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Mr STONE (Asian Relations and Trade): Mr Deputy Speaker, I rise to support the Chief Minister's motion. Firstly, I thank the electors of Port Darwin for the confidence that they have shown in the Country Liberal Party. The result in Port Darwin - a resounding 60.3% of the primary vote and 64.6% on a 2-party preferred basis - tells its own story. The constituents of Port Darwin can be assured of my continuing best efforts on their behalf. Secondly, I congratulate all members who were returned and extend a very special welcome to my new colleagues who are 6 in number. The Class of '94 holds great promise. The future of the Territory and the parliamentary wing of the Country Liberal Party is assured with our much revitalised and renewed team.

I thank my wife, Josephine, for her support of, patience with and forbearance in having a husband who is rarely home, at times difficult to live with and generally insensitive to her own interests and aspirations. The spouses of politicians suffer a great deal. Indeed, many marriages do not withstand the test. I am grateful and appreciative of Josie's support and commitment. As for my son, Jack, he is still at the tender age of 5, and is not aware generally of what I do for a living. At one point, he thought I was Batman and, on another occasion, a sailor, as he sees me in uniform from time to time. Obviously, someone said something to him recently about his father's occupation because he announced to his mother that he was not going to be a politician - he was going to be Spiderman.

I thank my ministerial staff, my personal staff, for their loyalty and commitment throughout the campaign. I thank my electorate officer, the various departmental heads and the many dedicated Territorians who staff departments for which I have the privilege as a minister of the Crown to be responsible.

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I turn now to the substantive part of my speech in support of the Chief Minister's motion. In outlining the government's comprehensive program for the term of the Seventh Assembly, His Honour the Administrator spoke of the Territory's place in the Asia-Pacific rim. The 20th century holds encouraging prospects for the Territory. So promising are the prospects that this nation's entire international outlook has changed direction. Australia is embracing the region to the north as it has never done before. The Australian business community is endeavouring to understand, analyse and

take up Asian market opportunities. The new direction is being pursued with enthusiasm by governments at all levels.

Sadly, despite much of what has been written and said about Asia, too few people know much about Asia, let alone the marketplace. In fact, to refer to the region as 'Asia' is simply to use a generic term. The region is not homogenous in any sense of the word. As the Northern Territory's Minister for Asian Relations and Trade, I spend much of my time in the region. My views are as much shaped by my current responsibilities as they are from 20 years of dealing in the region. From this experience, I have been able to make a number of observations. Largely, these observations shape existing government policy that I implement.

The first observation is that the reality of Asia is that Australia is a part of it, but we are not Asians and should not try to pretend that we are. Australia is instilled with western values predominantly and the ethos of our community is still rooted firmly in a Judaic-Christian tradition. Notwithstanding that, we as a nation must demonstrate a commitment to the region and prove that we are proud to be part of it. We have yet to achieve, however, the degree of consciousness that is to be found among ASEAN countries. It is one thing to embrace Asia, but it is yet another thing to be embraced.

The second observation is that, to succeed offshore, we need to develop a commercial culture that understands and adapts to the way people do business in the region. This varies dramatically from country to country. There are as many differences between Asian countries as there are, say, between Australia and Indonesia. To name but a few, these differences include systems of government, the local law, religion and relative economic prosperity. Part of the commercial culture includes the effective use of language and cultural skills that can only enhance the overall competitiveness of Australians in regional markets.

The third observation is that the future of Australia is linked to Asia and, conversely, Australia will be critical to the region's sustained success. After Japan and China, Australia is the largest economy in the region. Our advanced industrial, scientific and technological capabilities make us natural partners for neighbours wishing to increase their value-added and technology-based manufacturing output. We need to make long-term commitments and investment in each other's countries. Australia has one of the fastest growth rates in the developed world and is in the world's fastest growth region.

The fourth observation is that the development of an export culture and realisation of opportunities in the region is dependent largely on a partnership between the private and public sectors. That partnership should be complementary and guided by the principle that companies trade, governments do not. In my view, the role of government in Australia in the Asian-Australian equation can be summarised simply in 6 points: deregulation of the marketplace to the extent that trade is facilitated rather than hindered; providing a skilled work force; helping industry to build on existing strengths; promoting policy that enhances

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productivity; providing relevant infrastructure such as roads, ports, rail and communications; and providing up-to-date information that is accessible to business.

