COMMONWEALTH OF AUSTRALIA

JOINT STANDING COMMITTEE

ON

FOREIGN AFFAIRS, DEFENCE AND TRADE
(Foreign Affairs Subcommittee)

Reference: Relations with ASEAN

DARWIN

Wednesday, 13 August 1997

OFFICIAL HANSARD REPORT

CANBERRA

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE
(Foreign Affairs Subcommittee)

Members:

Mr Taylor (Chairman)

Mr Barry Jones (Deputy Chairman)

Senator Bourne	Mr Bob Baldwin
Senator Chapman	Mr Bevis
Senator Ferguson	Mr Dondas
Senator Harradine	Mrs Gallus
Senator MacGibbon	Mr Georgiou
Senator Reynolds	Mr Hollis
Senator Schacht	Mr Lieberman
Senator Troeth	Mr Leo McLeay
	Mr Nugent
	Mr Price
	Mr Slipper
	Dr Southcott

Matter referred for inquiry into and report on:

The development of ASEAN as a regional association in the post Cold War environment and Australia's relationship with it, including as a dialogue partner, with particular reference to:

. social, legal, cultural, sporting, economic, political and security issues;

. the implications of ASEAN's expanded membership;

. ASEAN's input into and attitude towards the development of multilateral regional security arrangements and processes, including the ASEAN Regional Forum (ARF);

. ASEAN's attitudes to ARF linkages with, or relationship to, other regional groupings;

. economic relations and prospects for further cooperation, including the development of the ASEAN Free Trade Area (AFTA) and possible linkages with CER;

. development cooperation; and

. future prospects - in particular the extent to which the decisions and policies of ASEAN affect other international relationships.

WITNESSES

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

(Foreign Affairs Subcommittee)

Relations with ASEAN

DARWIN

Wednesday, 13 August 1997

Present

Mr Taylor (Chairman)

Senator Bourne	Mr Dondas
Senator Childs	Mr Hollis
Senator Reynolds	Mr Leo McLeay
	Mr Sinclair

The subcommittee met at 11.10 a.m.

Mr Taylor took the chair.

CHAIRMAN—I declare open this Darwin session of the public hearings being conducted by the Foreign Affairs Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. I should make a couple of points in relation to ASEAN, and I think it is timely that we review the situation at this stage. It is in its 30th year. Of course, on 1 July we saw the Group of Seven move from seven to nine with a big question mark over Cambodia still hanging heavily over the whole scene.

ASEAN forms the fourth largest trading region in the world after the United States, Japan and the European Union and clearly exhibits a growing confidence and influence in regional affairs. We have already taken evidence in Canberra, Sydney, Melbourne and Brisbane. Today we were to take evidence from the Northern Territory government departments, but owing to the proroguing of the parliament and the calling of an election we have had to move on to private submissions. We are going to start with the North Australia Research Unit, but before we do that, there are a couple of housekeeping matters.

The committee has received the following submissions: supplementary submission no. 15A from the Attorney-General's Department; supplementary submission 21B from the Department of Environment, Sport and Territories; supplementary submission 26A from the Queensland Government, Department of Economic Development and Trade; submission no. 29 from Amnesty International; submission no. 30 from the North Australia Research Unit; submission no. 31 from Stage Craft; and submission no. 32 from Transparency International Australia.

Resolved (on motion by Senator Bourne):

That the documents be accepted as evidence and included in the committee's records, and that documents Nos. 16 to 22 inclusive be accepted as exhibits.

[11.14 a.m.]

FLETCHER, Dr Christine, Unit Director, North Australia Research Unit, The Australian National University, PO Box 41321, Casuarina, Northern Territory 0811

PHILLIPS BROWN, Ms Prue, Statistician, North Australia Research Unit, The Australian National University, PO Box 41321, Casuarina, Northern Territory 0811

CHAIRMAN—Good morning Dr Fletcher and Ms Phillips Brown. Whilst we do not expect you to give evidence on oath I should advise that these are legal proceedings of the parliament and therefore have the same standing as proceedings of the House itself. I thank you for your attendance today and, as I say, we have introduced into the evidence submission No. 30, which is your submission. I invite you to make an opening statement.

Dr Fletcher—We have been engaged recently on research in the area that the committee is looking into largely because it is a relevant area, very much so to the Northern Territory and to the north more generally. With our submission, as you probably noted, it is not so much about ASEAN but about the Northern Territory's relationship to ASEAN and what we believe to be some of the strengths and weaknesses that people might be interested in taking note of. Research in the Northern Territory is fairly impoverished in this area, except for what governments may have done in the past and that, from my own experience, is fairly minimal.

So basically the thrust of our submission in a potted way is that we are arguing for people to take notice of the territory as an area that requires substantial expenditure from the Commonwealth, firstly to reinforce its position as a northern gateway to Asia, if it wants to see itself as that, but also geographically it is very relevant. There is also obviously an Asian-Northern Territory culture up here of some sort that is important economically. Also, there is the fact that more and more, regions of Australia are being asked to look at forming relationships within the ASEAN area, particularly private enterprise, for investors.

For that to happen we believe there should be substantial focus on infrastructure up here in enabling the territory to do that. There is no point in asking an impoverished area to compete. It looks like the Northern Territory is here to stay, so it would be wise to look at perhaps a way of reinforcing the territory's role.

We have provided you with a number of areas of statistics of commodities and trade between the Northern Territory and areas within the ASEAN region, which Prue will fill you in on.

CHAIRMAN—Let us just start with your comment on page 3 of the submission about a degree of negative economic slippage taking place in the economic growth of the Northern Territory compared to the eastern states. Would you like to talk a little about

why that has taken place. You may also want to go into some of the statistical bases for that assertion. But secondly, to pick up your infrastructure point, and it relates to that perhaps, what would be the impact on the territory of the Alice Springs to Darwin railway, should that emerge from the National Federation Fund bids? I do not know whether the Northern Territory have actually put that in as a bid. One would be surprised if they had not, but would you like to make some comment as to the potential impact of that in relation to the slippage and relativities with the other states.

Dr Fletcher—Regarding your first point about the slippage, that is from the ABS, and it depends on the way you do your statistics. But having consulted my statistician, we both agree that our statement is fairly respectable on the economic impact of factors in the Northern Territory recently. The fact that the ABS has compared it to the other states and territories within Australia, that particular statistic reflects about a 10 per cent decline compared to Victoria which experienced an eight per cent increase in economic demand—

Ms Phillips Brown—State final demand.

Dr Fletcher—Yes, in demand. So that and statements by the Business Council and the Chamber of Commerce about lags in the business community up here and feelings about business generally, and there has been an increase actually in—

CHAIRMAN—It is only over one year. Is one year enough?

Dr Fletcher—I guess this is just something that I put in there and did not substantiate enough perhaps. But my own observations are that there are economic changes in the Northern Territory. There have been changes up here as there have been elsewhere. There has not been any research on this. Again research in the Northern Territory is fairly low on the agenda. It is very difficult to walk in here and start our sort of research without a substantial economic research base. That is something that is lacking badly up here, respectable economic research from an academic point of view. That would enable us to make all sorts of assertions about things which would be to the benefit of the Northern Territory in the long run. You may be right and it may not be long enough. Perceptions are important here, and if the Chamber of Commerce feels that they are not happy, I guess there is something there that one would need to take into account about the economy here. I know that Treasury has produced figures that disagree with this. However, there is not a large industrial base in the Northern Territory, and they do rely, in terms that the Commonwealth Grants Commission, as probably the committee is aware on obtaining a large portion of their expenditure from the Commonwealth—I think it is close to 80 per cent. When they just lost from the High Court decision, for example, the Northern Territory lost 30 per cent of its revenue-raising base. So there are things there that are dangerously close to letting the territory decline without some sort of substantial investment from the Commonwealth. That would be my first response.

As to the second response the Alice Springs-Darwin railway I think is critical. One needs to be futuristic in looking at the territory with a bipartisan approach, if I may say

that, to developing the infrastructure up here. I do not think you could expect the Northern Territory to develop as a region in a useful manner to the rest of the nation or the states in general if it has not got some sort of reliable infrastructure. It may be more than just the Alice Springs-Darwin railway, but I think that is the first step.

CHAIRMAN—There are other suggestions of the inland rail bridge through Victoria, New South Wales and Queensland as well. Basically what you are saying is that infrastructure enhancement is the key. Is that what you are saying?

Dr Fletcher—Yes. There are already bureaucratic infrastructures in place like the MOU between South Australia and the Northern Territory. The territory I believe is in transition, and I would not say necessarily to statehood—perhaps it is statehood—but it is certainly in transition in an institutional sense. For that transition to be complete and for it to be a useful part, I think the government has to make up its mind whether it wants the Northern Territory to exist or not, because unless you take a solid stand on supporting the territory with a small population it is never going to look like New South Wales, so it does need some assistance in development for the benefit of private enterprise.

Senator REYNOLDS—The thing that I noted, as soon as I read through the agenda for today, is that Austrade was not making a submission from this region. Are you aware of the scale of Austrade's operations in Darwin?

Dr Fletcher—No, not the scale of it. I am aware that their presence is quite prominent here within the business community but I am not exactly sure of the extent to which they have made an impact here.

Senator REYNOLDS—I think that is something that the committee may like to follow up direct with Austrade. It does seem surprising that we should be meeting here and not have a submission from them. Similarly, are you aware of the role of AusAID in this region?

Dr Fletcher—Yes, very much so. The North Australia Research Unit has been quite active in the Australian-Indonesian Development Area (AIDA) arrangements which were established to support development in eastern Indonesia. It was mentioned in the paper that here we have a quasi-developing region helping a developing region, obviously under different governmental frameworks. Nonetheless, the territory itself is engaged in attempting to coax business, industry and government into the territory to develop itself while by the same token that plugs into the eastern Indonesian side of things. So there is definitely a relationship between the territory and the Indonesian side of things. I have personally come across AusAID every time I enter into the Indonesian side of things. I have a lot to do with AusAID.

Senator REYNOLDS—Through a well-staffed local office or do you have to work through—

Dr Fletcher—There is none now, that was abolished; AusAID is no longer here. However, DFAT has a new manager who is very amenable to approaches from us and has been networking furiously since he arrived—the head of DFAT. He has been very helpful, and as a consequence we have begun a seminar series, for example, at NARU with people like Miles Kupa and John MacCarthy, the ambassador from Indonesia. So we are very much hedging towards that.

Senator REYNOLDS—Where would we get the best breakdown of the federal role within the Northern Territory? AusAID does not have an office here, Austrade does?

Dr Fletcher—Yes, there is an Austrade person here. In fact, recently, through the Austrade office the Australian trade commissioners from the Philippines visited NARU. We showed them our database and how we accessed world trade data. The Asian relationship between NT and Asia seems very much to be a factor that drives the prominence of these organisations that you have mentioned. We have a lot to do with Canberra AusAID by phone.

Senator REYNOLDS—Speaking from North Queensland, this is always the complaint, that you are closer to Asia than Canberra, and yet you always have to deal through Canberra or Sydney or Melbourne. I know the Northern Territory government has been trying to break down this pattern in their more direct relations but what about federally?

Dr Fletcher—We have had relations with AusAID in Jakarta as well but because of the different systems, which is critical, we are very much part of the Canberra connection. It would be nice to do that but one would not be able to obtain the information that we needed. It is much easier for us to deal with our own like-minded states and territories in the Commonwealth than it would be for us to deal with Indonesia. The similarities between us and the region I think need to be taken fairly lightly in some ways, because there are clearly huge differences between us and Indonesia and one knows exactly what they are in terms of government.

But also, increasingly, and this has been recognised by the World Bank as well, the need to take account of how administrations work is becoming important in this whole area, so it is more than just an economic debate that we should be having about this. If you have a corrupt bureaucracy or a bureaucracy that does not function or is too centralised, you are not going to be able to pursue infrastructure programs in the region because the money you put in, the donor agency's money, will disappear before it actually arrives at that point, and this is now an important factor. So from that point of view we like to deal within our own governmental area.

Senator REYNOLDS—As soon as you arrive in Darwin at the airport, you are very much aware of an indigenous culture, and I wonder to what extent you are aware that this is being enhanced and promoted in relationships in the region, either by state or

federal or indeed private enterprise in terms of partnerships with indigenous enterprises.

Dr Fletcher—That is a very important question and a very important issue. To begin with, I do not think it is being promoted. There may be programs I do not know about so I am speaking in fairly general terms here. The deputy assistant minister for coordination for Indonesia visited NARU recently as part of the expo that was held here. Her name is Dr Winnie Subandi and she has a PhD from Cornell in economics and is a very bright woman. She was invited to a special dinner that was held and I think promoted by the Chief Minister and was surprised that there was some group, to use her words, playing music and she had been longing to see an indigenous group; she thought that would be the most obvious thing that we would have.

So it is little things like that which are anecdotal that come through which is disappointing, I guess. Of course, without doing surveys one can only make assumptions but there is a feeling that the appreciative side of Aboriginal culture is not exploited or whatever word one would like to use in relation to the region. I know the Northern Territory University—and you have to substantiate this with them—does a lot of joint work with Indonesians. I do not know how much the Aboriginal people here are involved in that. So there are problems there.

Mr DONDAS—The paper that you presented indicates that there is economic slippage, and you have used Victoria as a benchmark. How does the economic development of the territory in the last ABS figures compare with those of say South Australia and Tasmania?

Dr Fletcher—According to the ABS in terms of demand, it was at the bottom. It was followed I think by South Australia and the ACT. There was a 10 per cent decline in demand.

Mr DONDAS—In demand of what?

Ms Phillips Brown—State final demand; measure of GDP.

Dr Fletcher—Yes, a measure of GDP.

Mr DONDAS—Because I have seen some figures which differ to what you are saying.

Dr Fletcher—Yes, I am sure.

Mr DONDAS—I believe that in the last figures we had a growth rate of about 3.4 per cent. You are saying that it was negative.

Dr Fletcher—No. It is a different evaluation. Prue, would you like to explain the three main statistical areas.

Ms Phillips Brown—Yes. There are three ways of evaluating economic activity under the national accounting framework. One of them is state final demand, one is basically on an expenditure basis, and one is done on a production basis. The measure you would have seen would be a production basis, and in that measure you incorporate for instance mining activity, which while that activity is occurring in the Northern Territory, the benefits from that economic activity are not actually accruing to the territory. The economic benefits from a lot of the mining activity accrues elsewhere. They are supplied, they get their supplies from outside of the territory, the workers spend their income outside of the territory because they are flown in and so on. So in a small place like the Northern Territory which relies on natural resources, using that measure of economic activity is somewhat misleading in terms of the actual activity that is occurring and accruing to residents of the territory.

Mr DONDAS—We could argue forever to say that those companies pay payroll tax in the Northern Territory, all their accommodation; infrastructure is provided in each of the providers, so there are some economic benefits.

Ms Phillips Brown—Yes, there are some, but a large percentage of that—

Mr DONDAS—So which statistics do you look at is what I am really asking.

Ms Phillips Brown—It creates a big question.

Mr DONDAS—I was very interested in Dr Fletcher's answer in terms of the Alice Springs to Darwin rail link, and of course that certainly will, as we all know, have some economic benefit in the long term for the Northern Territory, but it is also going to have some economic benefit in the initial stages for South Australia. To answer the chairman's query, yes, the Northern Territory and South Australia have made a bid in terms of the Prime Minister's Federation Fund for funding for the Alice Springs to Darwin rail link because obviously the economic benefits will be there; not only in terms of economic benefit, also it is a national benefit.

CHAIRMAN—It has a strategic benefit as well?

Mr DONDAS—Yes, and from a defence point of view. The other question that I would like to ask you is in terms of the live cattle export trade: do you see that as being a major role in the development of trade links with our Asian neighbours? Will other things flow on just from cattle?

