



**LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY**

**12th Assembly**

**Committee on the Northern Territory's Energy Future**

**Public Briefing Transcript**

8.30 am - 9.30 am, Friday, 11 October 2013

Litchfield Room, Level 3, Parliament House

**Members:** Mr Gary Higgins, MLA, Chair, Member for Daly  
Mr Kon Vatskalis, MLA, Deputy Chair, Member for Casuarina  
Ms Larisa Lee, MLA, Member for Arnhem  
Mr Gerry McCarthy, MLA, Member for Barkly  
Mr Gerry Wood, MLA, Member for Nelson

**Witnesses:** Mr Brian O'Gallagher, Managing Director: Office of Asian Engagement, Trade and Investment, Department of the Chief Minister  
Mr Tony Mott, Director Investment Services: Office of Asian Engagement, Trade and Investment, Department of the Chief Minister

**Mr CHAIRMAN:** Thank you all for coming this morning. On behalf of the committee, I welcome everyone to this public briefing on the key challenges and opportunities associated with meeting the Northern Territory's future energy needs.

I welcome to the table to give evidence to the committee: Mr Brian O'Gallagher, Managing Director and Tony Mott, Director of Investment Services. Thanks for coming in today fellows. We appreciate you taking the time to speak to the committee and look forward to hearing from you today.

This is a formal proceeding of the committee and the protection of parliamentary privileges and the obligation not to mislead the committee applies. This is a public briefing and it is being webcast through the Assembly's website. A transcript will be made available for use of the committee and may be put on the committee's website. If at any time during the hearing you are concerned that what you say should not be made public you can ask the committee to go into a closed session and take your evidence in private.

I will ask each witness to state their name for the record and the capacity in which they appear. I will then invite you to make a brief opening statement before proceeding to the committee's questions. So could you please state your name and the capacity in which you appear?

**Mr O'GALLAGHER:** Brian O'Gallagher, Managing Director of the Office of Asian Engagement, Trade and Investment within the Department of the Chief Minister.

**Mr MOTT:** Tony Mott, Director Investment Services, also within the Office of Asian Engagement, Trade and Investment within the Department of the Chief Minister.

**Mr CHAIRMAN:** Thank you. Brian, would you like to make some opening remarks?

**Mr O'GALLAGHER:** Yes, thank you very much, Mr Chairman. I just have to maybe remind the committee that the Office of Asian Engagement, Trade and Investment is a new office that has been formed under the recent changes to the Administrative Arrangement Orders. Prior to that, the Asian Engagement and Trade function had resided in the Department of Business and the Investment function was also in the Department of Business for a while, but we have gone through various combinations over the last 12 months.

Just to set the scene a bit, prior to the election, the previous government had what they called the Major Projects Asian Relations and Trade area which once again was in the Department of the Chief Minister. When the new government came to power the initial arrangement orders set up an Office of Asian Engagement within the Department of the Chief Minister, but the Trade and Investment functions moved over to the Department of Business. Subsequent to that, with the government then – or changes in government - decided that, once again, the Asian Engagement, Trade and Investment functions actually sat better together, and from a personal perspective I think that is actually a strategic move. Then, as I said, under the recent Administrative Arrangement Orders that function, collectively though, has now come back within the Department of the Chief Minister.

So while that is a lot of administrative changes, the work has to keep going and has been going and the priorities are there, but we certainly take the opportunity now going forward to review our structures and our priorities given the recent move. There is no doubt from my perspective, as I said, I think Asian Engagement, Trade and Investment sit neatly together.

Every time I have been overseas supporting ministers or Chief Ministers and so on, I would have to say that in a single conversation with counterparts over there, those ministers, their conversations, range across all those fields. It is not limited to just this or that. They are interchangeable, they are interlinked and they certainly support each other.

