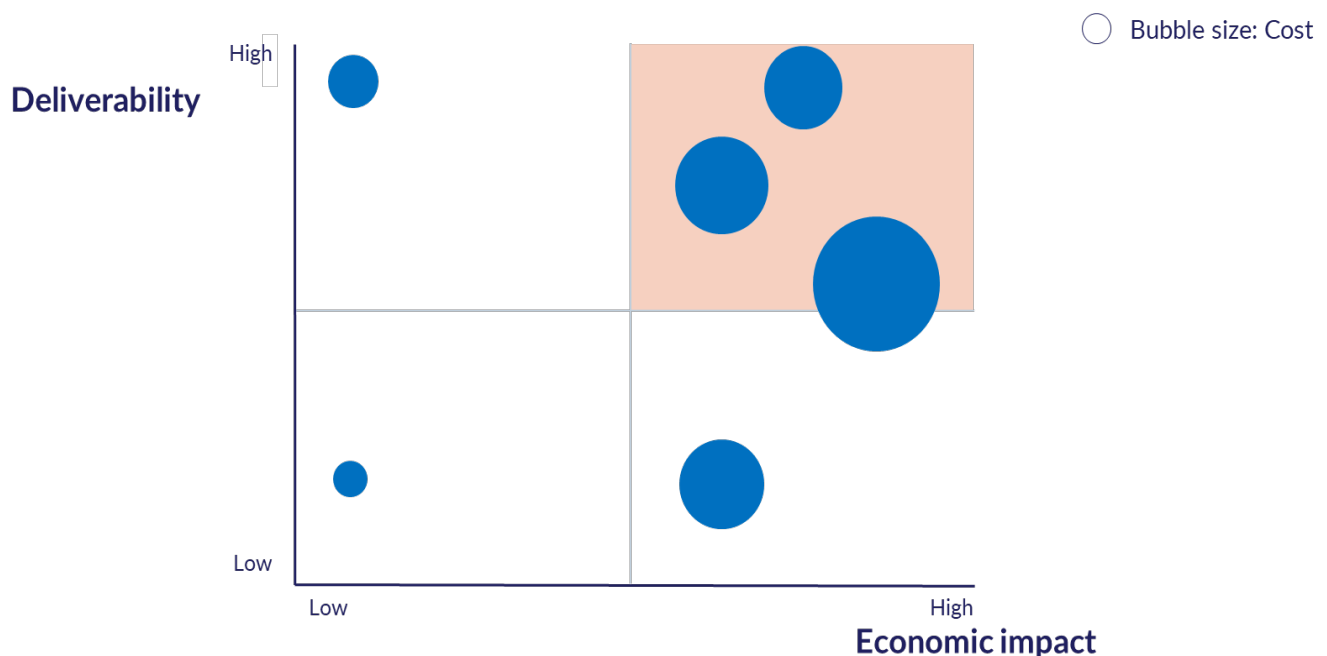
Urgently advancing actions that bring back activity, help us adjust to the new operating environment and work with our sectors to rebound will require government to plan and execute to these focus areas.

The crisis is not yet behind us, so our response must maintain the flexibility to adjust and adapt to the changing environment. A Territory Economic Reconstruction Commission is needed to work with Government, Industry and key community stakeholders to provide advice on where we must adjust efforts as things evolve through this crisis.