Dr Fletcher—Firstly, that has exploded now, as you probably are aware. Huge numbers of cattle are being transported. In fact, figures were given—and I have not got

them with me—at the beginning of this year on estimates of what the live cattle trade would be in numbers through the Northern Territory. Maybe they are not all from the territory, but the cattle through the Northern Territory. There were estimates of what that number would be in the year 2000 and they had been reached now. So in six months there has been virtually—this is a huge growth area. From talking to people in Indonesia recently, it is a huge area of importance to them.

They are doing a lot of research on this, as you may be aware, in the working groups developed by the Commonwealth and through Minister Downer. Mr Hartarto from Indonesia recently signed the AIDA agreement on eastern Indonesian development. One of the working groups established is focused on live cattle, and that is of immense interest to the Indonesian government. However, a caveat: there is also talk about at the moment that as Indonesia begins to grow its own cattle, this could spell an end to, or a decline in, that industry. So there needs to be a lot of lateral thinking about what can be attached to that, I guess, or what other sort of convergences there might be between other industries into the live cattle industry; more lateral thinking on that. It is not something that we can just sit back and think this will go on forever and just keep increasing, because the Indonesians themselves will want to produce their own live cattle.

Mr DONDAS—One final question, Mr Chairman, and that is central to this inquiry: how do you see Australia's role, and including the Northern Territory in that, in developing trade links with India? This inquiry is about the Asian inquiry in terms of trade with India.

Dr Fletcher—I could only tell you a bit about Indian Federalism. I could not tell you anything about the NT's relationship with India. If you had the infrastructure here, I see no reason why the Northern Territory could not have a special role—it is a special area in terms of constitutional status—in Commonwealth-state-territory relations with countries like India. I have not got a framework for thinking about what the transport relationships would be. I do not know what sort of relationships you are thinking about. But it is certainly a huge growth area in that region.

Mr DONDAS—Because in your paper you talk about remoteness causing its own problems, and of course the Northern Territory has a very good track record in terms of developing trade links with our Asian neighbours. Why would we not be able to expand that expertise that we have developed through ANU, through the Northern Territory University, through our trade links, into India?

Dr Fletcher—My immediate reaction would be, yes, we would love to be involved in something like that, but also South Africa is developing its own forum, is it not, within the Indian Ocean—

Mr DONDAS—The Indian rim, as we call it.

Dr Fletcher—Yes. So there would be other relationships that you would have to think about taking into account if you were serious about India.

Senator BOURNE—At the bottom of page 4 of your submission you say:

The extent to which Australia participates in trade and investment is limited by our status within the various regional forums.

Can you give us an idea of how important you think our status in the forums is for investment and to trade in the region?

Dr Fletcher—I think at the time of our, I guess, limited status in relation to the ASEAN group. In a sense I suppose that was a throwaway line before we went into the statistics. You would have to be an optimist to think that Australia's position is going to change in the near future in terms of allowing Australia into that forum, and anyway how that would be sold to the domestic public here would be, I would imagine, quite a feat, given that Cambodia is on the way in to becoming a member of ASEAN. There are likely to be all sorts of international and domestic problems there in the future. I think it would be well into the next millennium before Australia would be in a position to challenge that. We have quite a bit to do with the BIMP-EAGA group—Brunei, Indonesia, Malaysia, Philippines, East asia growth area and that seems to be more popular here than talking about ASEAN because of the remoteness politically of ASEAN, and that seems to be something that is Canberra-driven.

Senator BOURNE—Do you see it though as having a large impact on our trade and investment, our status within these regional forums that—

Dr Fletcher—I think with the stuff that we have been talking about this morning, Australia, and the Northern Territory in particular, since that is our focus, could exploit that non-membership of these organisations by engaging in symbolic, real and in-principle and in-spirit development of infrastructure aimed at strengthening our presence in the ASEAN regions. I think that we have a role; we just have to identify that role ourselves. We cannot rely on the ASEAN countries to give us a role. So I feel that we have to engage in some sort of—we cannot just mine and kill cows and export. We cannot go back to that sort of finding things to do with existing things. I think we have to actually exert some energy here.

Senator BOURNE—So you are looking at it in terms of trade and investment leading to a higher status in—

Dr Fletcher—Absolutely, and I think in that sense closing down AusAID was a mistake.

Senator BOURNE—Thanks very much.

Mr LEO McLEAY—What about the export of horticulture and things like that that are starting to come on stream in the north of Western Australia, for instance. Darwin is obviously the place that that could move out from. These are things that cannot be produced in South East Asia. I think in reply to one of the questions about live cattle trade you said that you thought the Indonesians might start to grow their own cows, but is not part of the problem there that you are starting to get up into the real tropics where livestock production is not as easy as it is in the southern tropics in the top of Western Australia?

Ms Phillips Brown—I cannot profess to be an expert on cattle breeding, but I do know that as part of the development of eastern Indonesia, and particularly on Timor, in west Nusa Tenggara and eastern Nusa Tenggara, there are identified areas of development for cattle ranching—as they call it in the American style—and the climate is tropical, but it is similar to the kind of climate where we are breeding cattle here in the territory, and there is also unpopulated land there as well. It is quite a contrast to Java and Sumatra where the climate and terrain are quite a different.

Mr LEO McLEAY—But it is not nearly as big. You could obviously do cattle in Timor, but you have not got the room that you have got in the north here, particularly in Western Australia. And you have not got the advantages, I suppose, of starting cattle in the south and toughening them up here.

Ms Phillips Brown—No, that is certainly true. There has been a lot of talk that the live cattle trade is not sustainable; that once the Indonesians feel they have built their herds up sufficiently they will stop, or they will cut right back on the import of live cattle. That is just some discussion I have heard. I have no substantiation of that, but there is a general feeling that people will need to start moving into processed meats and so on, rather than stay with the live cattle. It is not going to continue forever.

Mr LEO McLEAY—What about horticulture?

Ms Phillips Brown—In the submission I looked at the kind of goods that countries like Singapore and Indonesia are importing increasingly from Australia. A large percentage—over half of Singapore's imports from Australia—are the kinds of commodities where the imports are growing: horticultural goods, fresh fruit and vegetables, dairy products, mineral water, those sort of goods, which, as you say, could be exported through the territory if the appropriate infrastructure were in place.

Senator CHILDS—We are at a disadvantage today because we cannot speak directly with the territory government. I thought Dr Fletcher said that there was a low research base in the territory government. Could you elaborate on that?

Dr Fletcher—There has really only historically been the Northern Territory University and NARU in this area that we are looking at. There has not been much research, except when Dean Jaensch comes up from South Australia and does work on electoral politics. There has been very little on the economy of the Northern Territory, and only what governments produce. I am talking about research, not just papers that use statistics to tell a story. I mean pure research. There has been virtually none on the economy. There has been a lot on indigenous issues. We, the North Australia Research Unit, have been the basis for that.

There are research pockets of the Northern Territory University. I do not want to be seen here to cast aspersions on our competitors, but the Northern Territory University was a TAFE and has never been funded as a research unit and is only now trying to get its research base strengthened. Again, it is research that individuals do, not necessarily in any thematic way, as is the way of universities. So it badly needs a shot of funds. I guess, as being part of the ANU, you would be tempted to say that shot is in Canberra, but this is a growth area that you are dealing with that is of immense value to not only Australia but the Northern Territory, and apart from one or two publications there is virtually nothing on it. There are consultancies, but no research.

Senator CHILDS—Could I just go further into the analysis of what the Northern Territory government has done itself. In other states of the Commonwealth there would be a priority in identifying areas to develop within the government itself, so what, to your knowledge, does the Northern Territory government do to try to identify opportunities?

Dr Fletcher—To my knowledge—of course this is unsubstantiated—they get consultancies done in areas that they are interested in, sector areas. But my impression is that it is driven largely by Commonwealth funds. Recently for example, in conjunction with the Department of Asian Relations, Trade and Industry, we entered into a tendering process—in which we were not successful—for the AIDA region, which would have involved doing literature reviews and looking at what existing research has been done. So it is at such a low level that AusAID is actually funding basic literature reviews on data collection of the provinces in the area.

There has been a lot of general work done, as you probably would be aware—and I mentioned that in here—since Nugget Coombs chaired the committee post World War II. The Office of Northern Development, for example, which was closed down, collected enormous amounts of data produced by James Cook University. That was followed through by the South Australian Centre for Economic Studies which updates that data. That is data without a conceptual framework. It is a collection that describes how many cattle there are and what you can grow and what you can produce in the north generally. There is no analysis of that data and there has been no way to develop a framework for drawing that data together and saying what it really means, or doing any modelling from it. There is very little.

Senator CHILDS—You made the point that you cannot just mine and kill cows. Are you aware of any territory government analysis of value added type industry?

Dr Fletcher—No, I am not.

Mr LEO McLEAY—They do not even kill the cows now, do they? They just ship them out.

Dr Fletcher—Yes, they do.

Mr DONDAS—And the main reason for that is the halal, the religious way of making sure that cattle are killed in the proper manner.

Mr HOLLIS—I take it from what you say here that all the trade that we are looking at is one way. Do we import anything from these countries to the north of us—Indonesia et cetera?

Dr Fletcher—The territory does not import an awful lot. As you know, it is a very small population and it has a very limited market. Most of what the territory imports comes from Indonesia, and we have a huge trade surplus with every country but in particular Indonesia. One of the reasons the Northern Territory does not import very much from the ASEAN countries is that it is not really linked to the rest of Australia. If there were those linkages, there is a possibility; the territory government would like to see Darwin becoming Singapore, being the gateway into the rest of Australia.

Mr HOLLIS—What about tourism to the countries to the north, or tourism from the countries to the north? Is there much exchange of tourism here?

Dr Fletcher—Tourism is very hard to measure. The Northern Territory government does collect a lot of statistics, and the number of visitors is increasing, but from ASEAN countries it is still quite small.

Mr HOLLIS—And where would the main visitors be from, Indonesia or where?

Ms Phillips Brown—There was a survey of that published recently in the *Australian* which showed the impact of Hanson on tourism from those countries, and there have been massive declines in one area—Indonesia, I think—a huge decline in the number of tourists coming to Australia.

Mr HOLLIS—But I did not mean so much visit Australia, I meant visit here. You are quite close to Indonesia. With Christmas Island, you can actually measure the number of tourists or gamblers that come from Indonesia to Christmas Island, and the numbers there from Indonesia are much higher than from the rest of Australia. I was wondering: does the Northern Territory market itself as a tourist destination for Asia or is it just

marketed to Asia as part of Australia. Is there a definite push by the Northern Territory to market the territory to an Asian market.

Mr LEO McLEAY—Are there any figures on people coming here to Darwin as a gateway?

Ms Phillips Brown—There is a push for the Northern Territory. The Northern Territory Tourist Commission is trying to develop the Arafura tourism zone linking the Northern Territory with Indonesia, so that people would come and visit not just the territory but also go to the eastern provinces and so on. They are trying, in fact, to package the Northern Territory as part of an Asian travel destination.

Mr HOLLIS—That is directed to the Australian market rather than—

Ms Phillips Brown—I think it is directed overseas as well. We have a lot of American and European people visiting the territory and it is marketed as, 'You can come to see Kakadu as well as the rain forests in Sabah.'

CHAIRMAN—That is one element of the Australian strategy, if that is the right word, that is driven from the Commonwealth area, isn't it? The tourism issue is where it was agreed that the Commonwealth should take the lead.

Mr DONDAS—If I might interrupt. The Northern Territory Tourist Commission has offices in Singapore, Tokyo, London, Europe and North America. They have been spending something like about $14 million dollars a year on marketing the Northern Territory as well as Australia.

CHAIRMAN—Could I just come back to AIDA and the development of that concept. How important has it been in overcoming the archipelagic differences in Indonesia? I mean, the eastern side is reasonably underdeveloped. What has AIDA done in terms of fostering that development and therefore linking in with the Northern Territory? In fact the Northern Territory has very strong links predominantly with the eastern region, does it not? There is a question as to whether that is a wise move or not, bearing in mind its relatively underdeveloped nature.

Dr Fletcher—The AIDA agreement is a fairly new concept. It has existed for less than 12 months and, while there are some sceptics, it seems to have taken off. We actually ran a workshop in March here in parliament house on government business relations and AIDA. Unfortunately the proceedings are still at the publisher so I cannot give you a copy.

The working groups are still in their infancy but they do seem to have placed the territory in quite a successful position in terms of where it feels it should be in this whole debate about the relationship between Australia and eastern Indonesia—in as much as you have senior bureaucrats chairing working group sessions of the Northern Territory

government. I know that there is a working group on tourism, for example.

My impressions are that the relationship between eastern Indonesia and the Northern Territory is very important and that, in terms of linkages, in the short life that it has had, AIDA has been quite successful. Perhaps I am an optimist but it does seem to have attracted a lot of activity. During the recent expo up here we even had the European Union with a stall. Suddenly everyone seems to see that the territory has some potential—it could be used as a jumping off point, or at least that it can provide a safe house for private infrastructure that you are going to want to come back to when you do business in eastern Indonesia. So, my view is that AIDA is relatively successful. Also it is a natural extension of the MOU that was signed in 1992.

Senator BOURNE—On the statistics, there is a fascinating item 'confidential 98888'; what would a confidential export be?

Mr DONDAS—It could be pearling or the fishing industry.

Ms Phillips Brown—It is the old problem that you have with the Australian Bureau of Statistics. They must suppress data that will identify a firm or whatever.

Senator BOURNE—So it is basically commercial-in-confidence.

Ms Phillips Brown—Basically, yes.

CHAIRMAN—With the emphasis on the Brunei, Indonesia, Malaysia thing, do you see the territory pushing a bit beyond that, or is that where the advantage lies just for geographic reasons?

Dr Fletcher—I would imagine that it would want to push beyond that but the business community here seems to focus quite firmly on the BIMP-EAGA region. They run a lot of public forums on countries in the BIMP-EAGA and do a lot of trade, comparable to the size of the territory. On the other hand there are a lot of other countries involved in BIMP-EAGA hence when were given the rump of Indonesia, the worst part or the most underdeveloped part, to actually prove ourselves in—as seems to be the case with AIDA, within the Indonesian relationship—people, in a sense, seemed to breathe a sigh of relief because, in the light of the competition for the BIMP-EAGA region, they could recognise that at least they had that. Nonetheless, that is a key area.

CHAIRMAN—We have talked about the national infrastructure. What about the external infrastructure in terms of air and sea?

Dr Fletcher—Transport is an area, as you would probably be aware, on which AIDA has established one of its six working groups. There have been a lot of problems with the air links, as there are with the sea links. There is huge infrastructure development

at Darwin port. Shipping to and from Indonesia is limited to perhaps one or two main shipping companies. Queensland is quite competitive in this area as well. They have had problems with air links, and Mr Dondas would probably be more aware of this than I, but they did set up a special air link to Indonesia which failed recently due to not enough people using it. That is a big problem as well. The growth of air and sea transport needs to be linked back to our lack of land connections with the rest of Australia.

Mr DONDAS—What was the failed air link?

Dr Fletcher—It was Ambon. People in the air industry, like Air North, are watching quite closely.

Mr DONDAS—But you would never have expected much traffic to develop with Mapati anyway and there is talk that, because they are going to be flying into Melbourne in the near future, they may drop a lot of their eastern province sectors—so they can pick up more trade on the busier routes, I suppose. That will be a pity if that happens.

CHAIRMAN—You have been critical of the lack, here in the territory, of statistical bases for economic data, or that is what I understood you to say?

Dr Fletcher—Not so much statistics as serious economic analysis.

CHAIRMAN—What are you, as a unit, doing in relation to the Northern Territory university with the Northern Territory government to enhance that?