An example I give is, if we talk about the INPEX project, certainly the INPEX project is the largest investment by Japan in Australia, and certainly in the Northern Territory. The INPEX project, when it is operating, will be the largest export generator, so there is the trade angle, and the INPEX project itself is a fundamental cornerstone of strengthening and widening the entire strategic relationship with Japan going forward. So it is not just about INPEX, but it is the wider opportunities that can flow, but having delivered INPEX your credibility goes up and you certainly get the attraction of a whole wider interest within Japan.

**Mr CHAIRMAN:** Thanks for that. I suppose the first question I have got here is to see if you can provide the committee with an overview of the role of the Office of Asian Engagement, Trade and Investment, and I suppose you have done part of that. I would like to ask that with particular reference to activities that are designed to promote exploration and production in the Northern Territory's offshore and onshore energy resources and NT and Commonwealth funding programs and assistant packages that are designed to support that development of emergent technologies and implementation of commercial scale demonstration projects.

**Mr O'GALLAGHER:** I guess it is the new Office of Asian Engagement, Trade and Investment and if I sort of focus maybe on the investment role initially. It is really an investment coordination and facilitation role across government. We have to recognise that a lot of agencies are intrinsically linked in the investment process and they bring very specific skills and very strong connections that they already have.

So if I think back to the Department of Mines and Energy they have a very targeted minerals investment program, as the member for Casuarina would be well aware. Similarly, the Department of Primary Industry and Fisheries has a very targeted program in terms of agricultural development and also building up investment in live cattle and so on. Other agencies are also – tourism is another area obviously for investment. Education is a new area that we need further investment in.

So I guess ours is a whole-of-government approach and trying to bring a coordination role across the agencies in terms of presenting a consistent message and consistent presentation of what the opportunities are in the Territory at the moment, what the new ones coming forward are and also establishing a very clear process for making sure those opportunities are updated and reflected consistently.

Within that we will chair- my colleague, Tony Mott, does this on my behalf - a whole-of-government investment group which meets, generally monthly, sometimes more frequently as required. That involves all agencies involved in investment activities.

On that note, since the investment role has come under my charge, I have been very keen to strengthen the coordination role and also the recognition of the - what individual agencies do in their own right as well so it is seen as united.

One of the things we have initiated the development of a new Northern Territory Investment Guide and a separate Investment Directory which cover all those sectors I was talking about. They are still in draft form so I am not suggesting I table them, because – if I can refer to some notes to give you a sense of what those things are in here. The Investment Guide is a whole-of-government tool

to be used by all agencies, not just us. It is a single tool for all agencies. It will then set out what the operating framework is in the Territory. It talks about native title, land term tenure arrangements, transport links, access to aviation and a whole range of other categories. It is giving investors a sense of what the operating environment is in the Territory.

That is probably something that does not change daily, and we are looking to produce this and launch it in October.

**Mr VATSKALIS:** Brian, I know what you are talking about because that is exactly what we did with the Department of Mines at the time - preparing something for people who want to invest in the Territory to have this vital information.

Before we go there, have you done a matrix analysis to find out which countries we are targeting in Asia and what possibilities of potential for each country, for example, Japan – natural gas, China – mineral resources, Korea – mineral resources, live cattle export or box beef export? Have you done this work already?

**Mr O’GALLAGHER:** Member for Casuarina, yes we have. We have certainly done initial scoping of that and we have a matrix which covers the markets and the sectors. We are reviewing that under the new arrangements and will be doing much further work in that regard. I would like to get to a stage where - and we also need to do a competitive analysis and see how we fit with other jurisdictions and so on.

My goal is to get a very clear understanding of what our priority markets and emerging markets are and which sectors within those markets make sense for the Northern Territory to target. Similar work has been done at a national level by Austrade, but what happens for Victoria may be a different sector for the Northern Territory. While they may focus on automotive manufacturing, that is probably not the one we would highlight.

What would be nice - and we need to do much more work on this but we are undertaking it - it would be good to get to a system where we have, across each of the key markets, agreement on what our priority markets are. Which sectors would you put the green light on and say they are the highest priorities we need to be targeting, and all agencies understand that and say, ‘This is where we should be putting most of our effort into’.