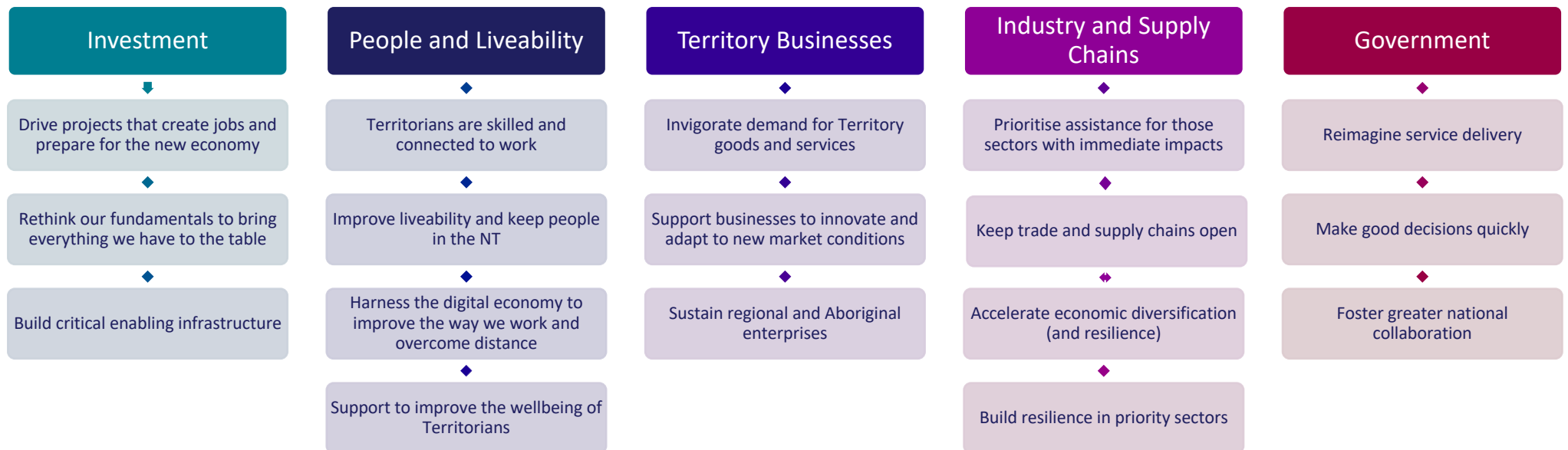
While the emergency tempo will remain, significant effort and reform that will deliver longer term substantive change in our economic fabric and outlook is also required and must be accelerated.

A strong focus on high impact activities to support rebound is essential. Activities need to be prioritised based on deliverability and economic impact with consideration to cost. The indicative model below shows the focus should be on those projects with a high chance of success and high economic impact - the top right hand corner of the matrix below.

Prioritisation Matrix – illustrative only



Our priorities for Rebound



Investment

Private investment will be hesitant to re-emerge until the current global uncertainty subsides, even though interest rates are at historic lows. As the need to restimulate the economy becomes more apparent the demand for public investment will intensify. Continued investment in sectors which have withstood the worst impacts of COVID-19 such as Defence, mining and agriculture will underpin the rejuvenation of our capital base.

Stimulus spending on capital infrastructure will likely be targeted at sectors with underutilised labour which can be quickly re-employed, and on projects that have a low import intensity. It will be important to ensure this government intervention is strategically directed into durable assets that will enable stronger productivity over time (that is, enabling infrastructure).

To create the incentive for private investment, government will need to bring everything to the table, by making good decisions quickly and innovating in the management of public assets, expenditure and revenue.

Example initiatives:

- **Bring everything we have to the table:** Establish a Major Project Coordinator with statutory powers to support project development and fully expend the Local Jobs Fund on projects that create jobs.
- **Drive projects that create secondary jobs and prepare for the new economy:** Focus on getting advanced projects over the line and accelerate release of Expression of Interests' for government facilitated projects from Land Development Corporation, Northern Territory Land Corporation and the Department of Trade, Business and Innovation to expedite investment.
- **Build critical enabling infrastructure:** Invest early in critical enabling infrastructure such as the Ship Lift, the University campus in Darwin CBD, new water storage for the Top End and solar transformation of energy supply to remote communities.

People and Liveability

To retain and grow our population, the Territory needs to ensure people have access to sustainable jobs, there is good amenity to support their lifestyles and they have confidence in their health and wellbeing.

The capacity for digital technology to support people through the COVID-19 isolation highlights the potential to improve the way we work and overcome the tyranny of distance. Continuous improvement in skills and technology will drive innovation in the way we deliver services throughout our regional communities, building resilience and prosperity.

Example initiatives:

- **Territorians are skilled and connected to work:** Deploy a reskilling campaign to assist the unemployed and underemployed into growth areas.
- **Harness the digital economy to improve the way we work and overcome distance, including the delivery of human services:** Increase the utilisation of technology in service delivery from government and Non Government Organisations.
- **Support to improve the wellbeing of Territorians:** Work with the not-for-profit sector to monitor and deliver programs to support mental health and reduce family violence. Work with the sporting sector to rebuild competitions and financial sustainability of organisations.

- **Promote liveability and keep people in the Territory:** our enhanced reputation as a safe haven can be harnessed to encourage more people to see the Territory as the best place to work and live. We can take this opportunity to attract more Australian Government employees to be based here, more visa workers to stay here, and encourage fly in fly out workers to see the Territory as a base rather than as a destination.

Territory businesses

Territory businesses need stronger demand for their goods and services which is driven by both private and public sources. Government can support Territory businesses to innovate and adapt to new market conditions. Many regional and Aboriginal enterprises have suffered from the shock of travel restrictions, and will need nurturing to sustain their capacity to employ local Territorians.