Dr Fletcher—We are a very small organisation and we are networking like crazy. Our focus on Indonesia only developed at the beginning of last year—it was a project that I established when I came up here from Canberra. It is still in its infancy. We have run a series of workshops and produced two volumes, one called *Federalism in the Northern Territory* and the other called *Budgeting for statehood*, with quite a lot of input from the under treasurers and others around the other states. We are just about to produce a book called *Government business relations between eastern Indonesia and the Northern Territory*. We have done a lot to signal our interest in this area and to at least, while we are trying to develop expertise, gather in those who are experts to provide us with the substance of this. We are part of the Cooperative Research Centre for sustainable development here; we are in the process of hiring an economist to work on modelling for sustainable development in the north.

I guess this comes back to the earlier question about horticulture. For example, what, other than crocodile eggs—in terms of indigenous things—might we be able to export; or could we develop indigenous foodstuffs which would involve indigenous people in these processes? We have done a lot to try to develop this and we have strong relationships with NTU, as well, now.

CHAIRMAN—Unless you want to make any final comments, thank you very

much indeed. We will now adjourn until 2 p.m.

Luncheon adjournment

[2.10 p.m.]

AWAN, Mr Saqib, Chairman, International Business Council of the Northern Territory Chamber of Commerce and Industry, PO Box 3405, Darwin, Northern Territory 0801

FANNING, Mr Geoffrey, Executive Member, International Business Council of Australia's Northern Territory Chamber of Commerce and Industry, GPO Box 1825, Darwin, Northern Territory 0801

FLUDER, Mr Hans Peter, Vice-President, International Business Council of Australia's Northern Territory Chamber of Commerce and Industry, 45 Shepherd Street, Darwin, Northern Territory 0800

PRIOR, Mr Robert Benjamin, Marketing Director, United Bulk Transfer Systems Pty Ltd., PO Box 35946, Winnellie, Northern Territory 0821

MANSER, Mr Julian, Chief Executive Officer, Perkins Shipping Pty Ltd., Frances Bay Drive, GPO Box 1019, Darwin, Northern Territory 0801

BEERE, Mr Geoffrey, Technical Consultant, Asia Experience, PO Box 264, Berrimah, Northern Territory 0828

BLUNT, Professor Peter, Business Faculty, Northern Territory University, Darwin, Northern Territory 0909

PARKER, Mr Sidney Thomas, Chairman, Northern Territory Livestock Exporters Association, PO Box 2599, Darwin, Northern Territory 0801

CHAIRMAN—Gentlemen, we might start. If Ms West comes in she can make a contribution when she arrives. Thank you very much for coming this afternoon and perhaps the first thing I should do is to introduce those of the Foreign Affairs subcommittee who are here today. Most people would know the gentleman on my left, Ian Sinclair from New South Wales; Margaret Reynolds, Labor Senator from Queensland; your local member, Nick Dondas—I think most of you would know Nick; Vicki Bourne, Democrat Senator; Bruce Childs, Labor Senator; Colin Hollis from New South Wales, Labor Party; and Leo McLeay from New South Wales, Labor Party. I am Bill Taylor, Queensland, Liberal.

We thank you for coming along this afternoon. What I will do in a moment is to get you, just for the purposes of the *Hansard* record, to read into the record your full names and the capacities in which you appear before the committee. What we would appreciate—rather than perhaps taking up some time with opening statements, which we

might cover in the interchange—if you could just, when you introduce yourselves, recognise what area you represent in terms of the territory, just to give us an idea in what area you are involved.

As I said here this morning, this particular inquiry into ASEAN is very appropriate because it is in its 30th year and of course it is a year in which we have seen two—nearly three—new members of what is now the group of nine, and would perhaps have been the group of 10 had it not been for what has gone on in Cambodia. It is very important in relation to Australia's international relationships. What we want to hear from you this afternoon, I am sure, is the importance of that to the territory and what part you, as individual business people, the territory government, the federal government, et cetera, can play in optimising that relationship.

What I thought we would do, if you are all agreeable, is, after you introduce yourselves for the record, I will start a few questions going and maybe we will cover the issues; but if, in answering a question, you would like to move off into something else and make some particular comments, that might enhance the dialogue. We have got a couple of hours; I hope you have got a couple of hours to do that. It really is up to us to optimise that time. If you would like to start, just for the record introduce yourselves, go round, and we will take it from there.

Mr Awan—My name is Saqib Awan. I represent International Business Council, which is the international arm of the Northern Territory Chamber of Commerce, and I have with me, of course, a couple of other members who will introduce themselves.

Mr Fanning—I am Geoff Fanning, an executive member of that council.

Mr Fluder—I am Hans Peter Fluder, vice-chairman of that council.

Mr Prior—Good afternoon. I am Bob Prior, a director of United BTS, a Darwin-based company. Our main focus is heavy-duty transport in the mining industry.

Mr Manser—Chairman, I am Julian Manser. I am chief executive of Perkins Shipping, which is a Darwin based, locally-owned shipping company, operating in both domestic and international trades. I guess I speak to you as a shipping company, but I am also chairman of the federal government's shipping reform group and a board member of the Australian Maritime Safety Authority.

Mr Beere—Good afternoon, Chairman. I am Geoffrey Beere. I am a north Australian based meat and livestock consultant working in Asia.

Prof. Blunt—My name is Peter Blunt. I am a professor at the Northern Territory University, but I also am a director of several companies owned by the government of Brunei, in livestock, meat export and property development.

CHAIRMAN—Directly with the Sultan or the Sultan's property here in the territory?

Prof. Blunt—Yes, they are government of Brunei owned, and there tends to be a confusion between the Sultan and the government. It sometimes is a fairly hazy line, but strictly speaking it is the government of Brunei.

Mr Parker—My name is Sid Parker. I represent the Northern Territory Livestock Exporters Association. We are involved in the export of livestock throughout northern Australia.

CHAIRMAN—Can I just start perhaps with Julian and Peter Blunt. This morning, and in the written evidence we have had, there has been talk of infrastructure. In fact I made some media comments today about the importance of infrastructure, both in domestic terms and external terms, and links—both sea and air. There was also mention by the North Australia Research Unit people, who appeared before lunch, of some statistical evidence which indicated that the territory was lagging behind other states. I would be interested, Peter, in your reaction as to whether that is so because that is poles apart from what the territory government is saying. Maybe it is a different measure.

Prof. Blunt—I think it depends very much on what sort of infrastructure you are talking about. The city does, I think, have an extremely good infrastructure and the port facilities are developing fast, as you know. We are able to serve what I would call second-tier ports very efficiently from Darwin. Mainly we have been doing it on the back of the live cattle export trade so we have developed a container export business, which is predicated on the business that we do with live cattle using live cattle ships. What we are able to do from Darwin is to go directly into second-tier ports which do not require transhipment through, say, Singapore or Jakarta. In those terms I think we are well served.

The question then becomes: how do you move up to the next tier? I think that the railway is going to play an enormous part in doing that, both literally but also symbolically. I think it is an extremely important feature of infrastructure generally. I think the railway is a particularly good example of this in that it demonstrates your intentions in a very tangible way to countries in the region. I think the railway might be seen as, if you like, a hand reaching up to the north which is going to provide both extremely good additional infrastructure benefits to Australia as a whole but particularly the Northern Territory. In addition to that, it is going to provide what I could see to be a very good symbol within the region.

CHAIRMAN—We understand that the territory government has made a bid in terms of the federation fund and that comes as no surprise to most people, I think. So what you are saying is that that railway will overcome some of the impediments and constraints, not only for the territory but to national—

Prof. Blunt—I think it is a bit of a chicken and egg problem we face at the moment. In terms of the amount of business that we are doing out of Darwin at the moment you could say that the infrastructure caters for that quite well. The question then becomes how we are going to cope with a significant increase in throughput through this part of the country. The railway will help that a great deal, if it goes ahead, and the port will automatically follow from that. In fact the wellbeing of both of these infrastructure items very much hinges on each other. There is a kind of reciprocity there which is almost inescapable. The port will not really work in my view unless the railway comes through and the other way round.

Mr HOLLIS—I hate to be the one to throw cold water on any enthusiasm but I have been coming to the Northern Territory for many years; in fact, at one time in my dim distant past I lived here. Whenever I come here I see this enthusiasm for the rail and it seems to me, as an outsider of course, that every problem that the Northern Territory might have, its people believe is going to be solved once you get this magical railway. I served on the transport committee of the parliament for a number of years and I wonder what is the difference between the railway in the Northern Territory—say to Darwin, if it is going to provide all these benefits—and the transcontinental railway?

Why has not the same thing happened in Perth, with the transcontinental railway which is losing money hand over fist, be it through passengers, be it through cargo—and Mr Manser would know about shipping. This was a problem we came up with in Perth because a lot of exporters and importers were saying to us, 'Bring all the cargo to Fremantle, stick it on these double-decker trains and shoot it across to Sydney, and you're safe.' Where that argument breaks down is: you can put your cargo on a ship and you can bring it to Fremantle, but it is actually costing you no more to take it round to Adelaide, Melbourne, Sydney or anywhere else.

I wonder, if people are going to bring cargo to Darwin, are they then prepared to pay that additional amount of money, given the fact that cargo could be landed in Sydney more quickly? Sometimes it does not matter whether it is landed there more quickly or not; but are the importers going to pay that additional cost to take it off the ship, put it on the railway and take it south when, by leaving it on the ship, it could have leisurely gone around the coast of Australia at considerably less cost?

It does not matter if it is not just-on-time cargo—if it is a cargo where time does not matter and you have built in the factor that it is going to take three months. We are not talking about perishable goods or anything like that and we are not talking about cargo that is needed urgently. What we are talking about is people who order, say, machinery or something like that and have built into their calculations when it is going to arrive, so it does not matter whether it arrives in three months, and to them there is no economic benefit in having it there two days after it has arrived in Darwin.

Prof. Blunt—Several points. First of all, the geographic differences between the

two places you will of course appreciate, and I think that Darwin has an advantage over Perth in that respect in relation to certain ports in the region. The second point I would make is in relation to the type of ports that we are talking about. Mr Manser would be able to talk about this in much more detail than I, but certainly my experience is that with second-tier ports where you do not require transhipment, then there are certain advantages to be had from shipping through Darwin.

Where you are transhipping through, say, Singapore or Jakarta, then the efficiencies and advantages become less clear, so your arguments about shipping from southern ports to the major ports in the region I would, by and large, accept. The point that I would make is in relation to the second-tier ports and also in relation to the amount that could be shipped in smaller vessels to second-tier ports.

If we take for example the mineral development that is taking place in South Australia, one of the considerations there is whether you ship those minerals—iron ore—out of Adelaide in very large vessels, in which case you have to accumulate up to 100,000 tons at a time, or do you bung it on a railway, ship it up to Darwin and directly ship to the ports in question in much smaller vessels and save time, money and effectiveness? So those are the sorts of considerations that I would suggest need to be taken into account, and it is perhaps not as straightforward as you have suggested.

CHAIRMAN—Did you want to make a comment about this?

Mr Manser—Yes. If I can start at the beginning just very briefly. You opened, Chairman, by asking about the infrastructure. I would say that the current infrastructure here, certainly in relation to maritime activities, is adequate for the trade that is here at the present. There is no doubt if there is significant growth, then further infrastructure would need to be provided. The new port that is soon to be opened is, I think, a correct move. I think it is a good choice. I think even with no major changes here, the current port would outgrow its usefulness or its effectiveness within a matter of a few years, therefore I think the development of the new port is appropriate and well founded, and that new port will, I think, be able to cater for quite considerable growth.

There will be a very big quantum leap in the required growth or ability to handle it, of course, if there is a railway line, and I will come back to the issue of the railway line later. But the short answer to the question about current maritime infrastructure, at least, is that it is adequate and the provision of the new port I think takes care of foreseeable growth.

As far as trade shipments—as I think Professor Blunt was referring to—going to second-tier ports, I think that is a function of the trades that will grow. He mentioned the chicken and egg situation, and it is chicken and egg: do trades develop and do shipping companies establish services before the trade there, or does the trade develop and then do shipping companies and infrastructure follow? I think the answer really is that the

infrastructure needs to be ahead of it to allow the trade to grow. The commercial shipping companies will in fact go there once the trade is there. They will not go there until the trade is there.

As far as the railway line is concerned, I feel that if a railway line were to come here it would make a very significant difference obviously to the amount of trade that is handled here, but I do not think it will necessarily automatically be because of all maritime activities. I think Mr Hollis has made the point that the Western Australian line has been in operation for a long time. I do not suppose you could justify the Western Australian line now on economic grounds; if you wanted to build it today it would not get built. But it is there. It handles I think about seven per cent of the cargo that goes through Fremantle. In fact it is probably interstate cargo, so that probably gives you an order of the range of cargo that may flow through Darwin.

The major shipping companies will continue to go to other ports, they will not all automatically come here, but nevertheless there will be significant spin-offs I think because of the proximity and because of time-sensitive and valuable cargo. There will be significant spin-offs if there is a railway line here, but the railway line should be here not just because of maritime activity, it should be here for a whole range of other issues.

Mr SINCLAIR—Having been the minister when the standard gauge railway was connected to Perth, I do have a bit of a vested interest, but I will not respond to Colin. What concerns me is a little bit different. It seems that in the recent past there have been a number of commodities that have been principally shipped out of Darwin. It worries me that you really only have two ports, I understand, Nhulunbuy and Darwin. Are there many goods shipped out of Nhulunbuy? It is a port which essentially is linked to the bauxite trade and to the bulk vessels needed to ship bauxite. I presume there is oil carted in there. I do not know whether there is any other commodity, perhaps some other processing commodity; it would be very little. But are there any cattle shipments from Nhulunbuy? Are there plans anywhere else in the Northern Territory to develop port access?

Perkins Shipping has been providing a shipping service, but it is essentially more to provide for the stations than anything else, and I am not too sure whether McArthur River is at a stage where it is actually operating. But around the gulf: is the Northern Territory thinking beyond Darwin, because part of my concern has always been that Darwin is doing very nicely, but when you move outside Darwin, apart from the Tindal development there is no significant development really apart from a few mines, and they come and go; and the properties come and go until you get over to the Ord in the north-west, and to a degree Nhulunbuy in the east. I think if we are going to look at the territory we really have to start thinking beyond Darwin, and I wonder to what degree you people see beyond Darwin and, in terms of port development, how you regard it.

Mr Manser—Darwin is the focal port and I think probably logically it will continue to be so. Ports develop where populations and industries are. In terms of

Nhulunbuy or Gove, it is a fine deep-water harbour, a very good harbour. There is actually a lot of tonnage going in there. There is a lot of fuel—as you say, they are a very heavy user of fuel—and they ship their bulk products out; and also Groote Eylandt of course is a significant exporting port as well and again is a fine deep-water port.

You are right, my company services the communities, but it does also service the mining functions of Gove and Groote Eylandt as well as international operations. As to the prospects for further development of trade or industry from Gove—there are some spin-off things that could be developed, such as aluminium hydrate and things like that out of the bauxite mine, but in their own right I guess they are going to be incremental on what is already there, unless there is some catalyst that makes that change. I therefore think that Darwin will remain the focus of any port and infrastructure development in this region.

Mr SINCLAIR—The Timor Gap will of course focus in through Darwin rather than anywhere else, will it not; the oil and the gas and so on?

Mr Manser—It will; there is the possibility, as some of the oil companies talk about, that some of the Timor Gap could be operated out of Broome. I think that is unlikely—possibly some from the North West Shelf, but essentially the logical place for it to be would be from Darwin, yes.

CHAIRMAN—Do all the cattle go out of Darwin?

Prof. Blunt—They go out of a variety of ports.

CHAIRMAN—Do they?

Prof. Blunt—But it is sporadic, and you would expect the bulk of exports to go out of Darwin that come from the Northern Territory. There are some that go out from the gulf.

Mr Beere—I think we exported 450,000 last year—

Mr Parker—Darwin is the only port in the Northern Territory that live cattle go out of.

CHAIRMAN—The only point, is it?

Mr Parker—The only one in the Northern Territory, yes.

Mr SINCLAIR—You say always out of Darwin, but out of north-western Australia, it is always shipped out of Wyndham?

