

Darwin Economic Development Forum 14 November 2005

Summary Assessment of Key Issues Arising

The following is a summary assessment of the key issues arising out of the Darwin Economic Development Forum.

Growth strategies

Forum delegates expressed the following views:

- The role of (Greater) Darwin clearly dominates this region. Economic development outside of Darwin should look to leveraging off the Darwin economy.
- Consideration of general growth strategies for the long term should include the role and balance of major projects, global trading relations, entrepreneurial skills, innovation and technology and venture capital.
- The Indigenous component of the Territory economy needs to evolve much more towards mainstream economic structures and operations. Property rights, business profiles and job opportunities across communities need to be more aligned with the major urban economies.
- Partnerships have a potentially important role to play in economic development. This particularly applies to partnerships among industry players. Clustering is one way that Darwin companies can prosper.
- In addition, clearly focussed partnerships between industry sectors and government are important. The latter include government contracts, Defence relationships, innovative technologies and the support government can variously provide for small business to be able to engage in the bigger economy.
- An understanding of the broader economy leads to better industry decisions and performance. The interactions of governance structures, population growth, labour supply, labour costs and the adoption of technology are some examples.
- Trade strategies and support need to concentrate on the trade that the NT does well. Focus should include trade using the geographical and lifestyle advantages of the NT. Trade with Asia needs to be realistic with more focus on the NT supplying smaller quantities to the smaller markets.
- A key component of growth strategies is the government investment in infrastructure. Concerns were expressed about the energy infrastructure for the long term. The security of a gas supply and efficient power generation are issues.

Government regulations and taxes

Forum delegates expressed the following views:

- Stamp duties on properties, contracts and motor vehicles were considered significant enough to affect decisions to invest in the NT versus elsewhere. They also appear to impact on decisions by younger people, for example, to commit to house purchase versus consumer goods.
- Lower taxes, such as payroll tax, make a more attractive business environment.
- Some specific legislation was identified as imposing constraints and requiring review, for example the *Mine Management Act*.

Business input constraints

Forum delegates expressed the following views:

- Energy costs for electricity (power) generation and transport were identified as important impediments to business operations. Concerns exist in relation to future fuel sources, such as Timor Sea gas, and efforts to think more widely about future fuels, such as the 'green' fuels, and technologies were urged. Fuel taxes and rebates are related issues

- Among the natural resources, the attitudes re land access as a limiting factor were rather ambivalent. However, a guaranteed water supply was considered critical.
- The cost of finding, replacing and keeping staff is a major problem. This problem is related to population growth, the Territory lifestyle environment and the attraction of higher wages.

Investment

Forum delegates expressed the following views:

- Investments are seen to respond to those industries with competitive advantages. A range of industries offers opportunities. Examples quoted include cultural tourism, pearls, crocodile skins and concrete pouring technology. Uranium expansion is a major opportunity with 30% of world's reserves. We need to better market our strengths with success stories.
- These competitive advantages are variously impacted by workplace relations changes, the adoption of productivity measures, a realistic market focus and volatility in the investment cycle. We need to welcome competition because it forces us to rethink.
- The proposed changes to land tenure by the Australian Government are seen as a good step for economic progress. A big opportunity exists for Indigenous people to build their own houses over the next decade. Examples of past activity were given. Business mentoring and skills development for Indigenous enterprises were proposed as valuable.
- Various mechanisms were expressed on how investments can be promoted. Examples included industrial parks, free trade areas and venture capital. Views varied widely and without general agreement on the relative usefulness of these different options. Government does have a role attracting investment, for example Public Private Partnerships.
- Some gaps exist between the broader government strategies for an industry and the business operators in the industry. An example given was tourism. Related to this issue are the role of industry organisations and the participation of individual business operators.
- Government is seen to play an important role increasing local business opportunities with major projects and with Australian Government activities, particularly Defence. Government can also encourage new enterprises by providing information, for example on alternative energy, by leveraging assistance to gain more research and development funding out of the Australian Government.
- The government is in a position to provide leadership and leverage on the more efficient use of e-business in procurement as occurs in some other States. This is consistent with moves towards a 'smart state' of thinking.

Trade

Forum delegates expressed the following views:

- New and improved marketing techniques are sought. E-business is seen as a key ingredient of future business operations to underpin improved trade performance. The adoption of e-business is dependent upon a better telecommunications infrastructure, in particular broadband.
- Reservations were expressed about the Territory's market competitiveness. Greater awareness is required of market competitors, the benefits of innovation and the various opportunities to cluster our efforts with other geographical regions (including States).
- The value of trade missions was often limited because too much focus has been on product at the expense of service.
- Trade is very dependent upon transport. Shipping links to the region need to be enhanced with smaller shippers being targeted. The rail transport is considered too expensive. Road maintenance throughout the Territory is lagging substantially and below quality. The rail/port needs to capitalise on service sector opportunities.
- The establishment of a 'special economic zone' for exports was proposed.

Social environment

Forum delegates expressed the following views:

- More effective marketing of the lifestyle environment for the various Territory localities is required to offset many current negative impressions.
- The Indigenous population is large and rapidly growing resulting in a growing market demand, for example for education services. The Australian Government has significant funding responsibilities for this population. Programs should also attempt to leverage private sector investment.
- Whilst people seek a more desirable lifestyle the cost of living was considered an impediment in the region.
- Employment for family members emerged as an important factor in attracting families to move to and remain in the Territory.
- The university lacks capacity resulting in less appeal for our kids to stay here. The university needs to be world class. However, the VET side is doing better.
- Need to identify NT regions for clarity of focus for planning and development purposes, particularly the Darwin/Palmerston/Litchfield region.

Education and training

Forum delegates expressed the following views:

- Education and training is a major issue. Many young people, especially Indigenous, don't perform well in basic literacy and numeracy and this shows up later when applying for jobs. The linkages between schooling and good careers often appear to be weak.
- Education is sought to bring about the circumstances where the entrepreneurial spirit is supported, recognised and encouraged.
- Big social changes and trends are changing patterns of values and motivation. Mobility and job changes are increasing. A view presented was that kids want to earn a lot more and appear to be better educated and motivated. The NT response to social change will be important.
- Building capacity through apprenticeships was strongly endorsed. However, a better understanding of motivating factors for apprentices would be useful.
- Business skills including export skills are not high in business or the public service. Government support for market research would be welcome.
- Employment strategies could attract people to regional areas from south east Asia. A role for skilled, unskilled and temporary migration was advocated as a longer term solution to labour shortages.
- Measures should be taken to make the Territory more attractive to migration from interstate. A welcoming program is one example.
- Government has a key, though not sole, role in education and training. In terms of business skills the government has facilitation rather than an entrepreneurial role.