Example initiatives:

- **Invigorate demand for Territory goods and services:** Together with the Industry Capability Network and industry escalate efforts to inject local businesses into supply chains, Defence, Oil and Gas.
- **Support businesses to adapt to new market conditions:** Continue to drive uptake of business advice and support consultants to enable tailored adaptation responses for businesses.
- **Sustain regional and Aboriginal businesses:** Develop regional specific strategies to increase regional and remote resilience.

Industry and supply chains

As all jurisdictions will be focusing on protecting their own economies, the Territory will need to work hard to keep trade and supply chains open. There continue to be opportunities to accelerate the rebuilding and growth of existing industries, diversification into new industries, and strengthening resilience in priority sectors. Some sectors immediately impacted by COVID-19 restrictions will need assistance to be ready for the rebound. The Territory is strategically positioned to meet the increased requirement for sovereign manufacturing and supply chain security identified by the COVID-19 crisis.

Example initiatives:

- **Prioritise assistance for those sectors with immediate impacts:** Immediate focus on rebuilding domestic aviation linkages to the rest of Australia.
- **Keep trade and supply chains open:** Sectoral packages and interventions including investing in logistics support and increasing market access efforts.
- **Accelerate economic diversification (and resilience) by embracing growth sectors:** Create a knowledge-based industry precinct around secure data centres linked with undersea cable networks.
- **Build resilience in priority sectors:** Realising the potential for expanded agricultural development in food and fibre.

Government

The current crisis has shown how well government can respond when needed, and the public service has ably risen to the challenge.

Just as the Territory as a community will never go back to exactly as things were, government will need to rethink, redesign and redirect its activities and processes.

Example initiatives:

- **Make good decisions quickly:** Establish time limited Precinct Project Coordinators with delegated authority to grant key regulatory approvals following condensed assessment processes around land access, land development and water use allocations within agreed policy boundaries.
- **Reimagine service delivery:** Take the opportunities of the Plan for Budget Repair, coupled with new working practices honed through recent months to invest in more efficient and effective customer service.
- **Foster greater national collaboration:** consolidating Darwin as a National Resilience Centre and enliven the Northern Australia Agenda.

Immediate Rebound Initiatives

This framework of priorities within five focus areas will support a range of initiatives as the Territory economy progresses to recovery. Immediate actions to drive the Rebound agenda include:

(i) **Change the way government does business to build on the agility demonstrated through the COVID-19 response**

To sustain businesses and jobs, the government, in partnership with businesses and the community, will need to deliver proactive policies and practical actions. Now more than ever, government must act quickly, collaboratively and decisively to do whatever it takes to ensure the continued safety and prosperity of our community.

(ii) **Establish a Territory Economic Reconstruction Commission along with dedicated expert advice and support teams**

The Territory Economic Reconstruction Commission (the Commission) composed of prominent Territorians and experts, will oversee the implementation of the initiatives below and the further development of the Operation Rebound strategy, drawing on the support and advice of Team Territory. Further details are set out in 'Next steps' below.

(iii) **Consolidating Darwin as a National Resilience Centre to support emergency response and resilience activities both in Australia and the region**

The COVID-19 crisis has demonstrated the capacity of Darwin to operate as a critical centre for emergency response and resilience. The Territory is already home for the National Critical Care and Trauma Response Centre, the Menzies School of Health Research, and significant military assets at Robertson Barracks, HMAS Coonawarra, RAAF Darwin and RAAF Tindal.

This comprehensive approach to ensuring national resilience will be further enhanced through the development of secure data centres, utilising international and national high speed connectivity to deliver substantial data storage in a secure and safe location.

(iv) **Supporting our tourism industry to rebuild and grow**

While Australia's borders remain closed, there is an immediate opportunity for the Territory to capture a share of the six million outbound leisure trips Australians made in 2019. It is an opportunity to reimagine and reposition the Northern Territory as a destination within Australia. There will be a desire amongst Australians to have an 'overseas like' holiday within Australia while international travel is constrained.

Continued positioning of the Territory by highlighting its nature-based/wide open spaces image in tourism marketing will resonate with a more cautious safety conscious domestic traveller post COVID-19.

A Tourism Rebound Taskforce has been established to provide strategic and practical advice to the Chief Minister by the end of May, to inform an appropriate response and recovery for the tourism industry. Over the longer-term, the

principles of the Tourism Industry Strategy 2030 remain valid and will continue to guide growth of tourism in the Territory.