Mr Parker—Yes, Broome and Wyndham, and then in Queensland there are quite a few going out of Karumba in the gulf.

Mr SINCLAIR—You are transporting your cattle on road freight so that—

Mr Parker—Road trains, yes. There is even a shipment or two going out of Weipa.

Prof. Blunt—But you could not build a port facility around a trade which is as occasional and as, shall we say, impermanent as the live cattle trade.

CHAIRMAN—To pick up Colin Hollis's point, if that Alice Springs to Darwin railway were to be built—it is not the panacea to everything, but it has to be a multiplier, does it not?

Prof. Blunt—Yes, it certainly will. If I can just say one more thing about the railway, I think that something about it which tends to be underestimated is its potential for leading development along the corridor, and it is very difficult of course to assess that, and the feasibility studies that tend to be done will tend to be on the conservative side because nobody likes to stick their neck out. So they tend to underestimate deliberately the development which could be led by a railway line along the corridor.

CHAIRMAN—What along that possible route would be enhanced in terms of trade with Asia. Would it be horticultural stuff, for example?

Prof. Blunt—I think mining. Mining is the obvious one, in that you are going to have a lot of people looking a lot more closely at parts of the country which previously they have not looked at as closely as they might have because of the absence of suitable transport to a deep-water port, and I think that will change. That would be the major thing.

Mr LEO McLEAY—While we are on this cargo cult of railways, Mr Chairman, there is a second proposal for a railway around as well, which is this one that starts in Melbourne and wends its way up the coast and comes through Mount Isa and all points north, south, east and west. Does anyone see any relative benefits between the two proposals, or do you just see that as a really super cargo cult?

Mr Fanning—You have to look at them both together.

Mr LEO McLEAY—We cannot have two.

Mr Fanning—I am not suggesting you should. But if you had a link from Tennant Creek to Mount Isa, it would open up the Central Queensland trade to the north. That to me makes sense.

Mr LEO McLEAY—It would seem that that one has a bit more going for it in that it would go through a lot more centres—than the Alice Springs to Darwin one would—that can actually provide something to go on the ship to leave Darwin.

CHAIRMAN—There is a lot going on, and the Errol Compton group is pushing this inland rail bridge which just happens to come on the edge of my electorate, but that is neither here nor there. I guess it does get down to competing interests, and there is just not enough money to go round in private terms. What that consortium is proposing is private funding. What the federation fund would be proposing is basically only seed funding. You have only got a billion dollars to deal with everything, and there are big bikkies involved in terms of even a Darwin to Alice Springs line. So I guess it gets down to some judgment. But the thing about Darwin to Alice Springs, to get on to what Julian said, is that it is wider than just economics. There are strategic dimensions to it as well, very substantial strategic dimensions to it. Is there anything else in terms of the railway?

Mr SINCLAIR—The only thing as far as the Compton proposal is concerned—and I do not know whether you have got any views, but I understand that it goes through quite a lot of country which is now subject to claims. How do you see the prospects of the Compton proposal? Is that not one of the real headaches? It is all very well saying it is going to be privately funded, if you cannot get access to the land, it will always remain, as Leo describes it, as the super cargo concept.

Prof Blunt—There are two things that strike me about that proposal. Well, there are several, but mainly two. One is that it is clearly a much bigger project. It is $10 billion as opposed to $1 billion. I think that what we have seen of it so far, there has not been as much substance on the financing of the project, except to say that it will be privately financed. I think it is easy to say that. I will be very interested to see how it happens and whether it happens.

The second thing that strikes me about the proposal is that I do not see that they need be at cross-purposes. I think the two proposals could go together, and I would imagine that were the Alice Springs to Darwin proposal to proceed, the second proposal would be modified accordingly to take account of that, and of course it would. So I think you could have your cake and eat it, so to speak. The first proposal, the one which is currently being debated in some detail, would be totally funded for in the region of $1.3 billion, including rolling stock. So it is a much more feasible project, and it would be much easier, particularly with $400 million or $500 million from the government, to finance.

CHAIRMAN—The Compton proposal—at a public meeting in Toowoomba the week before last, his throwaway line was, ‘Ten billion dollars is fairly easy to get hold of.’ I am not so sure that that is the case. Ten billion—say it quickly and it will happen.

Mr SINCLAIR—On the infrastructure, there was something that you said, Julian, that interested me. You were saying that you thought the port development here in Darwin would be adequate for the moment. Are you putting in a container port?

Mr Manser—No.

Mr SINCLAIR—What are you putting in?

Mr Manser—The new port in Darwin will transfer when it opens, as I understand it, existing trades from the old port Stokes Hill Wharf and Fort Hill, and that will take care of the cattle trade, the oil industry—that is the rig tenders—some of the bulk products and general cargo, but the container side of it will stay under the old facilities because that is where the container crane is. The container crane will not move, it cannot move to the new port, I should imagine, until such time as there is sufficient container trade to justify it. This is not a big container port, about 10,000 containers a year, which is very small.

Mr SINCLAIR—Your emphasis has been on exports to Asia: surely part of our concern is the two-way relationship; and one of the significant advantages, surely, of the growth in the particular parts of ASEAN with which you are dealing is the extent to which they are also going to sell into you, and sell through you. The port will be adequate to handle inward goods, will it not? In terms of containers, if you are not using the main ports, if you are dealing with bulk break cargoes from Brunei or from Mindanao or from the eastern provinces of Indonesia, how do you handle those?

Mr Manser—Currently the majority of the cargo coming inwards into the country, the imports, is general cargo—pipes, mining equipment, machinery. That is handled quite adequately now in the current facilities, and I should imagine would be handled even better in the new facilities. Unless there is some phenomenal growth, the new port, I am quite sure, would be quite capable of handling that for some time to come. If there is only going to be a build-up of container trade that will require the development of a bigger container port and bigger container facilities. I think if the railway line comes in, unless there is some massive build-up of industry and other things happening here in terms of the exports, the exports coming out of here will be bulk products and cattle products. There are no general cargo or container exports out of here of any note, which is regrettable because in our case the ships are full coming in and empty going out, and it would be highly desirable to try to develop some export trades.

Mr SINCLAIR—That really is the point I was getting to. It just struck me from what you were saying that you have got everything focused going that way. But if Darwin is to grow and to become genuinely an industrial capital of the future, it being so far removed from everywhere else, you would think it would make sense to do it. If you are going to get cheap power from access being provided through energy from the north-west or from Timor Gap, then are there any plans to look at what you can develop and export by way of processed, manufacturing goods?

Mr Manser—I am probably not the right one to ask that. There have been things like breweries and that come from time to time and say they are going to export. There are some exports that develop; they come and they go. There have been a couple of good notable successes actually. But as to whether there are any plans to develop major

industries that are going to be able to manufacture and export, I am not aware of them. It would be good if there were but I am not aware of them.

Mr SINCLAIR—The free trade zone, for example, has not taken off. It is not developing anything it is going to export?

Mr Awan—Just about every company that is located in the trade development zone has got an international trade focus, whether that be export or predominantly export. There are a few importers and exporters. The current situation from Darwin to Taiwan and Japan for our particular company is very grim because unless we are sending a full container load from here through Perkins we would not be competitive at all in comparison with the prices that are offered in other ports. So we simply truck it down to Adelaide and other places, which takes maybe 15 days more, and then those shipments go up to Taiwan and Japan.

Mr SINCLAIR—So you are actually exporting to Adelaide from here?

Mr Awan—Yes. We have no choice, because if I want to really bring the cost down currently to compete with my interstate competitors that is the only choice I have got.

CHAIR—Bob Prior, do you want to make a comment?

Mr Prior—I cannot comment in an expert way on rail—one scheme versus the other. But from what I heard Julian say a moment ago—Julian, you have got an empty capacity going back to Singapore.

Mr Manser—Yes.

Mr Prior—Over the years we have sent heavy transport equipment to Kalimantan, to China and to Canada, and we also export to Kalgoorlie, if you like—'export' to Kalgoorlie, to New South Wales, to Queensland. Our view is that freight is certainly a big barrier; our freight costs are too high.

CHAIR—How do you export to other ports—by road train or by—

Mr Prior—To the south by road train, yes.

CHAIR—So to Kalgoorlie you would send it by road train?

Mr Prior—Yes.

CHAIR—New South by road train?

Mr Prior—Yes. It is not so bad that way. It is still a problem but it is back-loading capacity so it is not so bad. But going the other way, going to Kalimantan for

example, is quite a big problem.

CHAIR—How would you ship it to Kalimantan? Send it back to Sydney or somewhere?

Mr Prior—No, through Perkins in Darwin.

Senator CHILDS—I am interested in evidence in research-based tables because if you are not careful things seem like a good idea, and sometimes politicians grab hold of things that appeal to people's idealism and hope, especially at election time. What I would be interested in is whether you can turn my attention to in-depth economic research that will demonstrate the benefits. This morning there was some evidence that the Northern Territory government has not conducted extensive research in this area. We have not had the opportunity, I should point out, of being able to quiz the government, because they could not come because of the election. Can you draw my attention to in-depth research, or evidence that comes out of that research, to show the benefits in these areas, both importing and exporting?

Prof. Blunt—I can give you some practical examples which perhaps are better than research because they show how it actually comes out in practice. We export about 20 frozen containers of product a month out of Darwin. We do so on the back, as I said earlier, of cattle ships. That enables us to get a container say from here to Muara port in Brunei for about $2,000 ex Darwin. To ship the same product from Sydney it would have to go from Sydney to Singapore where it would have to be transhipped and then it would have to go Muara port. The total cost would be about $7,000.

So we immediately have a $5,000 head start with the products that we are shipping out of Darwin, because of the connection and integration that we have with our cattle businesses. I believe that it should be possible—and that is why I keep going on about these second-tier ports, and it is a chicken and the egg problem. If we can establish good trading links between second-tier ports and Darwin, it will be profitable to duplicate more or less what we have managed to do with the live cattle trade and the frozen meat business by integrating these two things. There are substantial savings to be made if you are imaginative about the way that you do it.

That is on the export side. Once that sort of business grows, I think it will then become cost-effective to go to bigger ports. That has no research base unfortunately. But it is a reasonably well-based hunch.

Senator CHILDS—I appreciate your hunch; we have them all the time. That is why we are hunchbacks as politicians! But I am asking you as a professor what research you can draw my attention to that I could lay out as a scientific approach to the possibilities, and you have just given me a hunch.

Prof. Blunt—I have given you a case example which demonstrates beautifully how it can be done.

Senator CHILDS—I appreciate that. All I was asking is whether you can draw my attention to anything else in the literature?

Prof. Blunt—No, there is very little.

Mr Awan—Can I just ask something there as well? First of all, have you had a look at the Wran report and the revised version of that from our transport minister? I would like to know what your views are on that, sir?

Senator CHILDS—No, I have not. I remember the Wran report. I certainly have not visited it in recent times.

Mr Awan—If you have a look at that report and the revised version of that, they had actually hired quite a few well-known consultants throughout Australia. Whatever numbers they crunched obviously were numbers that the Northern Territory Department of Asian Relations, Trade and Industry challenged. They went back to those consultants and said, 'This is what we think. Where did you get your figures from?' Since then just about every one of those consultants has come back and said, 'Yes, the figures that have been provided by the department of trade here are accurate', and they do obviously provide an excellent reading in terms of giving you that specific example, or those examples, of what you are looking for.

CHAIR—Just going back to the secondary ports again, in terms of Indonesia, are they on the eastern part of Indonesia in the main?

Prof. Blunt—The major trade would be into Java, Surabaya, Ujung Pandang and places like that. At the moment, as I keep saying, we can only do it one way. Perkins, I think, does not have a direct service to secondary Indonesian ports, does it?

Mr Manser—Yes, but it is on inducement.

Prof. Blunt—On inducement, that is right. They do not have a regular service. And it does come back to this chicken and egg thing, which we keep pointing to. You can do research until you are red in the face but eventually somebody has to make a judgment.

CHAIR—What impact, for example is AIDA having? I know it is only in its gestation period really, but what, if any, impact is it having on this secondary ports situation or overall development on a bilateral basis between Australia and Indonesia?

Prof. Blunt—Well, in relation to AIDA, I have just been asked to be on that committee actually. But as far as I can make out the progress that has been made so far

by the working parties has been fairly fragmented. Certainly from the agriculture working party, not very much has come out. One of the problems I think with that entity is that they are not really clear about what their terms of reference are. Are they a body that is meant to be making contributions to policy? Are they a body that is meant to be coming up with specific projects which can be sold to somebody or other? I think until those sorts of things are sorted out, that group may not be as useful as it could be.

Mr SINCLAIR—I am thinking of mining actually. From what you said, Bob, you export mining equipment south, but if you are going north you would export through Perkins. Do you get mining equipment ferried through Darwin to export to ports such as Kalimantan?

Mr Manser—We go to places like Kalimantan with a range of products, but it is on inducement, yes.

Mr SINCLAIR—I was really thinking in terms of whether you transport equipment from the south or, as Colin suggested, you ship basically out of southern ports at the moment?

Mr Manser—No, generally very little equipment will come from the south and be trans-shipped through here. It will usually go to somewhere like Adelaide or one of the southern ports. I can give you a good example of that right now: newsprint that is coming in here now is actually being shipped from Hobart in Tasmania via Singapore, rather than actually doing the link and coming up through internal transport.

Mr Prior—In our case we have overcome the problem in terms of the Indonesian market by manufacturing items for that market in Indonesia.

Mr Beere—Mr Chairman, we were talking about documenting things. I, in my own right, try to be an exporter. In my efforts to export product I quite often go up quite a few blind alleys because I cannot do things, and I am not about to document it. I have just got to put it in the too-hard basket. There are many things that I would like to do out of Darwin and unfortunately I have to do it all on the back of the cattle boat. I did not document it.

Senator REYNOLDS—Can I just ask about the perceived role of Austrade locally, and how you and others work with Austrade locally.

Mr Beere—We are very aware of Austrade. When I am overseas I quite often visit them. We have got a department of Asian relations here, and it is just a matter of the logistics of following that. There are many ways of getting to something; Austrade definitely seems to be capable, but sometimes it just does not apply to the people that we are getting to. We are getting to the little person there somewhere.

Senator REYNOLDS—I am interested that you comment that you are aware of it in Singapore, I think you said.

Mr Beere—I meet them around the place. You introduce yourself.

Senator REYNOLDS—Yes, but what about here in Darwin? This is where we are hearing of some of the issues that you are raising. What is your relationship with Austrade here in Darwin? Do you have a working relationship with them in Darwin? Do you work through Canberra more than Darwin? What is the situation?

Mr Fanning—Definitely through Darwin.

Senator REYNOLDS—Definitely through Darwin.

Mr Fanning—Yes. The best thing that Foreign Affairs ever did was to upgrade the standard of their office here and appoint recently a very senior guy who has come to us with a lot of international experience, particularly in Asia. He has a very strong Asian focus, having spent time in Shanghai, in Islamabad and also in Beijing and I think the Philippines. What he brings with him apart from his professional experience is the network of connections in those regions. If you lay that over what DARTI—Department of Asian Relations, Trade and Industry—and the IBC do, what does business in this part of the world is those connections.

Senator REYNOLDS—Those networks, yes.

Mr Fanning—Austrade have a lot of pull quality; they can pull in high-level speakers that are coming through the place to address local business, and raise the awareness of things, but in doing business it is the personal link and the follow-through of years of connections and introduction from Austrade, because a guy who has worked for it for 15 years gives you a quantum leap into starting to talk about business.

Senator REYNOLDS—The reason I asked the question is that we have had an excellent submission from Austrade, but it comes from Canberra, of course. We all come from Canberra—

CHAIRMAN—Not me.

Senator REYNOLDS—Sooner or later we come from Canberra, even if we come via other places. I suppose what I am wanting to hear is precisely what you have said.

Mr Fanning—It was probably prepared here.

