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GAIN Report

Global Agricultural Information Network

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Agriculture in Northern Australia

Report Categories:

Grain and Feed

Livestock and Products

Agriculture in the Economy

Agriculture in the News

Fresh Fruit

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Report Highlights:

The Australian government is seeking to further develop agriculture, agribusiness and other industries in northern Australia. This undeveloped region covers over 40 percent of Australia's land mass, contains 60 percent of its water resources and is often called 'Australia's last frontier'. A new [White Paper](#) supports the expansion of agricultural production and exports to Asia by industries such as meat and livestock, horticulture, grains, sugar, rice, aquaculture and fishing. A range of land use, labor and regulatory reforms are proposed to boost foreign investment. The paper supports greater bilateral investment and research cooperation with the United States, which already has significant energy and resources investments in the region.

General Information:

Overview

The Australian government is seeking to further develop agriculture, agribusiness and other industries in northern Australia. This undeveloped region covers over 40 percent of Australia's land mass, contains 60 percent of its water resources and is often called 'Australia's last frontier' and the '[next frontier](#)'. Northern Australia has an area of three million square kilometers and sixty percent of the continent's water resources, although only two percent of water resources are used for agriculture because of inadequate infrastructure and adverse seasonal conditions.

Agriculture Minister Joyce has [highlighted](#) northern Australia's 'huge potential' for agriculture, although significant investment will be needed for its development. In mid-2015, the Australian government released a [White Paper on Developing Northern Australia](#) *Our North, Our Future* which supports the further development of agriculture, agribusiness and other industries such as tropical medicine, tourism, defense services and biosecurity. The White Paper focuses on building priority roads, developing water resources and allowing a sustainable workforce. Foreign investment is seen as the 'engine' of development and a range of land, labor and regulatory reforms will encourage capital and worker inflows into the region.

Prime Minister Abbott then [announced](#) that one quarter of northern Australia's land area would eventually be opened for agricultural development under a 20-year blueprint. To encourage foreign investment in the region, an [investment forum](#) will be held in Darwin in late 2015 with details of possible projects for investors. A significant investment in defense facilities in the north of Australia will be outlined in the forthcoming [Defence White Paper](#). The [White Paper on Agricultural Competitiveness](#) will support the development of northern Australia when it is released in July 2015. A [Developing Northern Australia website](#) has also been established.

The [White Paper on Developing Northern Australia](#) outlines policy proposals aimed at: (1) simplifying land arrangements to facilitate investment; (2) developing water resources and infrastructure across the region; (3) promoting Northern Australia as an economic gateway to the whole nation; (4) providing additional funding for new and existing infrastructure; (5) supporting employment opportunities in the region; and (6) ensuring that governance arrangements support ongoing growth and investment. The Australian Government will seek to attract investment flows to Northern Australia through a A\$5 billion [Infrastructure Facility](#) which will provide concessional loans for major infrastructure projects across the region.

Already, China has [indicated](#) that it wants to invest more in northern Australia, primarily in agriculture, food processing and infrastructure. The Chinese market has become increasingly important for Australian food exporters and a number of Chinese companies are active in northern Australian agricultural projects aimed at increase supply chain security to the Chinese market. The recently signed China-Australia Free Trade Agreement ([ChAFTA](#)) significantly reduced barriers to Australian agricultural exports and also seeks to encourage Chinese investment in Australia. Further, a bilateral Memorandum of Understanding (MOU) has been signed to allow Chinese workers to work in Australia on infrastructure projects worth over A\$150 million, especially if they are related to food and agribusiness.

The [White Paper on Developing Northern Australia](#) also highlights the scope for co-operation with the United States in northern Australia 'given the USA's similar climate and industries' such as horticulture production (including cotton), dairy and meat production, aquaculture and forest and forest products. There is already extensive US-Australian cooperation in agricultural research which could be continued in a new A\$75 million regional research center. Northern Australia has already attracted significant US resources and energy investment, such as Chevron's US\$55 billion [Gorgon](#) gas project, as well as investment in defense cooperation. There are opportunities for further U.S. investment in northern Australian agriculture, although exports from this sector could compete in international markets with U.S. exports.