(v) Getting advanced investment projects across the line, including Development of financing strategies that can harness external sources of capital to support new investments

A number of projects have achieved most, if not all of their approvals, but are seeking financial investment in a highly risk-averse market. TNG, Seafarms, Core Lithium, Arafura Resources and KGL Copper are all well placed to advance, Verdant's Amaroo Phosphate project has secured finance, and Sun Cable continues to progress through its feasibility and approval processes.

The Territory will work collaboratively with these companies to seek out solutions that get these job-creating and economy stimulating investments going.

We will intensify our engagement with private equity and debt finance providers to give them the confidence to invest in the Territory. The Territory will be working closely with the Australian Government to identify financing mechanisms to support the investment necessary to achieve a strong recovery, such as renewable energy investment through Arena and the National Water Infrastructure Fund. The Northern Australia Infrastructure Facility (NAIF) still has over \$3 billion available to invest, and the Critical Minerals Facilitation Office has access to a \$4 billion facility through the Export Finance Agency for investment in this emerging mineral sector.

(vi) Major Project Coordinator

To drive the rapid adoption of new industrial investment opportunities, the Territory will establish a Major Project Coordinator who may have statutory powers to coordinate NT Government activities, establish Strategic Development Precincts and hold delegated authority in these declared precincts to grant key regulatory approvals following condensed assessment processes around land access, land development and water use allocations within agreed policy boundaries. Strategic precinct development could be fast-tracked through proactive and pre-competitive environmental and planning studies to allow for high value agricultural and manufacturing developments in targeted areas.

The Major Project Coordinator would have the capacity to negotiate (subject to Government endorsement) sophisticated project agreements addressing all elements of project development including skills development, taxation and charges, adjustments to some legislation, and the provision of infrastructure.

(vii) Strategic investments to advance the Territory's potential as a clean energy, advanced manufacturing hub

The confluence of prospective development of new sources of onshore gas and large scale solar generation create an opportunity for Darwin to become a clean energy advanced manufacturing hub centred in the Middle Arm precinct to the south of Darwin Harbour. Gas can not only be utilised to expand our LNG production capability, it can be a key industrial input for a variety of petrochemical products that can then be transformed into advanced manufactured products. Darwin has tremendous capacity to house this new advanced industrial cluster. With the cost of energy a critical factor in industrial investment decisions, the emerging solar generation capacity of the Territory can be harnessed to deliver zero emission, low cost electricity to major industrial consumers, establishing a critical global competitive advantage.

(viii) Early investment in critical enabling infrastructure

Critical infrastructure planning and delivery will provide the foundation for future economic activity. The business case for new water storage for the Top End is under way and a strategy to deliver solar energy supply to remote communities is about to be released. The Katherine Agribusiness Hub is an important enabler in the Big Rivers region with its growing horticultural sector and the potential for development of efficient fibre production such as in cotton and hemp. New waterfront and superyacht infrastructure is being planned and a Rebound Infrastructure Program will be rolled out to strengthen the Territory's capacity to trade.

Continuing the remote housing program and progressing critical roads with the Australian Government must be brought forward.

(ix) Ship Lift and Marine Industry Park

Building Northern Australia's biggest ship lift in Darwin will enable the maintenance and servicing of Defence and Australian Border Force vessels, and commercial and private vessels up to 5000 tonnes and 100 metres long.

(x) Charles Darwin University City Campus

The \$200 million Darwin City Deal includes a new Charles Darwin University Darwin City campus that will be an iconic world-class precinct for locals and students to enjoy. This project is vital to growing the economy, population and vibrancy of the CBD by attracting up to 5000 local, national and international students.

(xi) National Aboriginal Art Gallery in Alice Springs

Construction of an iconic National Aboriginal Art Gallery in Alice Springs is the centrepiece of the Territory Arts Trail and one of the biggest investments into Alice Springs in decades. It will generate more local jobs, a healthier tourism economy, create education opportunities and reinforce the cultural significance of Central Australia.

(xii) Supporting the creative industries sector to become more sustainable with a focus on growing the textile and live music elements

Our creative industries are driven by talented and culturally diverse people who are inspired by the places where they live and work. Creative industries are an important element of the Territory's tourism and events offering that we cannot afford to lose. Strategies to sustain and enhance our creative industries, including growing businesses and market diversification, will be informed through the *NT Creative Industries Strategy*

(xiii) Develop and enhance medical and medical research facilities in the Territory

Establish medical and medical research facilities to support leading research and development in relation to remote and other health care, drive technologies that improve accessibility to medical and allied health care and deliver research and innovation in combination with a commercial clinical setting.