Senator REYNOLDS—There is very little reference to Darwin, and that is what bothers me. I do not think it was prepared here, and not only have we not read anything in

this submission about Darwin, but we have not been able to meet with Austrade here because it is all done from Canberra. I am very keen to hear that sort of evidence, and I am wondering if other people have anything to add.

CHAIRMAN—I might just say we attempted to get them involved here and they immediately referred it back to central office.

Mr Fanning—The other point to remember is that the appointment in Darwin is the only appointment that Austrade have that is based in Australia but services Asia.

Senator REYNOLDS—That is why it is frustrating.

Mr Fanning—It is so significant because having them here as a base brings the Asian focus or the BIMP-EAGA focus back to here, which is his responsibility, and from our point of view—from the point of view of business in this part of the world—that is the closest link. Even though eastern Indonesia is largely agrarian in terms of what they will take or export to us, as that living standard grows the demand that will come from here is far greater. There will always be an imbalance; we will always send more there than they will bring back here.

From our point of view, from a diplomatic point of view of having two senior officers based here in Foreign Affairs, it has another double advantage: if you are bringing high-level business people of diplomatic level, to have that added assistance of someone to meet them at the airport often sets the meeting off right. You can do away with all other bureaucracy at an international airport gate. It shows those Asian businessmen that you are attuned to how they do business. Quite often that is the first step in doing business.

CHAIRMAN—We have got a written response here from Don Cairns. He apologises for absence in Manila for the past 10 days and he says that after consideration they decided not to avail themselves of the offer to attend this hearing in Darwin mainly because their representatives had already appeared before the committee in Sydney and Canberra and given Austrade's views on this matter. That is the difficulty that we run into with these sorts of things.

Mr Prior—We admit Mr Cairns is a nice man and we have met the gentleman in Darwin. He is a good, competent and experienced man. We explained our problems in China and we spoke to Austrade in China. We got a quote back and it was expensive—of a similar price to dealing with any other trade consultant in China. We could not be confident that they were any better than any other consultant and we could not proceed. We sort of come close—get touchy, touchy, a bit close—and then drift away again because we are not confident of an outcome.

CHAIRMAN—That is really the line of questioning: how effective is Austrade in a regional sense?

Mr Awan—My personal experience is that I was in Indonesia two months ago, having hired a consultant privately to do a job because of certain recommendations I had received, and I was very disappointed. I was on the phone to Don Cairns here—these mobiles work pretty quickly; they connect you—and Don, within an hour, put me on to the trade commissioner based in Jakarta, whom I saw within an hour of my phone call to Don. He gave me three names, and one of them is a company that I was talking to only yesterday that is going to start importing our fruit juice products from here. It is the network, I suppose. It depends where you are and where those private consultants are. That private consultant in China could have been better than Austrade, but personally, having used Austrade—

Mr Prior—I would not know if it was any better or any worse, but it seems to us they are of a similar standard, or questionably of a similar standard. With a consultancy who earn their money they have to generate revenue to feed themselves. They are perhaps a bit—I would not say harder working, but perhaps a bit sharper. If you have an Austrade consultant who is perhaps young or has been in different postings, perhaps not so long in Beijing or Datong, you lack that degree of comfort and confidence so you go another way.

CHAIRMAN—You are talking about a basis of a fee for service. You felt that somebody else could do the same sort of thing better for the same amount of money?

Mr Prior—That is right. So with that risk in return, you say, 'Okay, we have to invest that money. What is the risk?' We are not confident.

Senator REYNOLDS—In terms of the local contact, because that is what I am focusing on—

Mr Prior—A good local contact.

Senator REYNOLDS—Good local contact.

Mr Prior—But how much further do you go? You talk, you chat, you network—you do all these things—but when you are trying to get into another market—

Senator REYNOLDS—You do not feel Austrade can open those doors?

Mr Prior—I would not say that. I would just say, based on our experience so far—and our experience is narrow, it is unique, it is confined to us, it does not include others. We do have 50 trailers in Shanxi Province and we are trying to go to the next step, to closer engagement in China, not just trying to pick up a one-off order and try to get it in. There is a big difference. So we have not used Austrade for that reason.

Mr SINCLAIR—It depends who is there from Austrade too, because there was a very good fellow there before.

Mr DONDAS—Professor Blunt, how would you see the state and federal governments? What role should they play to further facilitate trade for the Australian region, and obviously towards Asia, using Darwin as a base?

Prof. Blunt—A nice narrowly defined question there, Nick.

Mr DONDAS—What should they be doing?

Prof. Blunt—My view on that is that there are clearly two broad sets of questions which need to be addressed. First of all, there are substantive policy issues which we could talk about and, secondly, there is a whole range of issues which have to do with how we present and what forums we are presenting in.

My encounters in the ASEAN countries seem to involve mostly the question of how Australia presents in relation to the substantive policy issues, rather than what are the substantive policy issues. What do I mean by that? I think it has to do with the positions that we adopt in relation to such questions as human rights, forms of governance and the environment—that sort of issue. When I am talking to senior people in ASEAN, the things that they tend to focus on have to do with the way in which we address those sorts of issues publicly whilst we are abroad. I think that we tend not to do that very well. I think we are seen, certainly in the circles that I move in, to be far too closely attached, if you like, to the coat-tails of the US when it comes to those questions that I have just referred to—human rights and issues of governance.

What I would like to see certainly is for us to become a little clearer. It seems to me it is necessary for us to become a little clearer ourselves about what our position is vis-a-vis those sorts of issues, first—and, second, how we present in relation to those issues in the different fora that we move in in this part of the world. I think we are poor on both scores, and there has been a lot of recent illustrations of that.

On the substantive issues which have to do with policy, I am not an expert on this by any means but just to give you a sort of practical impression which comes from the work that I do for the Brunei government, I think that we need again to be seen to be clearer about what industries we are interested in promoting from the point of view of inward investment. At present it is not clear to an informed intelligent observer in ASEAN where our position lies in relation to particular industries and what incentives exist for a potential investor who might be interested in a stable economic and political environment for an investment within the region. I think that is important. It should be possible when you are talking to an investor who has pots of money and who is interested in investing for them to be able to get a clear impression of what it is that we want them to invest in.

Those would be my broad comments. Firstly, we have to attend to both substance and presentation. In my view we are not doing either particularly well. I think it is largely, to answer your question finally, a federal rather than NT government issue. I think it

needs to start from the federal government.

Mr DONDAS—One further question, Mr Chairman. In relation to Pauline Hanson, how do you think the impact of her stance in terms of her policies has affected trade with our region, with Asia?

Mr Fluder—I think that particular issue has tested the real business relationship between Australian businessmen and Asian businessmen, and people who have sound and honest business relationships have survived that question without any problems. For people who have not had, it was a very convenient excuse to break up a business relationship which was not very good anyway. That is what I find.

Mr Awan—How about industries such as the education industry or the tourism industry which rely strictly on individuals' choice as to where they are going to go for their next holiday or if they are going to send their children for education?

Mr Fluder—I am talking from personal experience and in relation to the people I deal with. My primary focus in Asia is information technology and information systems. I am really a people person, a people trader. It has really not affected that business at all. It has not affected any associated business activities with my primary business partners in terms of investing in Australia either, and it has definitely not made them in one way or another look upon us and our capabilities in a worse light than ever before. We are still regarded amongst the people who have the money and the influence and the power in those countries as being able to provide a stable legal system, a stable political system and an excellent lifestyle.

CHAIRMAN—Peter, what about you on your campus?

Prof. Blunt—It has had a negative effect. I am not able to specify exactly how much we are down, but my faculty gets most foreign students in the university.—

CHAIRMAN—The Business Faculty?

Prof. Blunt—Yes, and it is mentioned all the time, both at home and abroad. I think there are two features of what has happened which are mentioned most frequently. First of all, there is the obvious one, which has had a lot of air time in the media, and that is that we did not deal with it firmly enough or quickly enough. Secondly, once we did start to deal with it, we dealt with it in a way which in my view was wrong.

What we tended to say was that Hanson is saying the wrong sorts of things not because we find them to be morally repugnant and unacceptable, but because they are going to hurt our back pocket, hit a nerve. That made things worse. For obvious reasons it made things worse. It made us look hypocritical and/or stupid. In Asia, looking stupid is much worse than looking hypocritical. Everybody is hypocritical, and it is accepted, but when you add stupidity to that then it really begins to get bad.

CHAIRMAN—Your on-campus student body is principally Indonesian—or is it a mixture of Indonesian and Malaysian?

Prof. Blunt—It is Singapore, Hong Kong, China mainly for us—and Malaysia.

Senator REYNOLDS—Is there any linking of the Hanson factor with the participation of indigenous people in business enterprises, in tourism, cultural tourism or environmental tourism? Is that a way in which Australia is able to balance out the perspective a little, or are the two just so separate that it really is irrelevant to try to link the two?

Prof. Blunt—I think the question of our indigenous community is seen by informed observers in Asia to be our Achilles heel. I think it is always surprising to informed observers when we are talking about questions which have to do with morality, if you like, questions of human rights, that this Achilles heel seems not to be as evident to us as it might be, so that we are able to get on the moral high ground and to explain to others in their own countries how they might behave in relation to their indigenous communities whilst we have an indigenous community in our backyard which is much smaller in number of course but where the life expectancy is the same as it is in Zaire.

That again, I think, makes us look, firstly, hypocritical and, secondly, possibly stupid. We underestimate how widely we are perceived by informed observers in that way, and I think again, if I may say so—it is something I feel quite strongly about—we need to do something about that because it is extremely embarrassing. I do not think, to answer your question finally, that having more indigenous people in what might be said to be visible occupations is going to help that. We really need to be seen to be attending to the substance of those issues in a way which produces results and which gives them a life expectancy not of 47 but of say 67, where ours is 75.

CHAIR—What about other anecdotal experiences of the Hanson thing?

Mr Beere—In my trade I have been through 'Who put the roo in the stew?' I have been through it quite a lot. There was our feedlot: we had a contaminated feedlot, contaminated meat. That is quite an ordeal—being in Asia at that time. You know, 'What is in this carton?' So we have been through that. I was with one character in Sulawesi—and there are quite a few minority groups in Sulawesi—and this native said that Mrs Hanson might be a good lady to clean up their problem of immigration. They refer to her as someone that would be good enough to clean up their internal—it was in a joke, I suppose.

The big issue that I get overseas, or my biggest problem, especially out of Darwin, is that people burn flags and things in Darwin. The other day I was in Jakarta—I had two weeks in Jakarta—and Nelson Mandela visited Jakarta. Nelson Mandela was greeted fabulously by Suharto. It was terrific. I took that on board, and when I had a think about

it, sitting at breakfast and reading about it in the hotel, I thought, 'Hang on, how come we have Nelson Mandela, who is the king of civil rights, and here we are, it's his third visit in six years?' They were talking about trade and I was waiting for the Timor issue to come up in the newspaper. Day five, still none. Of course, what it is is that I am sure Nelson Mandela did not talk civil rights to his Indonesian friend. I am sure that what he did was just be his friend and encourage the country. What they are doing is improving everything in the country. I think that is far better than us and what happens on our side. We try and tell them how they should do things, and of course we end up in all kinds of trouble. My idea is: why do we not let Nelson Mandela look after the civil rights of the world and let us get into the trade, let us start doing business? I just get time to think over there, but that is what I thought anyway.

Mr Parker—This Hanson business has just been blown completely out of all proportion here in the press in Australia. I go to the Philippines quite a lot and most people have never heard of Mrs Hanson. They say, 'Who's she?' It is as simple as that. Even the government—a lot of the government people are not interested in Mrs Hanson. It is just that every time you watch the TV or something, you find that the press have got something else about Pauline Hanson. Once you get overseas it is unheard of.

Mr Prior—I do not want to comment too widely on Pauline Hanson. I will just confine it to what I know and our experience. We have quite a few Indonesian staff in Darwin, mainly engineers and technical staff. The major shareholder in our company is now a large Indonesian company. It has been my experience that people in Asia, in Indonesia, know Pauline Hanson. She is probably the best-known politician in that part of the world. It is not discussed in a heavy, negative or emotional sense, but I detected a degree of embarrassment there. It needs to be dealt with. It is potentially quite damaging.

CHAIR—Embarrassment because they know that Australians are not really like that? What are you saying?

Mr Prior—I do not know. Certainly embarrassment. Probably embarrassment because they do not quite know how to talk about it, how to tackle it, how to have a dialogue and discuss it in a meaningful way. So it is certainly an embarrassment. I stress it has not affected our relationship, because we have a strong underlying shareholder based relationship. I perceive that it would make it more difficult to open a new business relationship. We have an existing one, and we trade in Asia through our major shareholder from Indonesia. But what I would say is that the difference between us, between people from the West and people from Asia, is that people from Asia like to get to know you first; they become your friend.

Here we are much like America and western Europe—say America. We talk about a 'contract'. We focus on lawyers and drafting 50-page contracts and we are very focused on getting the contract, talking about technical issues and our capability, our quality, our technology. So we are all technical and process orientated. But people from the East—we

are from the West; they are from the East—want to talk, have dinner, get to know you. That is fundamentally important. If you cannot get past that point, you will not make effective progress elsewhere. And it is in my view difficult to become a good friend when you have got Pauline on the sidelines, shooting.

Mr HOLLIS—I do not think we should spend all afternoon talking about Pauline Hanson, but there are a couple of issues. Some of us have been to Asia since the Pauline Hanson thing came up and, as politicians, we cop it too, very much. Professor, you are correct about the morality issue. I would say the vast majority of the members of parliament want to approach it on that morality issue. Our difficulty though is that we have got a constituency out there. When you read the letters that are in the newspaper, and listen to the people who come in to see you. In my electorate, and in many of my colleagues' electorates, we can start talking about the moral issues and why she is wrong on the morality issues—it was interesting that the Prime Minister did not respond to her until it became a trade issue—but nevertheless we have got to convince the people out there. I am afraid, with speeches we make and letters we write to the newspapers, when they are published, if they are on the morality issue, they are not there.

What many of us have got to do, never forgetting the morality issue, is also point out, not so much to Asia but to our own constituents and our own people, just the impact that she is having on trade and everything.

I have got the University of Wollongong in my area. The numbers there have gone down, and it is a tremendous impact on that university. When people write crazy letters or make speeches, which the newspapers always carry, about, 'Pauline Hanson's right because of this, this, this and this,' then what you have got to be able to say is, 'Pauline Hanson is wrong'—and not only on a morality issue. If we want to continue enjoying the standard of living we have in trading with many of these countries, ill-informed comments like those of Pauline Hanson puts us back into the White Australia time, and we have taken 30 years to try and live that down. My own view is that it is going to take us another 30 years to try and live down what one politician in one term of parliament has achieved throughout Asia. You are right; she is the best-known politician from Australia right throughout Asia.

CHAIRMAN—Let us move on from Pauline Hanson.

Mr Awan—Could I just make a comment about that. The PM's response was not an appropriate response, in my personal opinion. I know a lot of people in Asia. I travel a fair bit to Asia; almost every second month I am there. On my last trip I was in Malaysia, Singapore, Indonesia and Brunei; just about every newspaper covered the Pauline Hanson issue, and obviously gave appropriate page 5 or page 3 stories. Personally I feel that Asians still suspect us of having, deep down within our hearts, that White Australia policy. That is why they cannot believe it when the Prime Minister comes out and says what she is saying is wrong. And the response of the Prime Minister in relation to disease being

better than cure obviously did not go down very well either, because a lot of these Asians are saying, 'Are we the disease?'

The other thing is that what Australians are being perceived as in Asia is just totally wrong. My personal experience here in Darwin and Sydney could not be more the other way around to what is perceived in Asia in terms of what Australians are. Australians are a very friendly bunch of people, particularly in Darwin. Everybody has got the same opportunities available to achieve what they want to achieve and set out to achieve, and I think this is what needs to come out more from particularly Asian Australians who live out here—to say who Australians are really, and that should be publicised in Asia.