We would then have the orange light ones where you say, ‘These are the ones that are coming up, we need to watch them as they evolve’ and, hopefully, they move into the green sector. There will be those where we say, ‘They are nice to think about, but in relation to our limited resources it is probably not appropriate we focus there’. You are quite right.

**Mr VATSKALIS:** With Asian engagement - and I am speaking from experience - how many people do you have in the department who can speak an Asian language and what languages.

**Mr O’GALLAGHER:** Member for Casuarina, that is one area we are looking to strengthen. I am already in the process of looking to get a Chinese speaker into the unit. We already have a fluent Vietnamese speaker. At times we have had people who can speak Japanese – they have come in and out - but certainly going forward with the new office, that is an area we need to strengthen and we are pursuing that.

**Mr VATSKALIS:** Thank God for that.

**Mr McCARTHY:** Brian, is the energy sector showing a green light with INPEX? You mentioned INPEX and the spotlight.

**Mr O’GALLAGHER:** Yes.

**Mr McCARTHY:** The rhetoric is all about northern Australia. Are you seeing that? Are the internationals looking, and is there movement in that area?

**Mr O’GALLAGHER:** Absolutely. The energy sector is one of the key sectors in our Directory. If I can just complete that: we had the guide as one suite of the documents we are doing, and complementary to that is the investment Directory which goes through existing projects, or projects that are looking for investment. That covers the various sectors, including energy and tourism, property development, agricultural developments, etcetera. There is a range of those projects put on there.

It picks up on the mining and energy projects the Department of Mines and Energy already had. You would be familiar with their CORE document? Rather than try to reinvent that, we use that. We bring it together in a single context and that goes into even more detail on specific projects. That sets a very good model for other agencies to develop similar types of resource material, as well. That is what we are pushing to do.

I will get back to the energy issue, sir. Just be aware, when we do this, it is primarily a web-based tool that we are developing. The Investment Directory will be updated approximately every four months using that investment coordination group we have. Each agency signs off on their own particular projects, we bring it forward, and it is taken out. Our role is to help take it out in conjunction with the other agencies.

Going back to energy - energy is high on the list. We are talking to INPEX about not just the construction of this existing facility, but the next expansion – Trains 3 and Trains 4. We are in close discussions with ConocoPhillips about further expansion of their fields. We keep a very close tab on the other offshore developments that are happening with Katani, ENI, and Shell Prelude.

Shell Prelude is under construction now. We talk about two trains here and one train with ConocoPhillips. That is a train, but it just does not have the pipeline because it is being serviced out of Darwin. That is a very major opportunity. However, it is how we take this on to the next phase, as well.

There is a strong push across government for the onshore gas development and that, obviously, is quite attractive, I guess, to government in developing those resources because, if for no other reason, it provides a local revenue base for the Northern Territory government because, with the offshore ones the royalties go to the federal government, then you have to try and claw it back. It is not always an easy process. However, a bird in the hand is worth two in the bush, as they say. But the onshore development has been done.

I need to point out, though, that we, with our Asian Engagement hat on, have very good, strong relationships with INPEX. I have been privileged to be part of that project since its inception with a variety of government ministers and so on. It has been fantastic to see that project come forward. We learnt good lessons out of that project as to what is attractive for investors. Providing certainty by government is very attractive. Having a small, nimble government and access to government is an advantage for us going forward. We need to build on that and take it forward.

The Chief Minister has been promoting the opportunity going forward and is also looking at how the energy resources of the Northern Territory can be linked in to the domestic gas grid in the eastern states with future pipeline connections and so on. That will, obviously, go through various business cases but, I believe, conceptually, you have to say that makes strategic sense for the Northern Territory and for Australia.

When we talk about energy in Asia, sir, a key part of it is the energy security of Asia, and the needs and demands, and where we and northern Australia can fit into that picture.

