



### **Overview of Taskforce's Focus**

In line with the Northern Australia Land and Water Taskforce's focus on long-term agricultural issues, Future Directions International (FDI) submits that the examination of catchment areas in northern Australia, to be completed by the Taskforce in 2008, be undertaken as part of a broader contextual framework to develop a long-term strategic approach to northern Australia.

FDI believes that relocation or creation of new northern agricultural industries is a vital step to ensuring Australia's long-term agricultural prosperity and security. Not only will such industries take pressure off southern agricultural land, but a shift in crop production will also allow Australia to engage in new markets.

However, while FDI supports relocation of agricultural industry, the question must then be asked, for what broader, strategic purpose is agricultural expansion northward being considered? Current policy formulation revolves around maintaining agriculture as a key element of Australia's national economic output, often without regard for other factors. While the effects of a declining or struggling agricultural industry can have significant implications for Australians, such as loss of jobs and the disappearance of rural communities, the demands of the 21st Century are such that Australia must consider the future of agriculture as a subset of broader strategic issues.

In briefly illustrating the broader, strategic context of agriculture in northern Australia, this submission will review issues such as demographic change; proximity to markets; disruptive events; energy and biofuels; as well as new population centres, which all need to be considered in long-term agriculture planning.

### **Demographic change**

Conservative growth figures estimate, absent any major disruptions, an increase in the Australian population to 25- to 30-million by 2050. In an international context, demographers suggest that if current trends continue, and are not broken by war, pandemics or other catastrophic event (and history suggests that such events do occur cyclically, and often without long-term warning), the global human population could grow to 10-billion people or more by 2050. Domestic and international population growth would result in a substantially higher domestic and global demand for caloric intake. The strategic implications of this for agriculture are significant. *The Economist* noted: "[Feeding 10-billion people] will require at least 35 percent more calories than the world's farmers grow today, probably much more if a growing proportion of those 10-billion are to have meat more than once a month."<sup>3</sup>

In this context, Australia's northern agricultural capacity will become a strategic asset of great significance and value. This capacity may draw attention from expanding powers. Existing pressures on nation states to feed their populations and to respond to over-crowding will only increase, raising the strategic value of arable land. Thus, as states seek to ensure their survival, the placement and nature of national strategic assets will undergo a period of revaluation. Policymakers should consider future

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<sup>3</sup> *The Economist*, The Story of Wheat: Ears of Plenty, December 20, 2005, retrieved October 10, 2006, <[http://www.economist.com/science/displaystory.cfm?story\\_id=E1\\_VPNPPGN](http://www.economist.com/science/displaystory.cfm?story_id=E1_VPNPPGN)>

demographic pressures, and the strategic premium of controlling the fertile regions of Australia's north when a long-term agricultural policy is crafted.<sup>4</sup>

### **Proximity to Markets**

The global economic centre of gravity is shifting towards Asia. Australia's geographic proximity to the southern most link of an emerging trading network — which is itself a component of a new "Silk Route"<sup>5</sup> — alongside the increasing role of Asian financial centres in the global financial system, will change Australia's relative isolation. Australia's geographic remoteness, famously articulated by historian Geoffrey Blainey as "The Tyranny of Distance"<sup>6</sup>, shaped much of its development as a nation. A reduction in this distance will have profound implications for Australia's economy, particularly with regard to trade. A new "Tyranny of Proximity", brought about by economic opportunities and potential security threats will start to shape Australia's outlook of its north.

### **Disruptive Events**

A large-scale disruptive event, such as famine, conflict, health pandemics, closed Sea Lines of Communications, or war, all have the potential to inhibit or severe Australia's connection with the global economy, of which the Australian food supply chain is now a part. In a worst case scenario, Australia may experience the effect of international conflict, potentially isolating Australia from the rest of the world and forcing it to rely on its own agricultural capabilities. Australia should consider the extent to which the agricultural industry can provide for Australia's caloric needs in a time of isolation. As supply is further integrated into global supply chains Australia may experience a reduction in variety of agricultural goods

### **Energy and Bio-fuels**

The significance of agricultural production in the north is not simply limited to food production or the population of regional centres. Australia could become a leader in energy production through the development of biofuels.<sup>7</sup> The Argyle diamond mine, located in the East Kimberly region of Western Australia, has begun exploring the process of meeting energy requirements from agricultural production. Ord Stage Two — a planned extension of the Ord Project — could potentially help meet the increased energy requirements of the transition of Argyle from an open cut to underground

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<sup>4</sup> Whereas northern Australia's fertile lands, river systems and waterways were not considered significantly strategic in the past, in the future these views will evolve. Current perceptions of the north as a buffer to invasion will be forced to change; very soon northern Australia may be viewed as a goal of invasion. Whether the control of arable northern regions will remain Australian, or whether extensive foreign investment or pressure, will lead at some point to northern Australia and its valuable assets being dominated by a foreign country or power becomes an important question.