(xiv) Skills Development and Training to ensure a capable and future ready workforce

A skills development strategy will be critical to ensuring Territorians can capitalise on new and emerging industry opportunities. Our education and training sector is developing strongly and building on its natural strengths and expertise in the Northern Australia and ASEAN region.

The advantages of basing a workforce within the Territory has been highlighted by the COVID-19 border restrictions. While FIFO mining and industrial operations were able to continue within tight constraints, this was not a sustainable position. The Territory will work with companies to support them to better configure a more sustainable mix including the home base of an increased portion of their workforce in the Northern Territory to avoid similar risks in the future.

(xv) Supporting Traditional Owners and Land Councils to progress the development of projects in their communities and on their land

Traditional Owners are key landholders in the Territory. The Government will work with Traditional Owners and Land Councils to develop sustainable plans that realise economic opportunities to sustain the health and prosperity of their land and communities.

(xvi) Aftercare for existing Projects

The most prospective investors for the Territory are those who have already invested here. The Government wishes to sustain and nurture the Territory's operating projects to encourage further investment with a comprehensive program of Aftercare delivered by our Investment Territory case managers.

(xvii) Water Security for our environment, for drinking, growing and making

Water is an essential precious resource that sustains our communities, our environment and our jobs and industry. The Territory's future will be secured by adequate and efficient supply of water to drink, to grow and to make things. The Government will accelerate the development of a Strategic Water Plan for each region of the Territory.

(xviii) Building economic opportunities in the delivery of human services to achieve better outcomes in Aboriginal communities

Human Services represent a large section of the Territory's workforce, and we have developed sophisticated capabilities to support remote Aboriginal communities in particular. The vulnerability of those communities exposed by COVID-19, heightens the imperative to deliver even more effective social services to deliver stronger health and safety outcomes. There are opportunities to harness technology to innovate in the delivery of remote health service, supported by an expanded cohort of Aboriginal care workers, for example. There are also opportunities to build skills in communities so that jobs are created and filled by locals in the areas of aged care, NDIS, and child care.

(xix) Realising the potential for expanded agricultural development in food and fibre

A renewed focus on our nation's capacity to sustain itself (economic sovereignty) highlights the significant land and water resources that can be sustainably utilised to expand output in food and fibre. Strategic investments in transport and processing infrastructure could further open up regions such as around Timber Creek, Katherine, the Douglas Daly, Larrimah and Ali Curung. A robust biosecurity framework will be fundamental to underpin sustainable development of large scale agriculture in the Northern Territory.

(xx) Establishing regional fresh produce supply chains to maximise returns and scope processing opportunities to capture value

Territory produce is highly prized for its product integrity and quality, supported by strong biosecurity systems. Horticulture and seafood products from the Territory are mostly transported to southern markets through established supply chains. Local supply chains need to be developed to maximise returns to farmers and provide local food into regional areas. There is an opportunity to capture value and maximise usage of secondary produce in the Northern Territory through the establishment of processing facilities.

(xxi) Supporting the pastoral industry to remain resilient in an environment of a highly variable climate and market conditions

Below average and substantially below average rainfall in key pastoral areas through the Northern Territory will impact upon pastoralists as the dry season progresses. Working with the Australian Government to ensure NT cattlemen have access to drought relief programs will support regional pastoral enterprises and economies. As the impacts of COVID-19 become clearer there may be significant market fluctuations for our key trading partners. Maintaining market access and seeking new markets for live cattle and beef will be important to underpin the cattle industry and associated industries such as transport and hay producers.

(xxii) Support ongoing development of the resources sector by continuing to support geological exploration

Resource exploration is critical to the future of the resources sector but is substantially impacted by COVID-19 travel restrictions and reduced access to finance.

Through the Resourcing the Territory initiative, the release of new geological data and related stimulus programs reduces the cost and risk profile of exploration, and highlights the resource potential of new areas. This maximises

and complements Commonwealth co-investment into geoscience programs in the Territory and is attracting new industry investment into exploration in areas such as the Barkly.

A continuing commitment to geological programs can stimulate further exploration investment in other areas such as the Pine Creek and central Australian regions, and help promote and develop the resource potential of remote parts of the Territory.