Perspectives on Northern Australia

A number of detailed studies have been made on the potential of northern Australia by [Austrade](#), the [CSIRO](#), [Parliamentary Committees](#) and a range of other [groups](#). These studies have highlighted both the potential of the region, but also the many difficulties because of its scale and exposure to seasonal variations. The region has three main climatic zones; namely wet tropics, grasslands and deserts. The wet season occurs from October to April and average rainfall of over 1,000 mm is normal across the region. The tropical cyclone season occurs from November to April and is characterized by gale force winds, tidal surges and significant rainfall. Northern Australia also features high maximum temperatures throughout the year, often in the range from 30 to 40 degrees Celsius.

Almost 20 million hectares of soil in northern Australia is arable and potentially suitable for agriculture according to the [CSIRO](#), but problems of distance, inadequate infrastructure and seasonal conditions have so far limited agricultural development. The distribution of agricultural industries in northern Australia is also affected by water availability and soil type as well as distance and access to national and international markets. Northern Australia contains 55 river systems which carry around two-thirds of Australia's fresh water but the two million GL of annual rainfall is highly seasonal; with most falling in the summer months when evaporation rates are very high, while zero monthly rainfall is normal in the dry season.

The Ord River irrigation area in northern Western Australia is often seen as a template for future development and covers 14,000 hectares, while using only a small part of the available water. An expansion of intensive irrigated agriculture in this area is forecast in coming decades, of around

100,000 hectares. A number of Chinese enterprises have invested in 40,000 hectares of Ord sugar plantations for sugar milling, ethanol production, and renewable energy. However, infrastructure deficiencies have limited the expansion of agriculture in the region.

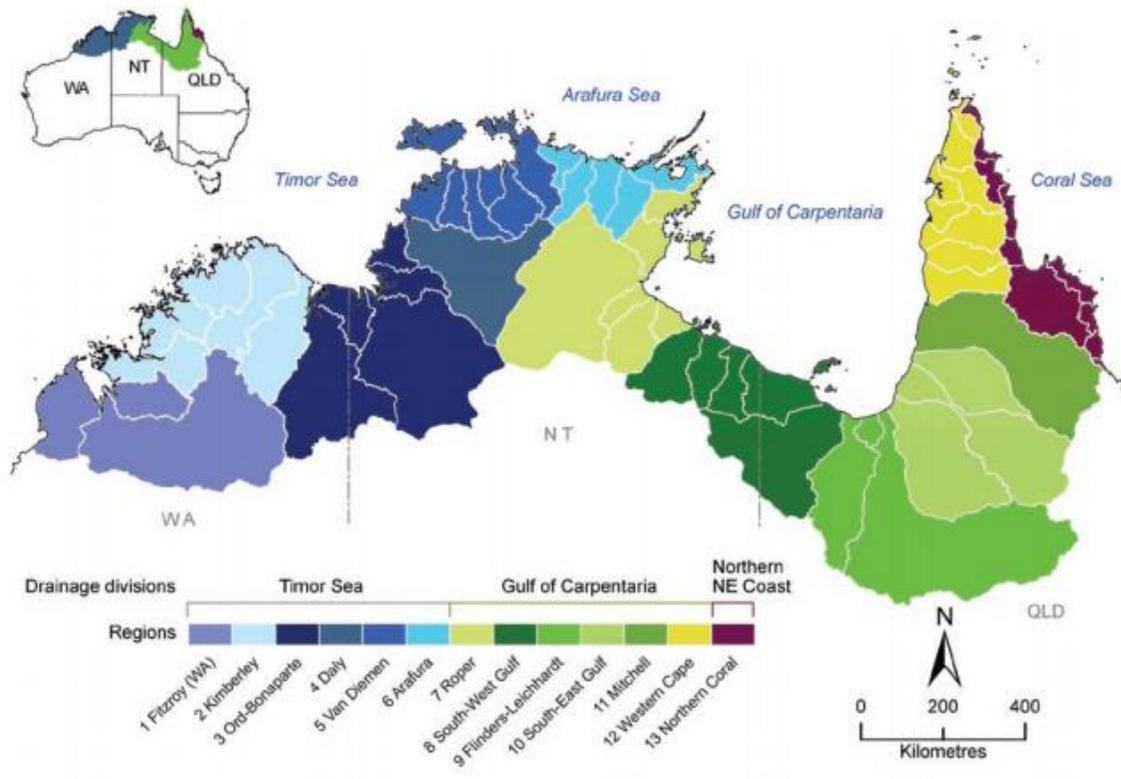
Agricultural Potential of Northern Australia