<sup>5</sup> The development of the Asian Highway Network, a transcontinental revitalised Silk Route to cover 141,000 kilometres of standardised roadways incorporating 32 countries, will, if realised, change the way goods move through this increasingly integrated, dynamic and economically powerful region. The nature of Australia's northern connection to these transport routes will have important implications for domestic interests.

<sup>6</sup> Geoffrey Blainey's well-known book has distance as its core theme. Blainey highlights the internal distances within Australia and the external distances from economic activity. It is worth remembering that the reference point to which external distance is measured is Western Europe. Blainey, Geoffrey, *The Tyranny of Distance: How Distance Shaped Australia's History*, Melbourne, Sun Books, 1967.

<sup>7</sup> Australia's transport fuel composition, as reported by the Australian Institute of Petroleum, includes 55 percent petrol, 39 percent diesel and six percent LPG. The provision of cheap and reliable transport fuels is economically vital to Australian industries and the geographically large coastal urban centres.

mine, with the potential for sugar-cane waste as a fuel source for power generation.<sup>8</sup> This could represent a new form of energy production for new projects in the northern areas of Australia, and provide a case study for other industries which decide to locate operations northward.

### **Population strategy**

Most importantly, any agricultural policy should be devised in the context of a population strategy for the Australian nation. Australia's current population centres are themselves the product of historical circumstance and necessity, yet the optimal size and placement of cities and other population centres changes with time.<sup>9</sup> If, at present, the Australian continent were a blank slate, it is likely that strategic planners would distribute the population in a vastly different way to reflect the differing strategic issues facing the north to those at Federation. While such a clean sheet approach is not realistically feasible, gradual incremental change is possible using such tools as agricultural relocation.<sup>10</sup>

One possibility available to Australian policymakers is the reintroduction of a system of "Macquarie Towns".<sup>11</sup> Much like Governor Lachlan Macquarie's strategies for expanding agricultural production of the land surrounding Sydney, Australia may utilise pre-existing advantages — such as the waterways and lands which are the subject of the Taskforce's inquiry — to create a new version of Macquarie towns. A population strategy which would move people north would also have implications for Australia's security presence, as such a move could necessitate a corresponding movement of defence assets north. Such a population and defence presence would also assist in asserting sovereignty over fisheries in northern waters.

### **Conclusion**

The path Australia chooses for its agricultural sector depends to a large extent on the nature of Australia's long-term national strategy and the outlook for global demand of agricultural products, for food and energy. Therefore, while agriculture and its location are important questions facing Australia in the 21st Century, FDI believes it is but one question in a larger set of strategic issues.

Policymakers face important choices in the coming years; choices which require long-range strategic thinking that may result in significant readjustment costs for segments of the Australian population. The relocation of agricultural capacities and the development of significant infrastructure in the north will require significant public leadership before substantial private funds are invested. To ensure the correct decision making frameworks are in place, FDI submits that the examination of catchment areas in northern Australia, to be completed by the Taskforce in 2008, be undertaken in a broader strategic context and as part of a comprehensive, long-term national strategy.

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<sup>8</sup> Mark Willacy, Fears for second stage of Ord Irrigation Scheme, 2006, ABC, *Landline*. Transcript available online at <http://www.abc.net.au/landline/content/2006/s1783984.htm> accessed on January 29, 2007.

<sup>9</sup> Sydney, Melbourne, Brisbane, and Perth were in part selected as sites for colonies because of the dictates of wind power and the needs of British Royal Navy, as well as the logistical requirements of the whale oil industry.

<sup>10</sup> The fact that new energy technologies are emerging gives policymakers the ability to influence population distribution on a scale previously unimaginable. The advent of small, clean and efficient power sources could potentially facilitate the emergence of strategically located regional centres across Australia's north. Through the ongoing desalination of water and the production of hydrogen, new population centres would have a minimal environmental footprint.

<sup>11</sup> Macquarie towns were early initiatives by Governor Macquarie to create a self-sustaining colony, primarily through an independent agricultural capacity.