(xxiii) Creating a knowledge-based industry precinct around secure data centres linked with undersea cable networks

Darwin was the original birthplace of telecommunications in Australia when the telegraph line came ashore in 1871. The impending arrival of a series of undersea international telecommunications cables to Darwin creates a world-class capacity to support the development of new data storage centres in Darwin. An Expression of Interest will shortly be released to advance data centre investment here, creating the foundation for knowledge-based industries to cluster around this important 21st century infrastructure.

(xxiv) Advancing new industries including renewables, marine services and space

Exciting new strategies are being developed to build a strong and diverse economic ecosystem sustaining a more stable economic foundation for the Territory's future. There are enormous opportunities to develop renewable energy through solar and hydrogen and create new space and marine industries.

(xxv) Preparing for the world to rebound by refining trade market engagement strategies

Beyond this initial focus on Rebound Initiatives, a review of engagement with trade markets in the Indo-Pacific will be undertaken once economies begin to re-emerge from the crisis. While plans for further engagement with Indonesia, the United States, Vietnam, Shenzhen/southern China and Japan have been paused, these will continue to be refined for an active program of engagement in 2021 or when international travel is feasible.

(xxvi) Mobilising a displaced workforce to protect key Territory assets

The Territory has communities and important natural assets at risk from threatening processes such as weed incursions, fire and feral animals. As a short term employment strategy, displaced and underemployed workers could be mobilised to protect these assets and enhance their environmental, social and economic value. This could include a "gamba army" in the Greater Darwin Region to control gamba grass in land parcels of high value and as a "waterhole Army" in the Central Region to protect and restore waterholes.

This approach would reduce high future weed and fire responses costs for Government and landowners and protect high value assets including our parks and its infrastructure, enhancing their future value for recreation and tourism.

(xxvii) Growing the Territory's population to support new and existing industries and create jobs through additional demand for goods and services

Industry growth, diversification and quality services rely on the availability of skilled workers and to get people here and keep people here we need to create vibrant, safe and liveable centres. More people mean more jobs, stronger growth and better services for Territorians.

Next steps - working together

To ensure this strategy is set up for success the **Territory Economic Reconstruction Commission** will be established.

The **Commission** will be responsible for providing advice to the Chief Minister and Cabinet on accelerating the Territory’s economic rebound and positioning the Territory for growth, including:

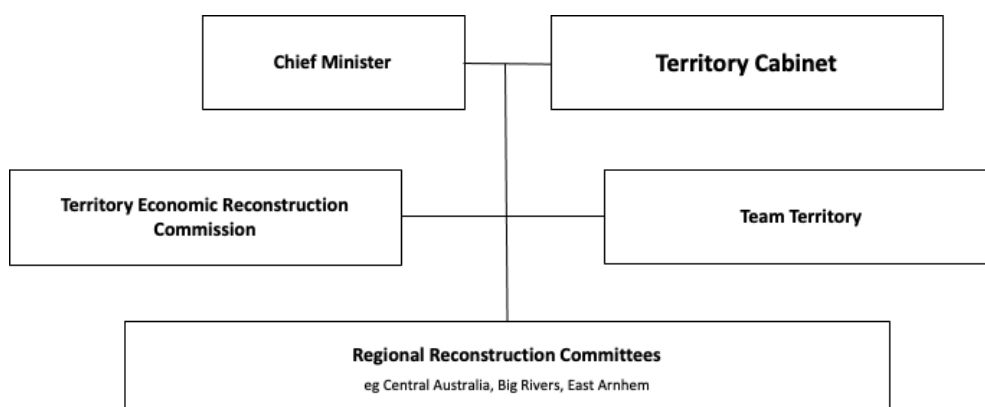
- (a) creating jobs in the near term
- (b) options to attract investment, including in regions and remote communities
- (c) priorities for regulatory reform and streamlining approvals to support industry and investment
- (d) how to build on the Territory’s competitive advantage and strategic location
- (e) engagement with the Australian Government, investors and trade partners.

The Commission will investigate and advise on the range of factors that could be addressed to ensure a rapid recovery takes place such as government policy reform, priority infrastructure, access to land, regulatory approvals and the availability of finance.

Team Territory will be established as a key reference group of trusted experts that understand the criticality of Operation Rebound and who understand the unique Northern Territory context. Team Territory will:

- (a) provide specialist advice to the Commission
- (b) ensure any recommendations of the Commission are achievable and deliver real benefits to Territorians in the short, medium and long term of Operation Rebound
- (c) regularly meet with the CEOs on the Jobs Standing Committee of Coord and other relevant agency personnel to ensure accountability for recommendations being implemented
- (d) provide advice about how recommendations should be amended as circumstances change, where demonstrable outcomes for Territorians can be proven
- (e) champion the Territory through positive advocacy, and
- (f) provide six monthly reports on implementation of the final Rebound Strategy.