The elite group that the Department of Foreign Affairs and Trade has just formed is now actually going about publicising such stories. Recently I was covered after the International Business Conference two months ago in Darwin where I made a speech in relation to the Pauline Hanson issue. They picked up on the story; they have taken that to seven capital cities around Asia and that is going to be published. I think DFAT needs to encourage more people like myself who could come out and set the record straight, so the foreign media who just pick up on the negative picture can take the positive aspect with it as well. It is just a perception thing firstly. I think it is just a perception thing. The truth could not be further away, particularly living in Darwin.

CHAIRMAN—Are you saying that the horse has bolted, or are you saying that we can still pick up the pieces and correct it?

Mr Awan—You can still pick up the pieces, particularly with the cell that they have recently created to go out and create that publicity.

CHAIRMAN—Darwin is probably one of the best areas in which to gauge this because you have always had that very strong multicultural grouping here, and an international relationship which not many other capital cities have, don't you think?

Mr Awan—Yes, that is true.

CHAIRMAN—What impact has it had on the ground in Darwin?

Mr Awan—We all talk about it. This is from the point of view of the Asian community. They obviously do not like what she says. They also feel that the government left it till too late, as everybody else is saying, and they also feel that the Prime Minister needs to still come out and condemn those views more strongly than so far he has.

Mr SINCLAIR—You mentioned before that you thought there was an effect on students and tourists. Have you specifically observed that? How do you make that judgment?

Mr Awan—The current bureau of stats figures that have come out clearly show those trends.

Mr SINCLAIR—Just using those general figures?

Mr Awan—Yes.

Mr SINCLAIR—So it is not personal experience?

Mr Awan—No, it is not personal. I am just quoting the statistics.

Mr Beere—Just one point, Mr Chairman. One thing that has not come out in this whole affair is just how many of us are overseas, doing things overseas. Nobody has ever been told just how many people are overseas, doing things overseas—how many Australians are in Asia, rather than how many Asians are in Australia. That is what I always miss, what I am always listening for: 'What about me?'

Senator BOURNE—I think Mr Prior was talking about the importance of having relationships with people before they will do business with you properly in Asia, and I think that is one of the things that over about the last 10 years many Australian businesses have come to recognise. But there are still an awful lot that do not, who leap in and look for a short-term result that is just not going to come because they are doing it the wrong way. Do you see any educational ways for Australian businesses—to build them up to that knowledge of what the different cultures are, what the different business culture is in Asia to Australia, so that they can be more successful? Everybody here seems to me to actually have that knowledge. How did you get it, and how do you think others can get that knowledge too?

Mr Prior—I have got it through practical experience, having been there. Also I went to a school in Perth, a boarding school. There were a lot of Asian people from Singapore and Thailand. I lived in Darwin as well. We had a Chinese mayor in the 1960s, Harry Chan, a wonderful man. So I had some sort of appreciation anyway. But to answer your question, I think it needs to be included at a business level in university programs, and it is being—in MBAs and business degrees. That is very important. For example, a lot of Indonesian students go to Wollongong. I also think you have to go there. You have to immerse yourself in that culture, and try and learn it—do not speak so much and listen.

Senator BOURNE—And it takes time.

Mr Prior—Listen and try and understand, yes. You need to want to do that.

CHAIRMAN—There are three areas that perhaps we need to just talk to you about. The first one is a rather difficult or sensitive subject to raise, but I think we would be interested as a committee as to what, if any, significance bribery has in terms of

international relationships. That is the first one. The second one—and I guess we are getting into all sorts of things like industry reports and TCF and all the rest of it—is tariffs. How do you see the tariff scene progressing, and what are some views on tariffs? The third point is the relationship between the aid program—overseas development assistance—and trade. Could we just deal with those three subjects.

Mr Parker—In relation to the first one on bribery, do you mean bribery up the other end, up in Asia?

CHAIRMAN—I leave it to you.

Mr Parker—Up in Asia, it is not bribery; it is a part of life. It is their livelihood. If a shipment of cattle have unloaded in Chilicap, we will say, everybody has got to get something all the way through—otherwise they cannot live—and everyone has said you have got to pay everyone off. Of course you have got to pay, but it is no different to me going down and employing 10 men—one man to do this, one man to do that. They say it is bribery, but it is not bribery: it is their culture; it is their way of life. That is the way they live. If you are doing business up there you know that that is the thing, that somebody has got to provide it. Whether you provide it or somebody else, things cannot go on unless that part of it is provided. That is why I do not ever think that it is bribery.

The customs officer, the pilot going in—unless he gets his $US50 or something, he cannot live. This is the thing. Every ship that goes into those places knows exactly. I have seen the captains in their cabins. They have got the price of going into Jakarta, the price of going to Chilicap, the price of going into Batangas, and they know exactly what it costs to go into each port. Those people up there have just got to live that way.

Mr LEO McLEAY—It is a fact of life.

Mr Parker—It is a fact of life. It is the cost of doing business there, and so I do not think there is any more bribery up there really—fair dinkum bribery—than there is here.

Mr LEO McLEAY—But that is at a different level to what I regard as the area of difficulty—if, for example, you want to do business and you have got to pay somebody in order to get access to a senior politician in order that that politician can take 10 per cent off the deal before it has gone all the way.

Mr Parker—You are talking about Japan and everything like that.

Mr LEO McLEAY—It happens in our region. Do any of you find that type?

Mr Parker—No. We do not get up to that size anyhow.

Prof. Blunt—I have got a view on this. I think there is a direct correlation between the extent of institutionalised or systemic corruption at that level, and the development of the major institutions of governance, so that if you have systems which have well-developed, in particular, legal institutions and well-enforced legal institutions and impartial legal institutions then these things tend not to happen as much. If you talk about the countries in Asia it is possible in my view to strike a direct correlation between the strength and existence of such institutions of governance and the extent of corruption at high levels. So the higher the level of development of the systems of governance, the lower the degree of corruption.

Mr LEO McLEAY—How do you account then for the regional break-outs in Japan?

Prof. Blunt—What I would say in relation to that is that it is something which happens in all situations, and I think that as the systems of governance become more developed so we are forced to be cleverer and more discreet about it. I think the incidence of it actually goes down as well. You find it in the City in London. You find it all over the world. My argument would be that it tends to occur less—

Mr LEO McLEAY—But I do not think that is so. Despite some of the penny-ante stuff of some of our colleagues, you do not have that systematic corruption of politicians in Australia. No-one gets to cream things off in this country.

Prof. Blunt—Yes. I did not mean to confine it to politicians.

Mr LEO McLEAY—No-one in government, whether they are bureaucrats or what, gets to cream things off in this country. You do not get those break-outs. It is systematic in parts of Asia, and even in Japan, which is supposed to be the closest country in the region to a well-ordered Western society. You get break-outs there that would seem to be anathema to people in Australia or Britain.

Prof. Blunt—What about Clinton, for example?

Mr LEO McLEAY—And Nixon.

Prof. Blunt—And Nixon. I mean, we can go on and on.

Mr LEO McLEAY—What is the point about Clinton, by the way? No-one has suggested Clinton has actually been getting money under the—

Prof. Blunt—Have you not been following the Whitewater affair?

Mr LEO McLEAY—No-one has actually proved the Whitewater affair yet. That is Mrs Clinton.

Mr Prior—The evidence does not entitle you to go that far with Clinton.

Mr SINCLAIR—No, it does not, really.

Mr Parker—Let us take the Philippines since Marcos has gone. We know there still the congressmen are letting Indian meat in there that is not up to standard and everything like that and somebody is getting a pay-off, but you cannot stop that. Since Marcos has gone, bribery in the Philippines has almost disappeared since Ramos has taken over. When I say it has almost disappeared, it has certainly dropped substantially from what it used to be. You do not have to pay people off half as much as you used to.

CHAIRMAN—But what you are saying is that it exists and it has to be dealt with in the process.

Mr Parker—Yes.

CHAIRMAN—What about tariffs, in terms of reduction?

Mr SINCLAIR—Tariffs or non-tariff barriers. Are you running into any problems, for example in quarantine, or impediments to doing your business? Perhaps you might notice them more than others, given the sort of product you are producing.

Mr Beere—We get into bigger problems with animals than meat. If there is an animal with another needle, or another thing like that, we start losing money. We fix up a lot of those with protocols and negotiations.

Mr SINCLAIR—But you have not at present any real impediment in the quality of your products, the fact that there is disease allegedly present or anything of that sort. That is not a present problem, is it?

Mr Beere—There are always treatments that I suppose do come under tariffs.

Mr Parker—There are very few impediments in the livestock part of it. There are a few hiccups now and again but there are very few at this stage.

Mr SINCLAIR—What about the trailer trade?

Mr Prior—Our product is protected by patent. I use that word loosely. We have patent protection on our product in the global markets. We are trying to open those markets and that is not easy, but for that reason we encourage and support the winding back of tariffs. If you have a uniform tariff regime internationally, that gives you, to that extent, a smoother playing field; and that is important. Then you can make medium- and long-term decisions about where you are going to manufacture, how you are going to access markets. If you get tariffs up and down, inconsistency, you cannot make a decision

with any certainty, so we support that.

CHAIRMAN—But what if you run into problems in terms of ASEAN in particular? In Australia of course we moved very quickly—some would say too quickly—whereas some of those countries are in the process of catching up. The Philippines, for example, in some areas, has reduced by 1,000 per cent in the last 18 months, but they had a fairly high starting point. Do you run into any of that in terms of export?

Mr Prior—No, not really. Tariffs into Indonesia are higher than into Australia—that is certainly the case—but if you look at, say, cut steel parts, we did a costing exercise—and it was not definitive research; it was on a bit of paper. The Indonesian tariff was in fact higher—not much higher—but because of the way Australian Customs worked out the sales tax factor, there is some sort of little glitch in there in the way they calculate that, and it in fact worked out that we were at the disadvantage. It was cheaper to bring the steel here. And also of course you have a lower spot price for steel in Jakarta than in Australia. To that extent the tariff issue was not a problem. It was other more subtle things that one had to look at.

CHAIRMAN—What about the third point on the aid element of trade? We were told this morning that the AusAID office in Darwin has been closed. Has that had an adverse effect?

Mr Prior—We have no personal experience of that. It is on our agenda to have a look at that, and we would like to explore that, but it takes a lot of human resources and expertise to effectively tap into that sort of program. We want to, on some sort of consortium basis and what have you, but we have not effectively looked at it because we have got more important things to do where we have a more certain outcome in terms of investing our people and our resources.
But I do know that some major companies in Perth—for example a major engineering company in Perth, I think the Clough Group—and others have been effectively tapping into that program.

CHAIRMAN—Any more questions?

Mr DONDAS—I would like to ask Mr Parker a question. This morning some evidence was given to us which implied the live cattle trade out of northern Australia, so to speak, was going to be very limited and did not have a good future. I did not agree with that particular statement that was made and I am just wondering what your views were with regard to the future.

Mr Parker—That surprises me because I think it has got a long-term future. It took a long time to get to this stage but I do not think there is any way it can go back. There is a hiccup at the present time because of the devaluation of both the rupiah, about

12 per cent, and the peso. Those people up there now have got a taste for meat—both Indonesia and the Philippines. As you must realise, their waters have been fairly well fished out because of the huge population in Indonesia. That is why every day or every second day there are boats caught here in Australian waters. They have got to go further and further afield to try to get fish. So I cannot see any reason why it will not continue to grow. It might level out but it will continue to grow because the population is increasing.

There has not been an exercise done on value adding here in Australia. Everyone says, 'Why don't we kill the meat here?' and everything. I have done some figures and my figures show that there is more value added in us sending live cattle up there than there is if we killed here in Australia. It brings in a huge amount of things. Just here in Darwin we used to have two or three ships working out of a station; we have got 35 at this stage. They are coming back here at least twice a month, so that is an extra 70 ships coming in here to fuel up, to buy the provisions, to spend their money. Everyone says, 'They don't have much money to spend.' Well, that is not right either. They spend a lot of money here.

It is doing a lot, especially for Darwin. But not only that: the road trains are carting cattle. There are more and more road trains on the road. Every stop along the road these days, where they were flat out selling a couple of ice-creams, they are now doing very well because the trucks are all pulling up and there is more traffic on the road. The tyre people are doing well. Everyone is doing well out of this business.

Mr DONDAS—The inference was that Indonesia is importing a lot of our cattle and breeding a lot of its own. Will it eventually get to the stage—and I did not believe it but I am just saying what was told to us this morning—that they will be able to breed enough for themselves without having to worry about importing?

Mr Parker—Fifteen years ago the Indonesian government decided to—their breeder numbers or their cattle numbers had been run right down during the war when the Japanese had occupation there. They had eaten the cattle and there was nothing left. There was virtually nothing left and they decided to build it up. In one year alone we sent 47,000 cattle there and it would not be five per cent of those that lived. All the rest—a lot of them were eaten, a lot of them died because they were not looked after and everything, and neither the Philippines nor Indonesia will ever get to the stage where they do not have to import meat or cattle or some protein.

The reason why they want to take live cattle in is because they get a lot of value added then too because the farmer has to grow feed to feed the cattle, and a lot of the importers into Indonesia are already passing 10 per cent or 15 per cent of their cattle out to the farmers to fatten, to the villagers to fatten. So it is giving them a lot of added value too. Anybody that just said that there is no future in it—well, I do not believe that they really have looked into it and know what is going on.

CHAIRMAN—You talk about that value added equation and you say it is not cost-effective basically. I think that is what you said. Is that because with the cost for the halal kill, for example, it would be just exorbitant to get it overseas?

Mr Parker—No, I do not think it is. The Indonesians and the Filipinos like hot meat. Very few of the Indonesians or very few of the Filipinos—once you get below the middle level people, they have not got any refrigeration or anything. They all go to the wet markets early in the morning. That is where they go first thing. They buy their meat, their little bit of meat and everything. They might carry that all day before they go home to cook their evening meal. That meat is still all right because it is hot meat. If they go and get a little bit of chilled meat or frozen meat, you know what happens then in the tropics. An hour later of course you cannot even get near it. You have got to throw it away. You cannot stand the smell. So that is one of the reasons.

The other reason is that at the present time there are more multimillionaires in Indonesia than the population of Australia. They estimate there is at least 20 million multimillionaires in Indonesia at the present time, and they have all got to the stage where they like to sit down to a big steak like the Australians do and the Americans do. That is the way they have turned round and are going to live. So they will make sure that there is good meat coming into the country.

Prof. Blunt—Can I comment on this as well, Mr Chairman?

CHAIRMAN—Sure.

Prof. Blunt—We are in the same line of business. We are hopeful about the industry but we are not I think as optimistic as Sid. The reason for this has to do, in our view, primarily with the major discrepancy between the price of frozen and the price of hot beef in the countries that we export to. At the moment in Indonesia, for example, there is a 40 per cent tariff on frozen meat and that is designed to protect the live cattle industry. The other thing about the live cattle industry which is extremely important to its longevity is the fact that it is in the hands of a relatively small elite of people who are well connected politically within Indonesia.

The immediate implication of that for us is that if there is a change in government, one of the cheapest ways of gaining political mileage would be, at the stroke of a pen, to remove the tariff from frozen beef, to reduce the price of a basic food commodity to a large proportion of the people, and overnight to virtually prick the live cattle bubble. That I see as a real danger. The one factor which probably militates against that is the one that Sid has mentioned, which is a valid point in my view, and that is the fact that at present not too many people in the lower middle classes and the lower classes have refrigeration. But that is changing very rapidly in the middle class in Indonesia and the middle class in the Philippines, which is huge.

The middle class in Indonesia, as you well know, is over three times the size of our population. They all have refrigeration. So I think that it is an industry which is at risk because of its political vulnerability which has to deal with this discrepancy in price between frozen and fresh, and the speed at which these two economies in particular are growing—Indonesia and the Philippines. You have seen already in countries like Malaysia, which have grown at a faster rate and where the distribution of freezing capacity, if you like, among the ordinary people is much higher, but the balance between frozen and fresh consumption has gone in the predicted direction.