I quote the numbers from Donald McGauchie when they look at the middle class in Asia. In 2009 they estimated the existing middle class of Asia to be about 500 million people. By 2030 that is expected to grow to 3.2bn. That is a huge, mega middle class and, in regard to population, that is five or six times the combined United States of America and Europe. If you do not think Asia will be the big driver of the global economy then you are probably closing your eyes to the facts. The Northern Territory and northern Australia are uniquely placed to start positioning themselves to enter that. With that middle class there are growing demands for energy. There is also a growing demand for food securing. If we look at northern Australia - I see Prime Minister Abbott is looking to develop the white paper and so on. That is an important feature to get some alignment of federal government policies and Northern Territory policies together and get some joint commitment and allocation of resources to try to position ourselves to capture that growth in Asia.

**Mr McARTHUR:** Is Indonesia using gas to produce electricity? Is South Korea? Japan is leading the pack, and it was really good to follow that whole INPEX journey. Are any of our Asian neighbours?

**Mr O’GALLAGHER:** A lot of them are. Taiwan and South Korea are doing it. Indonesia is obviously developing its own resources as well to supply its own gas. You may be familiar with the Abadi gas field which is in Indonesian waters. That is the one they are proposing with INPEX and Shell. They are considering a floating LNG option there too. Indonesia will be trying to extract as much value from that as it can. Our goal is to say, ‘Wonderful development, but you have Shell Prelude out here. They have logically chosen Darwin as the supply and service base.’ If you think about the cost-effectiveness for a project that close to - even though it is just over the border, perhaps there is an opportunity for Darwin to get involved in that too.

**Mr WOOD:** There is uranium exploration. Whilst Japan might be thinking twice about nuclear power, my understanding is China is increasing the number of nuclear power stations. Are there investment opportunities in that part of the world for increased uranium production?

**Mr O’GALLAGHER:** Yes, we have had numerous delegations from India, China, Japan and other places. They all have an interest in uranium as part of their energy mix going forward and we welcome investment. We connect them with projects. When I say we, this is across the government. What we generally do in that case is if investors come in - because they come from different sources - we will naturally direct them to the Department of Mines and Energy, which then gives them detailed briefings of the specific opportunities around uranium and so on and build that up. Foreign investment - from my perspective to date I have seen both sides of government being very supportive of it.

**Mr WOOD:** The other side of the equation is part of our Terms of Reference talks about the availability of developed resources for the domestic energy market. You have been talking from the angle of Asian engagement. Do you have a role to play in getting investors, even Australian

investors, to invest in the Territory to produce more energy locally? We are an importer of oil today. We have the issue of having enough gas to supply Gove. Where do you play a role in trying to get investment for our local supplies of energy?

**Mr O’GALLAGHER:** It is worthwhile pointing out, Mr Wood, a new Energy Directorate has been established in the Department of Mines and Energy. That Directorate probably had direct responsibility for the exploration projects that are coming on. Our role, because we go out to a wide investment audience both nationally and internationally, is to draw those opportunities to their attention. If there is interest, we certainly encourage them to come here. We connect them directly to the relevant investment officers in the relevant agencies who can then give them the further information that goes on. In regard to domestic supply, I let Power and Water and the Energy Director more define what is appropriate for the Territory.

**Mr VATSKALIS:** That is what has always puzzled me, Brian. We have Asian Engagement in Mines and Energy, Asian Engagement in Primary Industry, we have an Asian Engagement in DCM, why the hell do we not have one agency and the departments can work with that agency? We are splitting resources, we are producing the same material, we duplicate and quadruplicate. We have four different people speaking the same language who never seem to work together.

Can you ensure we have an Asian Engagement Unit that can incorporate everything into one and the departments can come to that unit for assistance or go out together to get the resources? To me, it is crazy wasting money to have a Chinese speaker in the department of Mines, a Chinese speaker in Primary Industry, a Chinese speaker in Business, a Chinese speaker in Asian Engagement - four people speaking the same language not talking to each other most of the time.