To summarise, we should develop a consciousness of the region, understand the commercial cultures of the region, and not underestimate what we Australians bring to the region. The guiding principle is that companies trade, government do not. Trying to climb through that window of opportunity to make a dollar in Asia is not without its pitfalls. For some, the window has turned out to be a pathway to

disaster.

When one enters the region to do business, one must remember that one is entering into a highly competitive arena, jostling for market position. It requires a great deal of patience and perseverance and, not surprisingly, a good sense of humour. Those who have succeeded in the region have gone through a steep learning curve. The role of governments in the region must never be underestimated. There are many tiers of government, all with varying degrees of authority. It can be quite confusing as to whether one is dealing with a mayor who has real authority, a provincial governor who may or may not be able to override a national or state minister or, for that matter, a minister who must refer all decisions to a president or prime minister. One should never assume that the decision-making process resembles that in Australia in any way, shape or form. As I said, to climb through the window of opportunity is to enter into a highly-competitive arena.

Everywhere I go, I encounter Japanese, French and Canadian companies. Whilst Australians may be well-represented on-site in individual specialist roles, Australian companies are few and far between. The Territory's largest privately-listed company, Henry Walker, is an exception. Apart from substantial interests in Indonesia, the company is now moving into the Cambodian and Vietnam markets. The efforts of this leading Territory company contrast sharply with our national effort. Few people would realise that, of Australia's 3 largest trading houses, 2 are not Australian. After BHP, the largest trading houses are Japanese - namely, Mitsui and Mitsubishi. The list of Australia's top 10 exporters includes 4 Japanese trading companies. With collective exports of some \$10400m in 1992-93, the 4 biggest Japanese trading firms accounted for \$1 in every \$6 of Australia's total national export earnings.

The goodwill towards Australia in the region is immense. We were among the first to recognise the People's Republic of China. The Colombo Plan did an enormous amount to generate goodwill towards Australia from our nearest South-East Asian neighbours, and our continuing aid programs continue to build on that goodwill. We remain a major donor nation in the region and our aid is largely untied - that is, there are few pre-conditions or trade-offs, which is greatly appreciated by recipient nations.

One should never lose sight of the fact that dealing in the region successfully is often determined by having established one's bona fides as a friend and as someone who can be trusted. Much of the success in Asia by Australians has been built over generations and is not based only on short excursions into the region. In the Territory's case, shared circumstances have done much to bind our peoples over time. Those shared circumstances include a similar geography, climate, remoteness from the national capital, togetherwith a frontier perspective. At last year's Darwin Trade Expo, some 450 Indonesian and East Malaysian participants came by air and sea. They came because of the relationship nurtured over some 20 years. This year, well over 500 participants from Indonesia, Brunei, East Malaysia, the Indonesian provinces,

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Hong Kong and the Philippines took part in Expo '94. More than ever before, their presence reflected the expanding links being forged between the Territory, its dedicated business sector and neighbouring countries. The mutual desire to expand trade and other links is confirmed.

Perseverance, patience and a willingness to understand the cultural differences of the region have gained the Territory respect and credibility with our neighbours. Territorians should be proud that the determination to develop closer trade and cultural links with the region is recognised now as one of the right ways to go. The bilateral agreements, which have been entered into already between

Australia's Northern Territory and our nearest neighbours have proved invaluable vehicles to promote trade in the region. The Memorandum of Understanding signed between the national government of Indonesia and the Northern Territory government is one such example.

There is an opportunity to be part of the East Asian Growth Area (EAGA). Growth triangles have emerged all over Asia as countries forge economic alliances to boost foreign investment flows and the overall competitiveness of the region. The EAGA subregion comprises Brunei, Sabah and Sarawak in Malaysia, Mindanao in the Philippines, and a number of the provinces in Eastern Indonesia. The Territory's participation in EAGA has been given strong support by Australia's Prime Minister, Minister for Foreign Affairs and, most recently, Minister for Trade. Developing Australia's trade in the region is a shared objective of the federal Labor government and the Territory Country Liberal Party government. The opportunities are there, but they need to be realised by the private sector. There are many companies that would like to access the marketplaces of our Asian neighbours, but the simple fact is that many do not know how to. Be assured that many Asian business people are equally intimidated by Australia.

This may well be the last chance in the foreseeable future for Australia to reorientate its strategic approach to capture future investment opportunities. Australia has not shared fully in the period of South-East Asia's most rapid growth. After a decade of decline in the 1980s, the 1990s are seeing new Australian interest in investment in the region. The Departments of Foreign Affairs and Trade figures reveal that Australia's investment in South-East Asia recorded an encouraging 25% increase in 1992. Australian companies in tune with current economic realities now realise the potential of Asia. They have turned away from the policies of the 1980s, which focused on Britain, Europe and North America, and are shifting resources to Asia.