In Brunei the same thing exactly has happened, and that caused us in fact to diversify into frozen meat export. We have virtually all of that market because we are doing both live and frozen, and as one goes down the other goes up. We find that live cattle is going down and frozen is going up, and I expect that to be a feature throughout the region, for price related reasons, for convenience reasons, for all of the reasons with which we are familiar. In Indonesia, as I keep saying, we are particularly vulnerable, in my view, because of the added political volatility of that question.

Mr SINCLAIR—Where do you kill them? Do you kill halal style?

Prof. Blunt—We do it here. At the moment in Australia we have two abattoirs in the companies that I am associated with, one in northern New South Wales and one in the Northern Territory, where we have stationed government of Brunei representatives who actually supervise or participate in the slaughter. It is all halal kill, and they will be able to get it to Brunei at approximately half the price of the live beef, which we also supply to them. So that is a major risk involved.

CHAIR—Yes.

Mr LEO McLEAY—How difficult would it be to switch from live cattle to frozen cattle if the change that you talk about occurred?

Prof. Blunt—Unfortunately I think what will happen is that when the Indonesians change their mind, as I believe they will, it will happen overnight, and I think what that will do is it will devastate the live cattle export industry in the north of Australia overnight also. It will put a lot of cattle producers out of business. Obviously all of the traders will go out of business overnight, and we in fact are positioning ourselves for precisely such a possibility by, in a buyers' market as it is now, buying up abattoirs.

Mr LEO McLEAY—Who will fill the void? Can you fill the void or would the Americans or someone else fill the void?

Prof. Blunt—I think what would happen is that the price of live cattle would immediately go through the floor, and what you would see is an immediate upturn in the

abattoir industry in Australia. All those abattoirs that have been closing down would immediately be in business. They would have a very cheap product. With product which you were selling overseas as live that was getting you $1.30 a kilo, you suddenly would not be able to sell it for more than 50c a kilo if you were lucky. They would have to be doing that to stay alive. The abattoirs would flourish overnight.

Mr Beere—One point is that in that region, we are the only country that can supply live cattle. But in that same region there are about six countries that can supply frozen product. I mean that is a fact. At the moment you see in Indonesia we are doing a great job of promoting Australian product, but of course there is a lot of other imported product that can just jump in on that promotion, whereas they cannot on the live cattle because they cannot meet the importing requirements for live cattle.

Mr SINCLAIR—I have a series of questions, but I will start off first on currency. You are aware of what is happening with the baht. Most of your trade would be done, presumably, in Australian dollars, or do you have—Brunei is a little different—

Prof. Blunt—US dollars.

Mr SINCLAIR—US dollars. So you have got contracts in US dollars, and whatever the effect of the local currency, it does not impact on your trade? Would that be generally true?

Mr Parker—What is happening is that only in the last week or two we have changed over to Australian dollars from the Philippines because of the devaluation of the peso. What happened was that a lot of the Philippine banks, and I believe Indonesian banks too, have got caught with the baht, and they cannot provide US dollars. A lot of our people in the Philippines have to buy their US dollars on the black market and pay substantially more to be able to set up their letters of credit. So they have now gone to changing over, and because the Australian banks are full banks, they are now going to them. Providing they set up an account there and do the documentation properly, they are able to TT Australian dollars straight through to Australia. That has cut out a lot of the problem.

Mr SINCLAIR—Your currency is not at the moment, apart from the change from US to Australian dollars, a fundamental worry?

Mr Prior—Not right now.

Mr SINCLAIR—What about the problem in legal contracts? Do you have any difficulty? Have any of you ever had to take people to court? Where do you do your contracts—in Darwin or somewhere else? Darwin? Here?

Prof. Blunt—I think somebody said earlier that a lot of business in the near Asian

region tends to go more on the personal relationships that you have with someone rather than the legal contract. That would certainly be true in our experience. We have legal contracts.

Mr SINCLAIR—But they do not mean a great deal.

Prof. Blunt—We know that if they walk away from them, we are not going to bother chasing them basically. If they are Indonesian there is no point. If they are Chinese there is no point.

Mr SINCLAIR—Yes.

Mr Prior—In relation to the LC you ask your bank to look at it and you put the risk back on the bank and you simply say, 'Do you accept that? Are you happy? If you are happy, we are happy.'

Mr SINCLAIR—The fact is that we have got an election. There are personalities in the government, and the Northern Territory government over the years has developed a special relationship with a number of countries in the ASEAN region. Has that been of any particular help as far as each of your exports are concerned? Could you just explain how it has affected you?

Mr Fluder—For me it has been the biggest door opener. It is quite amazing that a small business person like me with some 90 employees is able to walk into a senior government office in Malaysia and be told, 'Do you know Shane Stone? Shane Stone is a very good friend of ours. What can we do for you?' I mean, the Germans cannot do that; the Americans cannot. That is my competition out there.

Mr SINCLAIR—Have you found the same, Bob?

Mr Prior—Yes. That is fundamentally important. Our relationship evolved slowly over time but the high profile of Darwin as a community, of the government, of Shane Stone, of other ministers, has been fundamentally important. In fact our joint venture documentation was signed in this building. Yes, that is vital.

Mr SINCLAIR—That has lifted the recognition of—

Mr Prior—In a fundamental way.

Mr Awan—The Northern Territory for that matter is the only state or territory in Australia that has an Asian relations minister actually looking after the relationship between the Northern Territory—

Mr SINCLAIR—Does that help?

Mr Awan—Absolutely. With all these memorandums of understanding that we have with various countries and the states, of course it is a tremendous help. As Hans said, you get that instant recognition, and the Chamber of Commerce in the Northern Territory obviously follow up from those MOUs and have got their own—

Mr SINCLAIR—Other states, Queensland and Western Australia for example, have particular relationships. Western Australia has a very good sister-state relationship with eastern Java. Does that affect your competition there or do you not essentially do business with eastern Java?

Mr Prior—There is a fundamental advantage over other states in our business relationship—and it is not just business; it is a trade, cultural relationship. I think people in Darwin and the government have been working hard on that relationship for a long time. They have put in the hard yards, and that is paying dividends. Perhaps the other states are not. I do not know, but my perception is that the other states have not been putting in the hard yards in the same way for as long.

Mr Beere—Some Australian states have got memoranda of understanding with different provinces of Indonesia; the Northern Territory government has an MOU with the Republic of Indonesia.

Mr Fanning—The big states really get up some of our noses because we have got everything going against us, and everything that we can have to go for us is a plus, and we have done the hard yards. We do not have the big manufacturing bases or the big supply, so we have got the strong cultural links and the sporting links. That is what the business will come from.

Mr Beere—My approach was to go back quite a bit further. It was in the 1980s when the politicians were doing the work up there.

Mr Fanning—Everingham in 1983.

Mr Beere—Yes.

Mr SINCLAIR—The other aspect to it was your sporting contacts. I know they have been flowing on in a way, but to what degree has that helped? Is that part of it? Is there any relationship between the Arafura Games and the fact that you do try and develop expo—

Mr Fluder—Is that the sporting activity or the backing of the sports?

Mr SINCLAIR—No, I am just wondering in terms of the commercial relationship. What I am really testing is how you guys who are in business see that commercial relationship. For example, I have been to a number of trade fairs in Indonesia and I am

conscious that it is there. But you guys are the practitioners; you are doing it every day. That is why I had these few questions I wanted to ask you—because you are the people who see the product. Forget about the politics; I am interested in what is happening on the ground. Sporting ties—have they had, in business, any flow-on, or is that just part of this lifting—which I think is good—of the profile of the territory?

Prof. Blunt—I would agree with the point that has been made that the Northern Territory government is certainly more visible in the region than many other state governments are, and on the whole that that is a good thing. I think the sorts of events that you refer to help to accentuate that visibility, and I am certain that that is a good thing. What we could do, however, to improve the amount of trade we do and the business relationships we form is to move to the next stage, which in my view really has to do with a concentration more now on policy issues.

We have spent a long time saying that we are interested in Asia, we are visible in Asia, and we are reasonably good at establishing contact with Asia. We now have to be able to demonstrate much more clearly and much more effectively to Asia what it is precisely that we want them to do in the Northern Territory, and how, why and when.

Mr Prior—What I would say is, if I can use a hackneyed term, the focus needs to be on engagement—cross-border engagement and engagement with Asia—but I think you need to look at the detail of that. In my view 'engagement' means a lot of things, but it means engagement at a friendship level, engagement at a cultural level, engagement at a sporting level. It has to be a wholesale across-the-spectrum engagement. It needs to be consistent and honest and committed. That has certainly been the case in the NT for a long time. I have mentioned Harry Chan, the mayor, for example. It has been a long-running thing, and the government has been fairly and squarely behind that engagement.

If we look at a critical factor for success in our ongoing engagement in Asia and our access to markets, we need to encourage direct investment by Asian business in Australia. When they have real money, equity money tied up in business in Australia, that is not only going to encourage them but also they will be compelled for business reasons to have a much wider and fuller trading relationship because they have invested their money here in this country, but they only do that when they are comfortable across that full spectrum of engagement. The NT, in a small way but in an important way, has been particularly successful in that respect.

United BTS's major shareholder is United Tractors, a heavy construction equipment manufacturer in Indonesia. They manufacture Komatsu equipment—for example, bulldozers and excavators—and they are in turn owned by the Astra group, which is the second largest company in Indonesia. They have made a direct investment into a local Darwin business. That was not done lightly or easily. You need that full spectrum of engagement.

Having said that, I will go back to another comment. Previously we talked about how business is done in Asia in terms of payment and money. I do not want to comment on that in any way. Suffice to say it has not been a problem to us; corruption has never been a problem to us, but it is there. You read about different things. But you have to ask the question why, and what advantage we as a country have, and if you look at Australia it is very transparent. You look at the parliament, government departments, banks, institutions—you can see what is happening. It is transparent. I will not use the word 'honest', but it is fundamentally honest. I am not saying others are dishonest, but here it is very transparent, you cannot hide things; it is much harder to hide things.

There is much more certainty here. You can see what is happening and that makes investors comfortable. I think that has to be a big advantage for encouraging direct investment by Asians in Australia—our transparency, our openness. We also encourage a fair go. Perhaps we can talk about the fair go in responding to another famous politician. We can talk about the fact that Australia does believe in a fair go, and I think if we can continue down that track and encourage direct investment here in Australia, it will much more effectively open access to Asian markets.

Mr Manser—You raised the question of sport, and while that is not in my particular sphere of interest, we have a thing called the Darwin to Ambon yacht race. My company, together with local government, is a major sponsor of that. It does a couple of things. For us it does not put another stick of cargo in our ships, but it brings a lot of money into the territory and into Darwin, and there are a lot of activities like that I think. There are the Arafura Games which you have mentioned. I am quite sure they do the economy a tremendous amount of good, but a lot of it will be in invisible ways.

I am a relative newcomer here. I have only been here for about three years and have many years to go before I am not regarded as a newcomer, but it seems to me that, as somebody said, local government has done the hard yards and put a tremendous amount of work into establishing agreements and relationships with regional partners, and I think that is to its credit, but I guess it is also getting to a point where the success of that will be judged. It has been successful in that it has happened, it is successful in the fact that those relationships exist, and it is successful in that people such as yourself can ride on the back of that and achieve good things, but from our point of view the measure of success is how much more cargo it puts in our ships, and that is what we will watch and wait to see.

Mr SINCLAIR—What about languages? There has been quite a significant, notable teaching of Bahasa and other Asian languages in Darwin and the Northern Territory. That obviously is related to this ASEAN emphasis. Has that had any flow-on commercially from your perspectives?

Mr Beere—My comment is that at the moment my Tagalog is better than my Bahasa. Unfortunately I have got three languages floating around in my head so I have a

lot of difficulty. When I work with the people in those countries I have to explain to them that unfortunately my expertise is in the meat trade or in the live animal sphere, so we find a more appropriate person to interpret—and I find that, under my system, as long as you explain to them that you cannot speak their language, that works quite well. What is a problem is if someone pretends that they can speak the language. That really is funny, to sit in and listen to someone who thinks they can speak the language, with everyone all sitting there and nodding their heads.

Mr SINCLAIR—And it is quite apparent that they cannot.

Mr Beere—Yes, they cannot do it. I am not going to be able to learn the language proficiently because I have got too many other things to do, but I do get a good reception because I can involve them by saying, 'Please, let's get someone that can speak the language and then we'll do it through him.'

Mr SINCLAIR—What about everybody else? Has the language training here helped?

Mr Parker—I think it is a great thing for all the young people up here to be learning because that is where our business is and that is where our future lies, in those areas, so I think it is a great thing that they are learning the language. Certainly, if I had known that it was going to happen 40 years ago, I would have learnt it.

Mr SINCLAIR—As you see it, what should governments do about impediments? You said to Nick that the federal government has a responsibility. I am not worried about whose responsibility it is. What do we need to do to improve the position? Put aside the railway line and think about things that are actually in the relationship between us and the ASEAN countries, each of you in your own way; think about the things that you can see that we ought to have in mind that governments can do—governments down south, or even the government here. What needs to be done from here?

Mr Parker—The biggest problem is that we cannot get two-way trade. We are sending everything up there and we cannot get enough back, that is the thing. Perhaps if the railway came we might get enough back through Darwin. I am talking about Darwin because it is the major port.

Mr SINCLAIR—Yes, I understand.

Mr Parker—But there is not enough two-way trade. Every time you go up there they say, 'Can you buy something from us? We're buying this from you. Can you buy something back?' and you say, 'Well, no, we've got no market down there.'

Mr SINCLAIR—Do you buy anything from them—not you personally, I mean your organisation?

Mr Parker—No.

Mr Manser—That is an interesting point. Their ships are going north full and coming back empty. Our ships are going north empty and coming back full. They are two different trades, two different economic circumstances. In the old days, they used to mix the two, but you cannot do that any more.

Mr LEO McLEAY—But is that not part of the problem with the question of trade out of here in Darwin? The Northern Territory—I would hate to get up your nose about this—provides about 2½ per cent of the trade with ASEAN. About 80 per cent of that 2½ per cent is made up of two things: bulk petroleum to Indonesia and Thailand, and live cattle to the Philippines and Indonesia. Both of those things in a lot of ways have nothing to do with anything that the government has done or anything like that. They just happen to be two opportunistic markets and you are the only people who can provide it. The people in the Northern Territory, Western Australia and North Queensland are the only ones who have live cattle around here. The North West Shelf is the only place that has contracts with Indonesia and Thailand to sell them petroleum at a good price. There is not much in all the rest of the stuff, not much at all.

Mr SINCLAIR—Gas goes to Japan.

Mr LEO McLEAY—The effort the Northern Territory has put in is commendable. It has picked up a number of small niche markets. If you have some small to medium sized company in ASEAN that wants to sign a contract, it is probably a very good idea to sign it in the biggest building in Darwin. If you said to the government of Victoria, New South Wales or the Commonwealth, 'We've got a contract worth $5 million. You ought to let us sign it in Parliament House,' they would tell you to nick off. A contract here for $5 million is a significant contract. But they are all small beer.

I would like to know from Mr Manser whether he thinks you have really got the bang for your buck in trade, other than the two things where it really does not matter what the government does about: petroleum and live cattle; they are just things that have happened. As to the other things that are made here or go out of this port, has there really been a significant improvement to justify the hype or the money that has gone into it? Has there been an increase over the years or has it just been in dribs and drabs?

CHAIRMAN—We will give Julian the chance to answer.

Mr LEO McLEAY—I might just make the point: I believe in big infrastructure programs. I might be one of the few people around the parliament who says, 'I support the construction of the Alice Springs to Darwin railway.' You would say, 'That is a terrific thing for up here.' And you have all said that is the best thing that you need to advance the territory. You also say sotto voce that it is going to be funded privately. We all know that is not true because you say, 'It is going to be funded privately; however, give us $500

million out of the Centenary of Federation Fund.'