**Mr O’GALLAGHER:** As I said, we are moving to a new structure. Certainly, the coordination level is a key focus of that, member for Casuarina. We will develop within our office; we will strengthen our skills in the investment areas and detailed knowledge of those particular sectors. However, you still need the particular project components and technical expertise of the specific agencies to complement that. It is not one or the other; it is working together as a team with complementary resources. I will give you an example if I can.

There is an upcoming trip where the Chief Minister plans to go to Japan. Obviously I do not want to foreshadow too much of that, but the Chief Minister is certainly out there promoting the broader trade and investment opportunities of the Territory across the board, as he should. He will do that to a high level of political and industry players across Japan. It would probably be the most strategic gathering of potential investors and so on you would ever get. We are also looking to tap into that and bring those investors to the Territory next year. It is not just a show and tell; it is starting a whole process of engagement.

At the same time, the Department of Mines and Energy, with our encouragement and support, will leverage off that advantage to host their Japanese NT Minerals Investment Seminar which the Chief Minister will be able to open as well. The Chief Minister, when he is at the major gathering, will be able to foreshadow that following on from him further detailed information is being provided for those who are interested to come. It is connected and linked.

I believe we can do more of that. Yes, there may have been times in the past when they had been operating in silos. That is certainly not the thrust we have now. The Investment Guide and Directory, as I have said, a whole-of-government resource, are being developed collectively. They

are a single resource so we are not duplicating and they bring things together very neatly. That same approach is then our engagement with investors and so on.

Our office we will strengthen itself and share information across the agencies. In regard to the coordination, we have set up a whole-of-government international engagement group. Numbers do not matter, but it had about 30 on it. All the various agencies, including DFAT, Darwin City Council, are on that agency as well, including the CEOs of the Department of Primary Industry and Fisheries, and the Department of Lands, Planning and the Environment. It is high level, but it is getting cross-coordination sorted out and ensuring everyone knows what our priorities are going forward and an understanding of what agencies think their priorities are, getting a pathway and saying, 'This is where we will put our effort collectively' and everyone needs to be aware of it, because any minister travelling actually represents the Territory, it is not just their portfolio responsibilities. We need to ensure that happens. It is not just government, but it is the initiatives of the private sector, the industry associations, which is fundamental to what we do as well.

**Mr VATSKALIS:** One more question through the Chair. We are talking about energy and attracting investors to come to the Territory to invest on exploration. Considering the federal government now is proposing, or has the policy of tidying up for investing in Australia. The Foreign Review Board even wants to go down to \$10m investment. Have you been talking to these people? There is not much point you going out to promote the Territory if people come here but they cannot invest, buy into the company, or buy a mining lease or a mining exploration lease. Have you been talking to your federal counterparts and the Foreign Review Board and what is the outcome of these discussions?

**Mr O'GALLAGHER:** At this stage, I have not directly been doing it, but we have the intergovernmental agreement area within the Department of Chief Minister which looks after those intergovernmental arrangements and the economic planning and policy area. May I say they are just different areas of the same department and we work very closely with them. However, I guess the responsibility for those direct discussions lie with those parts of the agency. But, I am happy to follow it through and see where we are.

**Mr CHAIRMAN:** Thank you, Brian. We have covered many opportunities there, but I suppose this is more for Tony. What sort of challenges does he have in attracting investment for exploration and production of energy resources? We have spoken a lot about the opportunities ...

**Mr MOTT:** Sure.. I might elaborate a bit more on the Directory. The Directory is only listing projects that are seeking funding. It is not a promotional document, and it is not promoting INPEX or any other projects already in existence. It includes projects that want some initial funding in order to get up and running. In fact, it is not projects that want debt. There is an entire banking industry out there who can provide plenty of debt if you meet the right criteria. So, it is only if you want equity investment. The energy industry is characterised by large multinational companies with, largely, deep pockets and they generally look after themselves.

There is a description of the investment opportunity in the energy sector in the Northern Territory in the Directory. It is probably unlikely we will have individual energy projects seeking investment because they generally look after their own financing. That is following discussion with the Department of Mines and Energy and Energy Directorate.