The emergence of APEC represents a new and exciting vehicle for expanding growth in the Asia-Pacific region. It brings together 18 economies from around the Pacific, 14 of which are in Asia. APEC has the objective of continuing the process of freeing up trade and investment flow procedures that will make trade easier and simpler for Australia. APEC will act as a major stimulus for growth and commercial liberalisation among countries of the region - importantly, those which make up the Association of South-East Asian Nations (ASEAN).

The Territory has long enjoyed success in the region. I have referred already to the Henry Walker Group which operates in Indonesia through PT Darma Henwa, employing a total work force of 300, including 14 expatriates. Eighteen months ago, it was awarded a mining and fill removal contract at Lerokis on the Island of Wetar, north of Timor, by Shell

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subsidiary PT Prima Lirang Mining. The 5-year gold mining project is worth an estimated \$4m a year. A recent \$13m contract has extended work until early 1997. It involves open pit mining of gold ore and overburden, 6 km haulage of ore to the treatment plant and feeding ore into the mill. A separate contract provides for associated road construction. A further contract, worth some \$88m, provides for construction, mining and coal transportation services at the Pentangis Coal Project in East Kalimantan. Henry Walker has further plans for expansion in Indonesia.

Eupene Exploration Enterprises Pty Ltd, consulting geologists, has established a small Jakarta branch office in cooperation with PT Handal Sirajasa to service clients interested in developing the mineral potential of Indonesia. Early in 1993, 2 Northern Territory companies, Associated Water Equipment and Tubemakers, won subcontract work for projects in Eastern Indonesia funded by the

Australian International Development Assistance Bureau. Late last year, Energy Equity Corporation, which operates in central Australia, received approval to build, own and operate a 100 MW private gas-fired power station in South Sulawesi.

Last year, about 130 000 live cattle were exported to South-East Asian destinations. This year, we expect to export some 150 000 head of cattle. In January this year, the Northern Territory government and the Indonesian Agency, BPP Teknologi, signed an agreement to develop alternative energy applications. Two Territory companies involved with this are Integrated Technical Services and Powercorp. Only last month, an agreement was signed for the Chinese manufacture of the innovative pushchair designed and developed locally by MMP Pty Ltd. The agreement between that company and the China National Arts and Crafts Import and Export Corporation, the China Bank Trust and Consultancy Group, and the Wenyang Import and Export Trade Corporation was signed in Beijing recently.

Another Darwin business to enjoy success in China is Ostermeyer Nominees which has secured a multimillion dollar deal for a consignment of a revolutionary side-tipper truck. In September last year, a major Australian company, Visy Board Pty Ltd, opened its \$4.7m Darwin investment. Part of the Pratt Group, Visy Board is tackling the competitive Asian market. Recently, Visy Board signed a \$1m deal with another newcomer to the Territory, Goldchill Breweries, which is setting up a \$10m facility, to provide cardboard cartons for packaging the brewer's Asian export product.

Yet another addition to the TDZ, Hydromet, is setting up a multimillion dollar facility for its Asian markets. The company deals with smelter residues that reflect its expertise in a specialised area of hydrometallurgy. Commercial Risk Consultants is another company to set up in the TDZ and enjoy success in the Asian marketplace. After relocating its entire operations from Singapore, including all its staff, the company operates now at about half of its previous overheads and has not lost a single client in the region. Windows of opportunity have opened up for Territory companies that are negotiating contracts with PT Freeport Indonesia in Irian Jaya. I expect government interaction, particularly in the areas of geology and rehabilitation, to have flow-on effects for NT-based companies that are looking to become involved in mineral development in Indonesia.

The Timor Gap Zone of Cooperation treaty between Australia and Indonesia has brought economic rewards to Darwin through the increased level of offshore explorations. More than 170 Territory companies participate in that offshore work.

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The Memorandum of Understanding between the Northern Territory and the Republic of Indonesia is facilitating the establishment of business relations, including resource developments, between the Northern Territory and the eastern provinces of Indonesia. A company associated with a Darwin firm, Independent Building Products, has established a \$5m timber processing plant in South Sulawesi. The company, Sumat Pty Ltd, is a joint venture with Stegbar Building Products Australia, one of the largest manufacturers of shower screens, doors and windows in Australia. In September 1992, the Northern Territory tourism company, Eco Discovery Tours, and the Indonesian company, PT Floressa Wisata, signed a joint venture under the MOU.

