

Chamber of Commerce Northern Territory



TO: Liyen
RE: Presidents Page October 2008
DATE: 20 Oct 08

Dear Valued Chamber Member and Friend,

The Chamber's Annual General Meeting will be held in October 2008, preceded by the General Council Meeting (a meeting held between the Chamber's Board and Chairs of the Regional Executives and Industry Councils).

Review of the year

Following the AGM of October 2007, Paul Henderson was appointed Chief Minister in November.

In March, the Directors of the Board of the Chamber developed the Strategic Plan for 2008 – 2013, which was approved by General Council in June.

Based on the Strategic Plan, the Chamber's management developed its Business Plans for each of the departments of Operations; Education, Employment and Training; Marketing, Events and Membership; Trade, Commerce and International Division; Training Services; and Workplace Relations.

In April, the Darwin Convention Centre opened. The Alice Spring Economic Profile was released in May and in June, the Common User Facility, an important project of the Chambers Manufacturers Council, was launched at East Arm.

In July, the new Workplace Health and Safety Act commenced and the NT Government announced a Katherine business survey to pinpoint growth problems.

In August 2008, Chief Minister Henderson and his government were returned to power in a General Election. The Territory Growth Planning Unit was formed in September. That month, a new department called the Department of Business and Employment was formed, combining the Department of Business, Economic and Regional Development, the Employment Division of the Department of Employment, Education and Training and all of the Department of Corporate and Information Services.

Also in September, Inpex decided to invest in Darwin.

Through the year, on behalf of Members, we participated in Creating Darwin's Future Committee and the Territory Climate Change Focus Group, as well as a number of other Committees.

In my October 2007 report, I observed then it was an exciting time in the Northern Territory's economic history. I still hold that view. At the time, I noted issues such anti-social behaviour

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and shortage of skilled employees and training and development. These issues remain to be addressed.

Last year and in February this year, I noted we would be facing changes in international financial markets that, most likely, would impact on Australia and the Northern Territory, including a slowing of the US economy, rising cost of credit and mortgage / housing stress, and substantial disruption to the long period of growth in the Australian Stock Exchange. That has come to pass.

In my May report, I quoted from economist, and New York Times Columnist, Paul Krugman, that "the good times may have just stopped rolling." This month, Mr Krugman, who forecasts a "nasty recession" is the US, won the 2008 Nobel Prize for Economics.

Financial crisis and the Northern Territory

What does all this mean for the Northern Territory?

In Northern Territory Treasury's October 2008 Economic Review, Treasury stated that the "strength of the Territory economy continues despite the financial crisis gripping the world, including the economies of trading partners such as Japan. A number of current economic indicators point to the strength in the Territory including strong population and employment growth and ongoing strength in household consumption expenditure."

Regarding Inpex, in the same report, Treasury said that project "may provide a further major boost to the Territory economy through the creation of thousands of jobs during the construction phase, if the project proceeds as planned."

On 16 October 2008, the Australian reported that finance for Inpex Corporation's \$20 billion development of the Ichthys gas field in the Browse Basin was not an issue because of the company's healthy balance sheet.

The reduction of greenhouse gases is clearly important. The Australian LNG industry will make an important contribution to global greenhouse gas emissions mitigation.

In the meantime, as the international competitiveness of the LNG sector will be adversely impacted by the Carbon Pollution Reduction Scheme (CPRS), in its draft Submission to the CPRS Green Paper, the Northern Territory government argues for options for assistance required for the LNG sector to ensure that this impact on Australia's LNG international competitiveness is removed or reduced to the maximum extent possible.

The Chamber supports this submission.

Whilst on the subject of commodities, Treasury's October 2008 Economic Review reported the Mineral exploration in the Territory has increased significantly in recent years, in response to increased commodity prices and demand, particularly from China.

At a recent business meeting in Darwin, Australian Ambassador to China, Dr Raby, expressed the informed view that regardless of what is happening, the Chinese economy will be four times larger in 20 years time than it is today, and businesses should be factoring that in their plans.

It seems that there is reason to have confidence in the Territory continuing to grow.

Indigenous affairs

The concept of Indigenous Economic Self Sustainability is gaining momentum, both at the regional level and nationally.

Indigenous people make up 32 per cent of the Territory's population. The Australian National University (ANU) predicts that figure will reach 40 per cent by 2028.

In August 2008, the ABC reported on the ANU's Professor Jon Altman's (Director of the Centre for Aboriginal Economic Policy Research), view that with 50 per cent of land and 80 per cent of the coastline in the Territory now Indigenous-owned, the potential for development and employment is huge.

Professor Altman said that we "need to see the delivery of health care, educational services, housing and infrastructure" and there is "no doubt that significant investment is required in Indigenous Territorians and remote communities and probably if the Northern Territory was a nation it would be looking for foreign aid." Professor Altman said "clearly [the Northern Territory] will be looking for aid from the Commonwealth to meet" the capital required.

The Chamber is leading the debate within the Australian Chamber of Commerce and Industry and has the support of other State Chambers. There are a number of issues that are being addressed such as the policy and regulatory frameworks, business incentives, cultural and local aspects.

Relevant to the Chamber, there are a large number of indigenous Territorians who want to be entrepreneurs. The viability of indigenous business could be improved if more attention was devoted to Training. The Chamber is an important source of business training. The Chamber can assist equipping indigenous business with the skills and knowledge to maintain and grow their business and give them the confidence to excel in a competitive business environment.

A lot has happened since October 2007. It has been a busy and productive year. The next 12 months will be no less busy or productive.

The Chamber will continue to promote the interests of its members and confront and deal with challenges and barriers to the success of Territory business and the Territory community.

Sincerely

George Roussos
President