There are a couple of energy-related projects in the current core document that the Energy Directorate maintains. However, we do not anticipate a long list of energy projects seeking



investment that will be included in the Directory. This is quite different to the minerals side of things, where the minerals industry in the NT has many junior explorers which have some success going out and finding an ore body and defining it. Then they need capital to develop it up and get it operational.

On the energy side of things, it is a different mix of players. You get the junior explorers in there which will drill a few holes, then the multinationals generally come in and they become the development partner and they, generally, have the funding to develop the opportunity.

Regarding the Investment Directory, we do not think there will be as many energy projects as there would be for other industries, for example. Hotel accommodation is one of the categories in the Investment Directory. There could be 12 to 15 development sites around Darwin. They could be candidates for inclusion in the Directory; it is really up to them to nominate themselves if they want to be included.

In some industries the Directory will be useful tool for them to promote their own project, to identify potential investors. Other industries are structured differently, and they may not use the Directory at all. It may not appeal to them.

It can never be comprehensive, it can never include every investment opportunity in the Northern Territory because we simply do not have a crystal ball, basically, and it is also voluntary. For some people, they may choose not to use that channel to promote their own particular product.

**Mr McCARTHY:** Can I ask a question through the Chair? This is away from energy. What are the checks and balances of looking at these international investors? Does the federal government look after that in the background and the background checks? Do we do any of that in the Territory?

**Mr MOTT:** There are a couple of different angles. When you get interest from international investors, it can come through a couple of different doors. If there is a formal interest, it might come through the Foreign Investment Review Board and it will come to the Northern Territory Department of Treasury and Finance. Then, they farm that expression of interest out to the different departments. We all get to express an opinion as to whether we have any concerns about a particular project.

For example, there has been some interest recently from overseas investing in sandalwood plantations in the Katherine region and over to Western Australia. We all had an opportunity to look at that and express any particular concerns. In our case - I was with the Department of Business at the time - we did not have any particular concerns because it was creating jobs and adding value in an area and the characters behind the investment seemed to stand up to a character test. It is not our responsibility to do the character test. That is for the federal government under the Foreign Investment Review Board.

If an individual project is listed in the Directory, let us say a proposal for a four or five star hotel in Darwin, and a potential overseas investor is interested - a Vibe, Shangri-La, or something like that - they contact the project proponent directly. We provide a channel to go direct to the right people. We do not do any filtering, qualifying or anything like that. We qualify the projects before they go in so we do not include underdeveloped ideas, thought bubbles, or any plans to develop a 'build and they will come' approach. We have checks and balances to filter those things out. If individual projects are to be included. There needs to be a business plan, there needs to be cash flow projections. You need to show evidence of demand for the product. You go through an interview

process, so once you pass those criteria you will be scheduled for inclusion in the next edition of the Directory.

We do some checks and balances before the projects are listed, but once they are listed interested parties go direct to the project proponent and that conversation evolves without too much involvement from us. We maintain an overview of what is happening in the industry, but those individual conversations are between the two parties and it is up to them to see how they evolve.

**Mr VATSKALIS:** Do you have any more involvement apart from bringing people together?

**Mr MOTT:** Sometimes projects fall between the cracks. There is still a reference to the tidal energy project on the InvestNT website. If we go back several years, there was big interest in potential renewable sources of energy - wind, solar, geothermal, tidal and those types of things. Under the departmental structure several years ago, it was not clear who was responsible for renewable energy projects. At that time, the inquiry came into the then Department of Business and Employment to the InvestNT function and they ran with that. That particular project - the way the function was operated at the time, the InvestNT area was to list projects then try to do some matchmaking between potential investors and projects.

That is how the website was designed and is why some of the projects are still up there today. In that particular case, that proponent needed to be connected to some of the right people. They had identified an area off Gunn Point to the north of Darwin. They needed to talk to the Department of Lands and Planning as it was at the time, to understand what was involved in securing access to that area and under what lease terms.