Most of the agricultural land area in northern Australia is currently used for grazing purposes and the largest agricultural industry is grass-fed beef cattle with around 12 million cattle in the region, or 45 percent of the entire national herd and 90 percent of live cattle exports. Recent investments in meat processing facilities are expected to increase meat and livestock exports from the region to Asia and the United States. To further boost the industry, the [White Paper on Developing Northern Australia](#) announced a A\$100 million beef roads fund for the region.

Apart from the beef cattle industry, a range of smaller agricultural industries have potential in northern Australia, including sandalwood, rice, soybeans, chia, dragon fruit, poppies, onions, sorghum and cotton. Northern Australian seafood production includes tuna, snapper, barramundi, mullet, cod, emperor and shark. Sugar is a significant industry in northern Queensland. There are northern fisheries for prawns, rock lobster, squid, scallops, crab, mussels, oysters, pearls and aquarium fish.

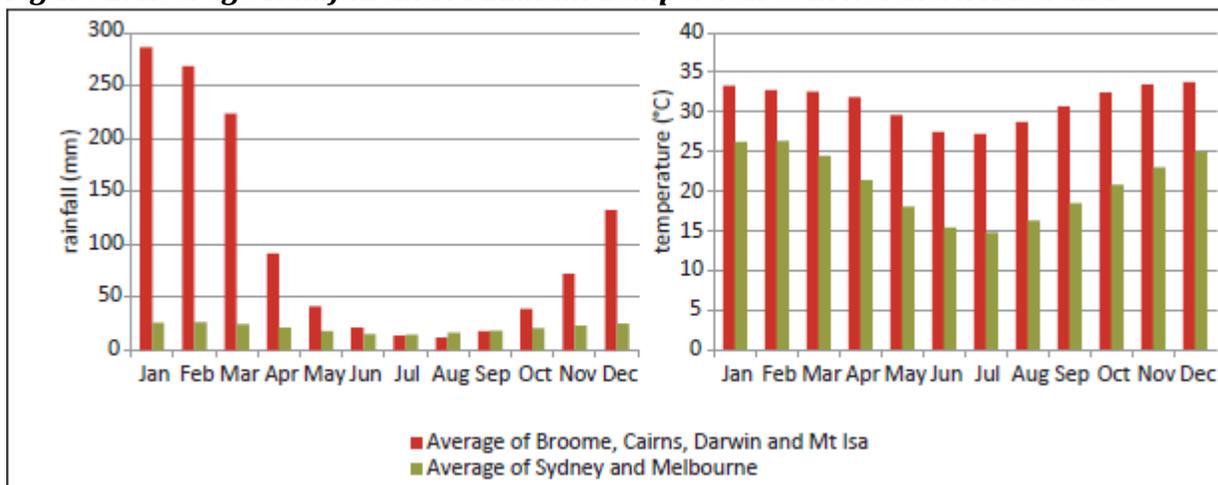
Overall, agricultural expansion in northern Australia is likely to focus initially on increasing intensive beef production, aquaculture, irrigated cropping of horticultural and niche crop production, together with broad acre farming of crops such as sugar, soybeans and cotton. These will require significant investment in transport and storage infrastructure to allow water harvesting from monsoonal flood water, groundwater and the through the development of dams. The Australian government will provide further information on the opportunities for domestic and international investment in agriculture as well as other industries in a series of investment forums, with a major northern investment [forum](#) announced for Darwin in late 2015. Post will closely monitor future developments in this area.

Figure 1: Water drainage regions in Northern Australia



Source: CSIRO (2014), Water in Northern Australia, see: [link](#)

Figure 2: Average Rainfall and Maximum Temperatures in Northern Australia



Source: White Paper on Developing Northern Australia (2015), Australian Government, Canberra, June.

