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DEAR MR WILLIAMSON,

GREEN PAPER

I HAVE STUDIED YOUR GREEN PAPER AND OFFER SOME OBSERVATIONS. THEY ARE NOT A DETAILED SUBMISSION. RATHER THEY ARE PRACTICAL ISSUES.

THE ARBITRARY DEFINITION OF THE REGION TO BE COVERED IS ALL THE AREA NORTH OF THE TROPIC OF CAPRICORN. AS YOUR PAPER STATES IT COVERS 3,000,000 SQUARE KILOMETRES BUT MORE SIGNIFICANTLY IT INVOLVES THREE STATE AND TERRITORY GOVERNMENTS AS WELL AS THE COMMONWEALTH.

FOR A REGION OF THIS SIZE AND VARYING LEGAL ISSUES, I STRONGLY SUGGEST IT WILL NOT BE IMPLEMENTED SUCCESSFULLY. THERE IS NO SUGGESTION THAT THE CONCEPT WILL BE SUBJECT TO A COST/BENEFIT ANALYSIS.

I HAVE WORKED ACROSS MORE THAN HALF OF AUSTRALIA TO DEVELOP INDUSTRY BUT MORE IMPORTANTLY I HAVE EXTENSIVELY CONDUCTED BUSINESS IN ASIA.

I THINK THAT YOUR TEAM SHOULD LOOK AT THE MODEL ADOPTED IN CHINA WHERE ECONOMIC ZONES HAVE BEEN USED TO DEVELOP VARIOUS PARTS OF THAT COUNTRY.

ONE OF THE KEY FEATURES THAT HAVE MADE THIS CONCEPT SUCCESSFUL, IS THAT THESE ZONES DEVELOP TAXATION INCENTIVES ALONG WITH FUNDING BEING MADE AVAILABLE TO COMPANIES TO SET UP BUSINESSES THAT EMPLOY PEOPLE AND USUALLY RESULTED IN EXPORTS IF IN SOME CASES MEANT EXPORTING TO OTHER REGIONS OF CHINA.

TO ESTABLISH MY CREDENTIALS TO OFFER THESE OBSERVATIONS, I SHOULD POINT OUT THAT I WAS REGIONAL DIRECTOR OF AUSTRALIAN INDUSTRY DEVELOPMENT CORPORATION WITH RESPONSIBILITY FOR ALL ACTIVITIES IN VICTORIA, TASMANIA, SOUTH AUSTRALIA AND WESTERN AUSTRALIA.

FROM THIS PERIOD, I LEARNED TO RECOGNISE THAT THE CULTURES IN EACH OF THOSE STATES WAS VERY DIFFERENT, DESPITE THE FACT THAT THEY ARE ALL AUSTRALIANS; YOUR PROPOSAL TO MELD THE CULTURES OF THESE PROPOSED THREE STATE AND TERRITORY GOVERNMENTS WILL NOT BE PRACTICAL. IT WILL FAIL BECAUSE THE DISPARATE INTERESTS WILL PULL THE NEW ARBITRARY REGION APART. I PREDICT THAT WITHIN FIVE YEARS OF A LAUNCH IT WILL NOT BE ABLE TO DEMONSTRATE ANY REAL BENEFITS AND WILL BE ABANDONED.

I DO ACKNOWLEDGE THE OPPORTUNITIES TO USE THE RESOURCES OF NORTHERN QUEENSLAND TO DEVELOP MARKETS IN ASIA. THE NEED TO EASILY EXPORT FROM THE NORHTERN TERRITORY AND NORTHERN QUEENSLAND REQUIRES BETTER, USER FRIENDLY PORT FACILITIES. IT DEFINITELY NEEDS A MODERN PORT THAT CAN LOAD BULK HANDLING VESSELS AND CAN ALSO EFFICIENTLY LOAD CONTAINERS. THIS WILL NEED A DIFFERENT DESIGN FOR EACH CATEGORY OF THE MATERIALS BEING EXPORTED. A DOUBLE FACET WHARF COMPLEX WILL BE REQUIRED AT A LOCATION OTHER THAN IN DARWIN. EVEN THOUGH THE DARWIN PORT HAS BEEN EXPANDED, THE MOVEMENT OF GOODS THROUGH DARWIN IS ALREADY LEADING TO COMPLAINTS FROM TRANSPORT OPERATORS.