They then needed to identify, if they could produce electricity, who they could sell it to. There was an introduction to Power and Water Corporation at that point in time. They also wanted to understand what industry capabilities exist, what engineers were available, what consultants were available, and what market testing was available. We introduced them to relevant players in the local business community.

To say it is a matchmaking role probably understates the value we add to the conversation, but a large part of our role is sharing our network with interested parties. Our aim is to help them get up and running as quick as possible.

As you know, the Northern Territory government does not offer financial incentives for firms to expand, relocate, or to set up a business in the Northern Territory but we share information. Information reduces the time taken to go from a business idea to revenue flowing, and time is money. That is what we offer, and when business people come to Darwin and meet us face-to-face the feed they are giving us is they get the best service of anywhere in Australia because we are honest and transparent. If there are challenges we point them out; if there are solutions available we link people up. That is how we try to differentiate ourselves against other jurisdictions.

We also collaborate with other jurisdictions. A good example is the ACT, a small part of the country, as you know. Their investment strategy is to invest high-tech industries into their little part of the world. They face similar challenges to us in the scheme of things. They are a relatively small jurisdiction, small tax base and small budget. There are opportunities to collaborate because we do not compete head to head. We cultivate our relationships with our peers to identify areas where we can collaborate. The recent collaboration in the minerals industry between the Northern Territory and South Australia for the Australia China Minerals Investment Summit is a really good

example because when investors, come to Australia - there might be some opportunities in the Northern Territory, but they are also interested in the bigger picture.

Yes, we compete with other states and territories in order to attract investment, but there are also great opportunities to collaborate.

**Mr VATSKALIS:** We have everything in place and we talk about investment, how successful have you been? Can you show us something to say to the people of the Northern Territory, 'Look what we have done. These people came because of the work we have done?'

**Mr MOTT:** There are the big headline projects that have come to town and you would be familiar with those. There is a lot of smaller stuff that follows. I would have three to four meetings or interviews a week with parties interested in coming to the Northern Territory. There might be someone here on holidays and they see cranes on the skyline and they want to invest in property. We explain where we have been, where we are going, what the outlook is, and then link them up to the right people, whether it is the Real Estate Institute or whatever.

They could be spare parts wholesalers from western Sydney who somehow picked up there is something happening up in the north and they want to find out. We link them into the right people and introduce them to organisations like the Industry Capability Network at Winnellie which runs a database to link in local businesses to major projects. We link them to other industry associations such as the Chamber of Commerce, Institute of Company Directors. There is a variety of things.

The major project approach generates a trickledown effect and you then have a whole lot of firms come to town. There has been a big increase over the last nine months in white collar professional firms - architects, engineers, environmental consultants, logistics planners - who work in the same industries down south, whether it is in WA or Queensland or Victoria, and have picked up there is something happening up north. They come on an initial visit. We give them a full briefing and encourage them to come back and so those firms are in town. You see them at events - the Chamber of Commerce runs a monthly networking event called Business at Sunset. You see them line up there and next time they will offer to host an event because it is a great promotional opportunity.

We cannot put a dollar figure on it because we provide people with some contacts and some information. We stay in contact, but we do not follow through to identify exactly what they are trying. Often they put a toe in the water – they may not want to invest in opening a full office until they work out if it is worthwhile. They might share an office with someone, a partner, get their toe in the water, win some work, and then they open a representative office themselves. It is a gradual expansion.

**Ms LEE:** How many Indigenous organisations do you have listed or looking to be listed on the Directory?

**Mr MOTT:** The first version of the Directory, which will be out later this month, does not list individual projects, it offers an investment profile at an industry level. It explains, for example, about the opportunities in agriculture, it talks about aquaculture, forestry, fishing, horticulture, pastoral, and a couple of others and it will go through at that level.

When proponents come to us we do not ask if they are Indigenous, we offer the same level of service regardless of their background. Several firms have come through in the last couple of months that have a large Indigenous workforce, perhaps have Indigenous partners, and we link

them up to people. We provide the same level of service regardless of their workforce mix or who their partners are.