Figure 3: Major Dams and Large Irrigation Areas in Australia, 2015

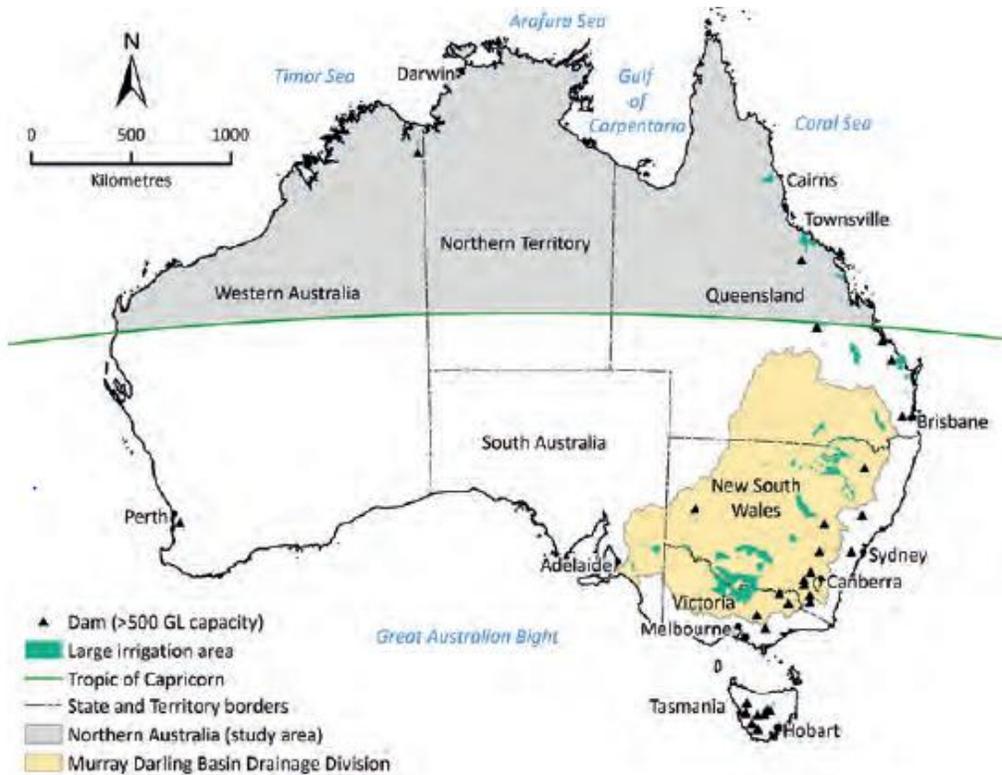
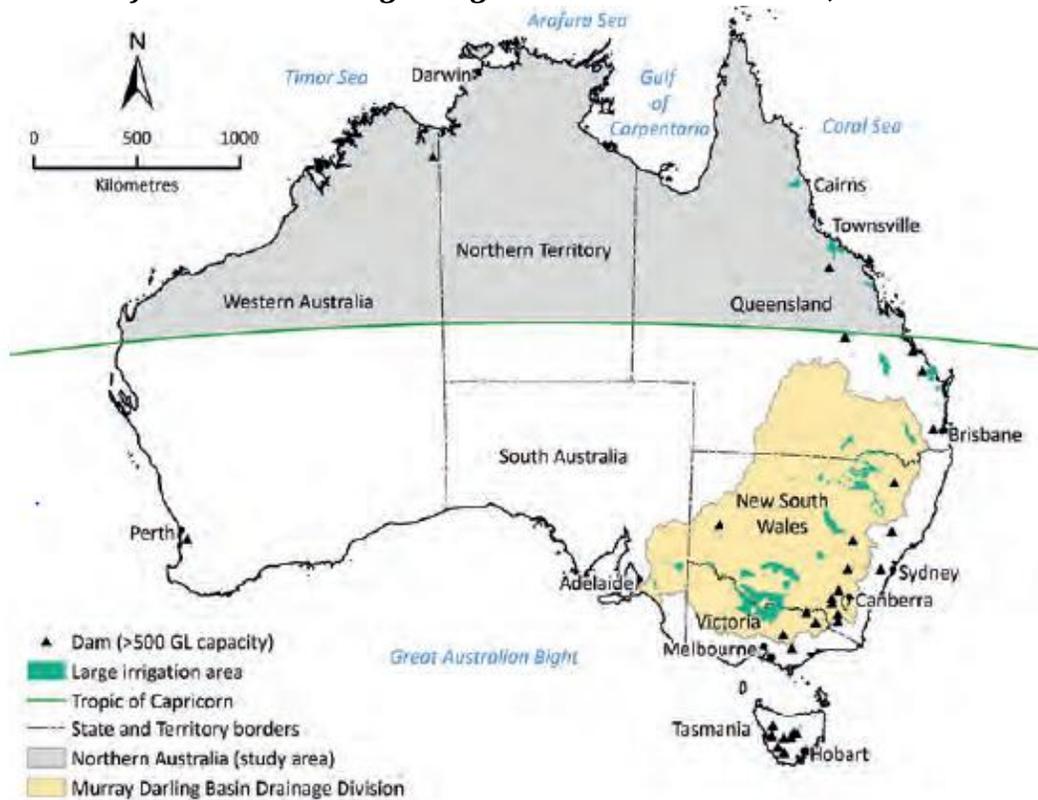
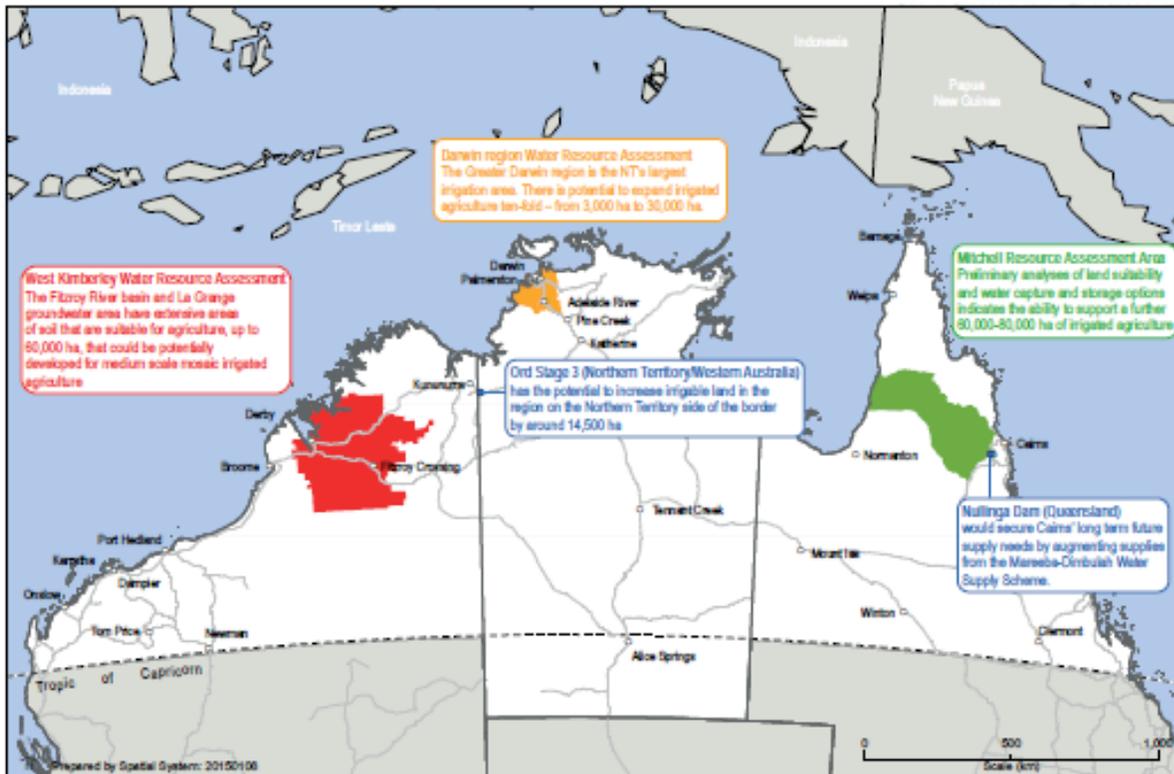


Figure 4: Water infrastructure Priorities in Northern Australia



Source: *White Paper on Developing Northern Australia* (2015), Australian Government, Canberra, June.