Diagram 1 – Collaboration model for Operation Rebound



A support team of experienced government officials (Team Rebound) will be established to assist the Commission undertake its functions, supported by the Jobs Standing Committee of Coord, chaired by the Chief Executive of the Department of Trade, Business and Innovation.

Appendix 1 – Scope of the challenge

Introduction

Recent statements by Prime Minister Morrison and Federal Treasurer Frydenberg have outlined Federal Treasury estimates (consistent with recent Reserve Bank of Australia projections) that show dramatic decreases in key economic metrics, including a fall in Gross Domestic Product of 10% or \$50 billion in the June quarter and an estimated 1.4 million unemployed by the end of June 2020.

In late April the Reserve Bank of Australia (RBA) projected:

- national output to decline by around 10% over the first half of 2020, with most of the fall occurring in the June quarter
- total hours worked to fall by around 20% over the first half of 2020
- unemployment rate of around 10% by June – this figure may be lower if businesses retain employees on lower hours. Without the Australian Government's JobKeeper wage subsidy, the unemployment rate would be much higher, although significant underemployment will persist.

It is expected that the economic impacts will have a disproportionately deeper impact on regional economies in northern Australia due to their industry focus being comparatively narrow and heavily reliant on trade through mining, agriculture and tourism.

As the Territory entered 2020 after two years of subdued activity, the prospects for securing new investment in key sectors were encouraging. However, the new economic circumstance has threatened or delayed opportunities for greater development in some core sectors such as tourism and onshore gas.

Data released by the Australian Bureau of Statistics found the number of jobs in the NT had fallen by 5.7% in less than five weeks since 14 March 2020, equating to about 11 400 positions. Currently there around 4000 businesses formally enrolled in the JobKeeper program and around 7600 small and medium sized businesses have received an estimated \$180 million under the Territory's concessions to payroll tax, water and electricity charges and Council rate relief.

Immediate economic impacts in the Territory

In the Territory, the most affected sectors of the economy are tourism (holiday and business travel), transport (airlines and cruise ships), retail, accommodation and food services, and tertiary education sectors. However, demand contractions (driven by newly unemployed or increasingly conservative consumers) and export market volatility is seeing impacts into other sectors including mining and construction begin to flow.

Services

Household consumption accounted for around 42% of the Territory's GSP (\$11 billion) in 2018-19. COVID-19 impacts appear to be:

- a significant decline in expenditure on clothing, footwear, recreation, culture, hotels, cafes and restaurants, while expenditure on miscellaneous goods and services, furnishings and household equipment, transport, electricity and gas and other fuels will be affected to a lesser degree
- a rise in expenditure on food, alcoholic beverages, tobacco, and health items
- a decline in expenditure on travel and related products, due to travel restrictions and fear of infection
- consumers have increased comfort and capability to spend online which is both an opportunity and challenge.

Tourism

Tourism has been a major employer and contributor to the Northern Territory economy (total direct and indirect contribution of \$2.2 billion in gross value added and 17,100 jobs 2017-18). Around 80% of visitation to the Territory is by domestic visitors, comprising interstate (60%) and intrastate (40%) visitors. The majority of the associated domestic tourism expenditure is captured in the categories of household consumption, discussed above.

International visitor expenditure is captured in the services exports component of GSP. International travel accounts for over 50% of services exported by the Territory. International visitor expenditure is estimated to drop significantly throughout 2020, largely due to travel restrictions imposed by governments across the world. Recovery is anticipated to be slow with international visitors not returning before the first quarter of 2021, albeit at a much lower level. This is driven by subdued demand for international travel, reduced flight capacity and frequency, and fewer airlines operating.

Ongoing border closures, and the depletion of aviation services will take some years to overcome, visitation may not return to pre-COVID-19 levels for a number of years. A Tourism Rebound Taskforce has been established to provide strategic and practical advice to inform an appropriate response and recovery for the tourism industry.

International education

International education is a small but growing sector, with the Territory attracting 3250 international students last year, a growth rate of 20%. International education exports are being impacted by global travel restrictions and border controls.

The Territory's enhanced status as a safe haven may attract more students over time, highlighting the criticality of advancing the construction of the University campus in Darwin CBD and continuing to invest in the amenity of our urban spaces.