I THINK THE MOST VALUABLE RESOURCE IN NORTHERN AUSTRALIA IS THE POTENTIAL TO DEVELOP AN ORD RIVER TYPE IRRIGATION SYSTEM BASED UPON THE WILD RIVER COMPLEX OF RIVERS. I AM FULLY AWARE OF THE EARLY PROBLEMS OF THE ORD RIVER SCHEME BUT I FULLY BELIEVE THE CONCEPT OF PROVIDING IRRIGATION TO HORTICULTURE AND AGRICULTURE GENRALLY WOULD DRAMATICALLY INCRESE EXPORT ORIENTED FOODSTUFFS IF BE REPEATED IN NORTHERN QUEENSLAND.

I WOULD SUPPORT A STAGED EMERGENCE OF A NORTHERN AUSTRALIA REGION BUT ONLY IF IT WAS UNDERTAKEN OVER A TWENTY YEAR PLAN.

I WOULD BASE THE ANCHOR AROUND DARWIN AND THEN MOVE INTO NORTHERN QUEENSLAND BEFORE MOVING INTO NORHTERN WESTERN AUSTRALIA.

THE WAY THAT I WOULD LAUNCH THE DEVELOPMENT OF DARWIN WOULD BE TO PROVIDE TAXATION INCENTIVES AND TO MAKE DEVELOPMENT CAPITAL AVAILABLE.

FIRSTLY, I WOULD ACCEPT A TAXATION RATE OF 15% TO 20% ON ALL NEW COMPANIES ESTABLISHED IN THE NORTHERN TERRITORIES. TO QUALIFY FOR THIS CONCESSIONAL TAX RATE EACH COMPANY WOULD HAVE TO LIMIT INPUT COSTS FOR THE CALCULATION OF PROFIT FROM ANYWHERE OUTSIDE THE N.T. TO 20% OF TOTAL COSTS. THIS WOULD STOP SOUTHERN BASED COMPANIES FROM MOVING THEIR COSTS TO THEIR N.T. BASED SUBSIDIARIES/

SECONDLY, I WOULD INVITE TEN AUSTRALIAN PRIVATE EQUITY BANKERS TO SUBSCRIBE \$20 MILLION TO SHARES IN A DEVELOPMENT BANK. EACH OF THESE PRIVATE EQUITY FIRMS COULD FURTHER BE INVITED TO PROVIDE SUBORDINATED DEBT TO THE NEW DEVELOPMENT BANK.

THIS BANK SHOULD BE ABLE TO GEAR UP ITS BALANCE SHEET BY BORROWINGS FROM AUSTRALIAN AND INTERNATIONAL BANKS OR BY PUBLIC SUBSCRIPTION. THIS COULD BE A SOURCE OF \$2 BILLION THAT COULD BE PROGRESSIVELY DRAWN DOWN OVER A PERIOD AND BY THE TIME THE POOL OF MONEY WAS INVESTED IT WOULD BE PAYING DIVIDENDS AND REPAYING ANY LOANS. IT SHOULD POSITIVELY MARKET FUNDS TO PROPOSALS THAT HAVE POTENTIALLY VIABLE DEALS.

IT IS MY VIEW THAT THE BOARD OF THIS NEW FINANCIER SHOULD INCLUDE NAMES SUCH AS SCANLON, FORREST, RINEHART AND GONSKI IN THAT ORDER OF VALUABLE INPUT. IT SHOULD NOT BE ENTRUSTED TO RETIRED EXECUTIVES THAT WILL NOT HAVE A VISION FOR THE REGION'S POTENTIAL.

I DO NOT APOLOGISE FOR THE CRITICISM OF THE GRAND PLAN BUT I WOULD SUPORT DEVELOPMENT IN A MANNER THAT IS VIABLE NOT JUST A GOOD IDEA THAT WILL BE IMPOSSIBLE TO IMPLEMENT.

YOURS FAITHFULLY



ROB E ROEDER.