The people who put the money into that Centenary of Federation Fund are the people in my electorate. As many people live in my electorate as live in the Northern Territory. So, while I think it is reasonable for them to do that, they might not quite think that.

Mr DONDAS—The people in your electorate do not export a percentage of the GDP.

Mr SINCLAIR—I do not think that has got anything to do with what we asked Julian. Can I get Julian to respond and I will finish my couple of questions, if I may.

Mr Manser—I am not sure that I can respond. I think we desperately need some exporting base here other than live cattle. There is uranium and things like that. How you achieve that, I do not know. Obviously a railway line would be a massive boost to that. In the time I have been here we have seen a few things start but they do not seem to go on. A colleague who used to manufacture here now manufactures offshore.

Mr Fanning—For that market.

Mr Manser—Sure. I am not quite sure really how to measure that success. All I can say is that I would like to see a lot more cargo going northbound. I think that would benefit the local economy greatly.

Mr Fanning—One of the things that will stimulate industry here is power—energy. With the announcement of Philips, Shell and Woodside and, to a lesser extent, Santos, to bring LNG onshore, bring gas onshore and develop an LNG plant, the spin-off from that would provide a cheap energy source onshore. I think that will lead to secondary development or value add to some of the mining industries, particularly bauxite. If we could get gas economically to Nhulunbuy, that would value add to that secondary development there. There is also potential for zinc and lead if we want that secondary industry. There are other value add processes that energy would attract.

A major step for this end of the territory—and possibly as far south as Katherine—is the provision of a cheap energy source. It is one of the things which is not available now but which would create industry. That is the way we will go if they bring that gas onshore.

Mr LEO McLEAY—That theory is a little like the railway. The gas fields that were adjacent to Adelaide never achieved that increase in industrial activity in Adelaide. Another argument would be that to convert bauxite into aluminium is a way of packaging energy and selling it to someone else cheaper. So you are undervaluing the cost of your energy. If you put cheap energy into converting bauxite into aluminium and then put that

on a ship and send it somewhere else, because you have transposed the bauxite into a smaller package you are sending fewer ships. You have put bauxite and a massive amount of energy on the ship—at a cheaper rate than you might have sold that energy to someone elsewhere.

If you manage to do that, you would also probably close down the Bell Bay plant. That would create massive unemployment elsewhere in Australia because they are busy putting hydro-energy into bauxite to turn it into packaged energy. If you find a way to get secondary processing here of bauxite you will close down an industry in another part of Australia.

Prof. Blunt—I will come back to the general question of what we see as the greatest impediment from our point of view. First of all, I will just preface what I say quickly by saying that I am a firm believer in both the necessity and the desirability in Australia becoming an integral part of Asia. The greatest short-term impediment, which to me is an impediment which could be easily overcome with the right will, is the way in which we present in Asia. If we want to become part of a new club—let us say ASEAN—then I think we have to learn a little more readily how to become members of that club. We should not insist on, quite as much as we do, retaining the style which we would use in our clubs. That, to me, is the thing which comes across most often and most clearly when I am in Asia—mainly in Malaysia and Brunei. Malaysia is a hostile environment for us, I know, and it is probably not the best circumstances to rest that judgment on, but I think it applies to other places as well. I go to China a lot, I go to Indonesia a lot, and that for me would be the major thing, and a cheap thing, to fix in my view.

Mr Fluder—I am currently exporting to Malaysia and I am exporting to Canberra and I find it much easier to export to Malaysia than to export to Canberra. In the business I am in I have exceeded the capacity of the local market. My business will move offshore. It will stay a Darwin business but it will move offshore because I do not have enough work here to fund the capital I need overseas and the human resources I need overseas.

So whatever the federal government can do to increase their spending in the Northern Territory directly would be useful. A lot of the spending we are involved in is all done in Canberra. I have seen, from the big APIN program in the last five years, $15,000. All the clever things are done in Canberra. You do the bricks and the mortar, but they can do bricks and mortar just as well in Jakarta as they can do it in Darwin, but the clever things are not actually done in the Northern Territory. They are done interstate. It is hard to get into the club; it is very hard. It is almost impossible.

CHAIRMAN—What areas in terms of APIN have you missed out on that you feel you should have been involved in?

Mr Fluder—On all information technology type activity.

Mr HOLLIS—Have you made direct contact with the army? Both Bill Taylor and I have been very involved in the whole APIN scene. When I was chair of the Public Works Committee I was very involved with the builders who were putting the argument that they could not get in. They could get small contracts, and that was not only in Darwin. Over a series of years we had seminars between defence personnel and local builders and people like that. That was only because the construction people came to me when I was the chairman.

At that time Warren Snowdon was a minister here. Through him I set up meetings in his office. I remember arranging seminars where the defence personnel came and actually briefed the Master Builders Association and other people on exactly how they had to go about it. I must say that in all the time I was involved in the Public Works Committee, no-one ever put the question of what you are saying to me. Maybe it is a breakdown in communication.

Mr Fluder—In frustration three years ago we put capital aside and started marketing in Canberra and we have not seen success from it yet.

CHAIRMAN—What was the IT element of APIN in dollar terms, roughly?

Mr Fluder—In dollar terms the next big deal which will go to the Northern Territory is about $A3½ million of leading-edge technology. The human resources component on that is probably a million dollars over the next 14 months.

CHAIRMAN—You have got your local member here. I am sure your local member is taking it all on board.

Mr SINCLAIR—The other thing that I am very conscious of at the moment is that Mahatir seems to be pushing trade very aggressively through his excursions around the world. He seems to be developing a special relationship with Mandela. I just wondered whether, in your competition, you are finding increasingly within ASEAN countries—partly because of what Mahatir says and partly because of AFTA—that instead of turning to the territory they are turning to each other? Or is that not reflected—and because of the nature of the goods you are producing it may not be? Are you conscious of the Asian free trade agreement and its impact on you, or conscious of Mahatir or any other international influence that will affect your trade? Is that not necessarily in the ball game in which you are playing?

Prof. Blunt—Certainly within ASEAN and AFTA we are interested in the trade arrangements between the member countries because some of our businesses actually operate from Brunei. We have manufacturing businesses in Brunei, for example, so we are very interested in that, and that is something that affects the decisions that we make. Does it pose a threat to the export businesses that we have from Australia? So far not, largely because we are the only source for the particular commodities which we happen to be

exporting at the moment.

I think once Darwin gets to the stage where it is a manufacturing base, then that sort of issue will become much more relevant. I think that it will become a manufacturing base—and this is something which has been discussed a bit today—when it reaches a critical mass of size; population size, that is. That is what you need to draw manufacturers. What you need to draw manufacturers up here from down south are, firstly, an environment in which their people want to live, and secondly a policy environment which is conducive to that. Once that happens that will become an issue.

Senator CHILDS—I just want to ask a question based on your collective experience to do with Radio Australia or our radio and television communications. Have you any evidence of disadvantage because of cutbacks in that area?

Mr Beere—Several years ago we used quite often to get Indonesian colleagues talking and one of their favourite shows was *Question Time* in parliament. I am a good user of ABC if we get the chance to watch it at night-time over there in the Philippines and Malaysia and Indonesia. It is very frustrating to watch it sometimes, I suppose especially because maybe it is the main reason that a lot of people know about Pauline Hanson. We saw it as being, 'Why don't they just stop telling everyone about it?' The media seemed to be spreading it around. That was my opinion.

First of all it is impossible for a person like me, or the meat industry, to put a handle on how many people are watching it in Asia. Is it just us or is it the people—the 20 million people in Indonesia who are on the same income as we are? If we find out who is watching it, then we can use it as a tool. We could use it as a tool for marketing our beef or telling them where our live cattle come from, that the meat is halal et cetera.

One of our problems is that a lot of our people overseas watch *Landline* and of course they see the cattle prices: 'Jap ox 2.20 a kilo down to 2.10 this week', and here are our friends in Manila and elsewhere saying, 'How come it's down to 2.10, carcass beef, and we're paying $2 for it up here?' They get mixed up in the logistics, that one is a price there and one is a price over here. But that is one negative of it. Some of the cooking programs on ABC TV make you want to go and turn it off.

CHAIRMAN—Let us take ATV and Radio Australia together. As a result of reduction in service, is the bottom line an adverse impact?

Mr Beere—Yes.

CHAIRMAN—Is it more in terms of Radio Australia than ATV?

Prof. Blunt—I think it is much more a question of the visual media. We were extremely visible in a positive way on the whole, I think, through the television and the

service that we provide. Virtually every country that I go to has it, and in my experience it is widely watched, and it is regarded as being one of the best services. I think it would be a great shame and a great loss if we were to lose that, if it were to go or to be reduced. I think we should be going in the other direction rather than the one that we are going in.

Mr DONDAS—How do you say there has been a loss, because the service has not been reduced yet? It is still there.

Prof. Blunt—I said 'If it were'.

Mr DONDAS—I find it a bit difficult to put my hand around it. We know that the ATV service is going to be continued. We know that it is going to go commercial. We know that the ABC will still be doing the news program and the current affairs program, which we will be seeing tonight. How can you say that there is going to be a loss if it has not been taken away at this stage?

Prof. Blunt—Because it is a judgment based on value in an intuitive way, if you like, I perceive there to be from what is there now. I make the judgment then that if there is less of it—

Mr DONDAS—Are you talking to Europeans overseas or are you talking to Asians overseas?

Prof. Blunt—No, on the contrary, I am talking about indigenous people in the countries that I am visiting.

Mr DONDAS—And they have got that parabolic device up and in every country they switch up and—

Prof. Blunt—Yes. In China even you would be amazed at how many families have satellite TV and can get Australian TV.

Mr LEO McLEAY—They have all got the cables in the plan.

Prof. Blunt—Yes, that is right.

Senator REYNOLDS—Why do you think they are watching? Is it because we are neighbours or speak English? Is it the Olympic Games?

Prof. Blunt—I think the answer to that question varies a bit between countries. If you take China, my view is that it has to do with two major things: interest in market economies and the material possessions of those economies which they aspire to; and, secondly, particularly in China, a real interest—it is an amazing interest—in English and the ability to speak English.

Mr Manser—The media side of it goes two ways: one is the media going out in the ABC and the international broadcasts. I think it would be a great shame if that is lost. I was pleased recently when the ABC put into Darwin PNN, the news and parliamentary service, which goes 24 hours a day. If you listen to that in the middle of the night you can get Dutch broadcasts. The Dutch are hell-bent on broadcasting into Asia. You get the Brits doing it. And it seems to me to be an anachronism if Australia, which is right here in the region, is not doing the same thing.

The other side of the media coming in—and this may sound to be a bit light-hearted but I do not think it is—is that Darwinians get a very poor run on media exposure themselves. If you watch the television here on a weekend, watch the weather forecast, you get the Sydney weather forecast. You cannot get a newspaper here of any credibility until three in the afternoon, and then it is hit and miss. Media here is an important issue—not going out but coming in.

CHAIR—Governments are very easy to beat around the ears in terms of these things, and it would be fair to say this committee has had a lot of criticism, written and oral, about what has happened in the Radio Australia reduction and the ATV commercialisation. Nevertheless, when it comes to Radio Australia I do not think ABC management can completely slope shoulders on the whole thing. They made the decisions about the balance of their programming, and from evidence given to this committee in Sydney a few months ago it was pretty clear that both Radio Australia and ATV were being pushed on the outer by ABC management. I just make a point that it is not altogether government; it is a question—

Mr HOLLIS—They made that decision after a substantial cut in funds. We ought perhaps to put that on the table as well.

CHAIR—All right, but they still had $500 million to play with.

Mr HOLLIS—Yes, but they still had a substantial cut to their funds.

Mr Fluder—This is very interesting to talk about what they are listening to or watching. Mainly they are watching ABN and the Australian ABC, the international ABC. Again, the Americans are good at it, like with their aid programs. It is a full-on marketing exercise. If you watch IBN, you are actually buying American products. They are advertising for Chrysler motor cars, for their food products, which we do not get on the ABC.

CHAIR—That is the sort of evidence we had in Sydney.

Mr LEO McLEAY—One quick question to Mr Prior. What is a self-loading and unloading trailer? Are you the one who makes them or does someone else make them? What does that mean? What is a self-loading and unloading trailer? It appears in all these

trade—

Mr DONDAS—Side-loading.

Mr LEO McLEAY—No, it says 'Self-loading and unloading trailers are a big commodity' in this list of commodities. I know what live cattle are and live cattle for breeding and minerals. Can anyone tell me what self-loading—

Mr Prior—Let me explain it. Our core product at this time is the flex side tipper, and I have got a picture here in a brochure which I can show you, if you like. Basically that is a side-tipping trailer or dumper which has no doors. As it discharges its load, it changes shape, so the steel or aluminium will be formed into a particular shape. In fact, that product from Darwin won the BHP Steel Award in 1993, and an export award, and we were also finalists, I might say, in the Australian Export Awards in 1996.

Mr LEO McLEAY—Do you only sell these in Indonesia or do you sell them elsewhere?

Mr Prior—No, from Darwin we have supplied 50 of those units into Shanxi Province, in a city called Datong in north-west China. It is a very big coal market. We have supplied 60 of those items into Kalimantan from Darwin. They are 75 cubic metres in capacity and they carry about an 80- or 90-tonne payload. They are massive pieces of equipment. I will not go into detail, but a relationship—

Mr LEO McLEAY—You fabricate them here in Darwin?

Mr Prior—Yes, we do. Our relationship evolved over time from one of a customer-supplier relationship to a licence and to a joint venture and then to a fully-fledged company, and the reason that has been done is that the principal of Bulk Transfer Systems and Mr Bernie Ostermeyer, who founded the company many years ago, wanted to focus on R&D and developing new products. The other products you mentioned a moment ago are ones which are presently on our R&D program, and what we are focusing on in terms of our corporate strategy is to develop products where we have a sustainable, competitive advantage over competitors and where we can secure a patent on that technology.

From Darwin, as I said previously, we have exported to China, to Indonesia and to Canada. This relationship has been formed with our Indonesian partners, who are now shareholders and, as I said a moment ago, are in fact owned by the second largest company in Indonesia, the Astra Group, and, with respect, I think any parliament in Australia would have been glad to receive the senior executives and deputy president of Astra into their precincts. It is a very large company. They turn over about $US6 billion or $US7 billion a year. That is not United BTS, that is not our company. We are a very small company, do not get me wrong; we are very small, but we are trying hard.

Mr LEO McLEAY—But your exports last year were $5½ million, to ASEAN anyway.

Mr Prior—We are trying hard in a small but modest way, and you might, with respect, want to apply a per capita test to the NT's performance vis-a-vis—

Mr LEO McLEAY—You are one of the few progressive ones up there. Do not knock yourself.

Mr Prior—No, I am not knocking. I am just pointing out some comments. I do not want to get too closely engaged in a robust debate with you. I just want to point out you might want to apply a per capita test to performance from the Darwin manufacturing sector. So we are trying hard in a modest way. I go back to my previous comments. I think we need to encourage direct investment—not just into Darwin or the NT, but we need to think eventually as a nation, as a single country—into Australia. I think that is the secret to success, and I think we also need to recognise that we do live in the global economy, the winding back of tariffs and what have you, and we in our modest, struggling sort of way are constantly looking where best to set up, where best to manufacture, where best to access markets. I think, from the government point of view, we look to government to provide industry policy, and certainly in the case of the NT they have been very successful in doing that, in a modest way.

Mr LEO McLEAY—Governments should provide industry policy, there is no doubt about that.

CHAIRMAN—Gentlemen, we really do thank you very sincerely for what we have had this afternoon. It has been very valuable. I know you are busy people and we thank you for your contribution. I am sure it will help us in preparing this report for the parliament in due course.

Resolved (on motion by Mr Hollis):

That this subcommittee authorises publication of the evidence given before it at public hearing this day.

Subcommittee adjourned at 4.41 p.m.