Trade

Disruptions to supply chains from lockdowns and physical mobility restrictions, including those in Australia's key trading partners are affecting production in some industries. In addition, with slowing global demand some resources sector exports may be affected by lower demand and prices, at least in the short term.

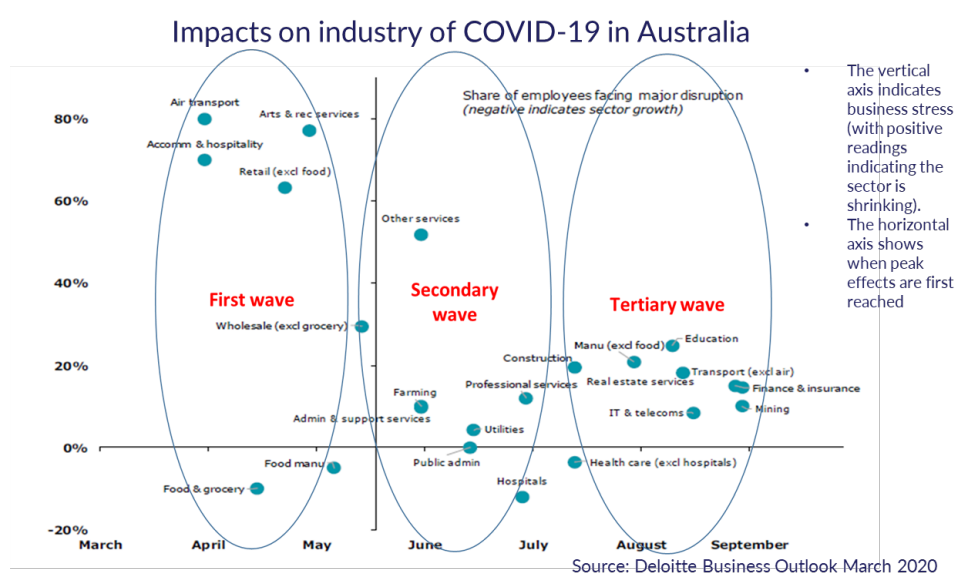
Trade assumptions currently applied for the Territory are:

- International and domestic trade routes will remain open, because the maintenance of trade routes has been a high priority for all economies. Nevertheless, a sustained reduction in demand for trade, would constrain supply capacity as logistics firms seek to manage costs within a narrower revenue outlook.
- LNG, metalliferous ores and live animals comprise most of the Territory's exports, and it remains to be seen whether demand for these commodities from any of the Territory's major trading partners will be affected in a significant way.
- Long term contracts govern most of the LNG exports to Japan and Taiwan from the Territory, so the effect of current price volatility is likely to be softened at least in the short term.
- China's demand for the Territory's primary resources is forecast to remain strong, due to stockpiling of resources during the impact phase and the speed with which China reopened factories following the peak of the viral outbreak. This is supported by the likelihood of significant stimulus to progress China's domestic infrastructure projects and bolster the industrial sector.

Second order impacts

Further decreases in consumption and investment are anticipated to occur in 2020 notwithstanding the significant response by the Australian and NT Governments. In considering the actions and strategies under Operation Rebound, there are some important considerations that will drive the size, scope and nature of actions:

1. The economic impacts will continue in waves. They might not be felt as deeply; however, they will continue to spread more broadly in coming months. An example is the construction industry that will see impacts surface if forward orders are not secured and existing orders near completion. Below is an example of the timing of the waves by Deloitte Access Economics. Understanding the rolling impact in the Territory context will be important for our response. Agencies will need to monitor their sectors closely and identify potential lead indicators.



2. The economic impact will most effectively be managed by economic growth underpinned by stronger private sector investment.
3. Settings within the control of Australian and other state governments will significantly determine impact on key services industries (e.g. tourism and higher education) in the Territory.
4. Global economic performance (through commodity prices) will impact on the Territory's other main economic drivers (minerals, oil and gas, agribusiness). This is highly uncertain given the United States and European Union health and economic response to date. These economies are still the primary drivers of global economic demand and any impact will reverberate through global markets (including China).
5. Immediate trade challenges are still unfolding, particularly with the significant loss of air freight capacity and increased demand for sea freight across ASEAN countries. The pace of recovery in our trading partners will be monitored to anticipate any potential supply chain bottlenecks.
6. Fiscal settings will need to consider and respond to broader changes in consumer and business behaviour as a result of COVID-19. Consumers are likely to be more conservative, and a return to high savings levels (~10%) as occurred after the Global Financial Crisis is possible.