An agreement was signed in 1993 between PT Rotan Sulawesi and Darwin businessman, Bruce Fadelli, for the joint distribution of rattan furniture throughout Australia. That is only one aspect of Bruce's activities in the region. There are many such small traders. What is underpinning much of our trade activity in the region is the Bruce Fadellis of the world who, in a small way, are trading into and

out of the region. They are the real traders and the very people who make the market happen. The MOU underpins an increasing role for Darwin as a springboard for developing markets in Indonesia. The list continues.

These achievements have all come about because of a willingness to become aware of the significant economic complementarities created by the Northern Territory's geographic location. While the smart companies are positioning themselves to take advantage of the opportunities being generated in our region, other companies are still wary of investing in the region. Unfortunately, perceptions of poor profitability and difficulty in repatriating profits prevail. A recent federal department report, Changing Tack: Australian Investment in South-East Asia, found that, far from being a bad business decision, generally companies and investors in the region began to make profits within 2 years of setting up although most began to make sustainable profits after 4 years.

The Northern Territory government is taking a long-term approach. Our aim is to establish a presence in areas where continued rapid growth is expected. We are well positioned to take advantage of new world markets. Asian economies take a 60% share of the Northern Territory's exports and give us 40% of our imports. Over the last 5 years, Territorians exported an average of some \$1400m per annum from a population base of a little over 170 000. That is an outstanding performance by any measure. Indeed, if it were replicated across Australia, this would be a country of immeasurable wealth. It is expected that we are fast approaching an export figure of some \$2000m per annum from a population base of approximately 180 000.

Oil, gas, horticulture, pearls, live cattle, value-added crocodile products, education, alternative energy systems, mining expertise, road construction and building materials are all part of our export profile. It is not only Territorians, but Australians of the north who are showing Australians of the south what hard work and determination are all about. If one drew a line from Exmouth to Rockhampton, the 6% of Australians living north of that line produce 28% of Australia's exports. The performance is even more impressive when one takes the 28% of Australians living in Western Australia, the Territory and Queensland. Collectively, they produce 46% of Australia's exports.

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For those who believe that Territorians and their northern cousins rely on federal handouts to survive, it is worth contemplating that we generate \$7000m in taxation receipts alone. These facts are either not known or ignored by most Australians. Indeed, let me say that I tire of those who say to us that we in the Territory need 80% of our funding from the Commonwealth because that begs the question of where they think that the Commonwealth obtains its money from. It obtains it from taxation receipts from all Australians, and it has a responsibility to redistribute those taxation receipts to the nation. Thus, I become a little tired of these statements that we are some kind of bludgers in the Northern Territory and, indeed, in northern Queensland and northern Western Australia. We pay our way. The facts are inescapable. Those are not my assertions, but facts from the ABS.

We are the doers in this country, and one tires of people like the federal member for the Northern Territory who seeks to ram it down our throats that somehow we are forever beholden to a central government that writes out 80% of our expenditure each year. If he were honest, he would have a good close look at what Territorians actually generate for the national economy. If he has not noticed, certainly the vested interests of the south have. The criticism of Darwin, the Wran Committee and our initiatives in the region prove that we are a threat to those who seek to preserve their comfortable and somewhat non-productive existence in the south-east corner. Some big business, unions and state governments will work hand in glove to undermine our efforts. Where are the great critics of Darwin to

be found? They are to be found in Melbourne and Sydney, yet all of that is a denial of history.

In the 1820s, when the British annexed northern Australia to prevent it falling into foreign hands, the vision was to settle the north and create another Singapore or Malacca to trade with the Dutch East Indies. Sadly, those who attempted the early settlements failed to find a suitable location. By the time the first permanent settlement of the north was established in Darwin in 1869, the original Asian vision had lost out to the imperative of sheer survival in Australia's isolated north. I wonder how much more advanced Australia would be today if we had followed in the footsteps of Stamford Raffles to build our own Singapore in the Top End. I wonder where we would be today had we started trading with Asia in earnest 170 years ago instead of delaying our run towards the end of the 20th century. Not only did our nation lose the colonial vision of a Singapore-style trade city in the Top End, but we actually went into reverse.

Let me say in summary that I came to the Territory by choice. I came because I saw the potential of this place, Australia's Northern Territory. The carping critics, the cynics - damn them all. We Territorians are showing Australians the way to go, and I am proud to be part of it.

Motion agreed to.

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