**Mr VATSKALIS:** Larisa has a really good point there because, for example, you talk about tourism. One of the attractions, especially in China with its emerging middle-class, is cultural experience. Jawoyn has Katherine Gorge, Cicada Lodge and everything else, and if they had the opportunity would get some more people who will be happy to invest and bring their own people to the Territory.

I know what level you are now, you are the broad level – tourism - but would it not be a good idea, subsequent to that, to have the people involved in tourism looking for investment. That is what we did in Mines. Yes, we set about mining, but we had the company names - names and addresses and their project - so when people got a booklet, opened the book, they looked and said, 'Look, this is, let us say, '... Rocks Resources. This is what they have done already, this is where the exploration is done, these are the results, this is their address.' People can pick it up, read it, and think, 'I am interested in that one', then talk to us so we can bring them in contact.

People say, 'Katherine Gorge, potential for tourism, and I have people in China who want have this cultural experience.' By rating tourism, okay, you have tourism in the Territory, but who am I talking to? It is probably something to consider in the next edition. Yes, use a broad heading, this is what tourism we have, but these are the people in tourism who currently are looking, or there is potential for investment.

**Ms LEE:** I just want to answer that. They are not only looking at that, there is a great deal of talk in the bush at the moment about expanding into farming, agriculture and horticulture. They want to come to the next level. It is just trying to find the investors and getting them linked up to the right people. That is what my inquiry is about.

**Mr O'GALLAGHER:** Member for Arnhem, I take your point and I fully agree with it. It is not that we are not doing anything in that space – we are. The Directory will actually get down to specific projects and components, so it not just totally at the industry-wide level, and there are contacts for those proponents for those projects.

Let me give you an example. Yesterday, we had the Mitsubishi Corporation Deputy General Manager in Australia come through. We are talking about a strategic engagement with that global corporation where they will bring in a range of their energy people, their agricultural people etcetera, as a targeted mission for which we will tailor a program for those people. There are certain people in that organisation who can make investment decisions. For anything under \$50m, the group CEO of that particular division can make the decision, anything above, you have to go to an investment committee.

We are looking at getting possibly 20-odd people or so from that corporation and tailor a range of investment opportunities across the Territory.

One we drew to their attention yesterday was the Tiwi Islands and the development of the woodchip industry there, because they are a potential buyer of that product if it is developed and exported. They are also a potential investor. So, we got them a detailed briefing on that particular project.

As of yesterday, with our colleagues in the Department of the Chief Minister, we have already furnished further detailed information they requested. They are now looking to see who to connect

this with in that huge corporation who would be best able to judge the investment potential. If they come down later this year or early next year, we will take them out to that project so they can see it. That is just one example of how we connect it.

However, I fully appreciate the development of the regions is high on the agenda. When we talk about investment it is not just about Darwin, we are talking Territory-wide, and it is not just big projects, but small, strategic projects as well.

**Mr MOTT:** Just to clarify, the edition of the Investment Directory and Guide to be launched later this month will be available in English, Japanese, Chinese, and Indonesian. Future editions will also be available in those languages, but will also include those other projects. The reason we do not have individual projects listed in this edition is simply the crush of time. Translation requires a long lead time.

We already have identified some of the projects we will approach to see if they are interested in being included in the next edition. But, again, it is completely voluntary. That is just our view, we will go out to the other Departments to explain the approach moving forward.' It is in all our interests to have a broad menu for potential investors to choose from.

**Mr VATSKALIS:** Tony, I agree with you, having things in people's language. We are going to attract people from Korea who cannot read English. We cannot assume they all speak English. Many people do not speak English at the level we want them to understand. It is the initial translation which is cumbersome and takes time, effort, and money. But, if you have that, you can just translate the upgrades, which is really good.

My advice is not to rely on in-house translations. Make sure you do it outside with a person who is qualified properly because, if it is done in-house things can go wrong and it creates all types of problems. However, outside you have redress. I have had things done in my office and, when people explained what was written, I thought, 'Oh, God, it is highly embarrassing'. So, always get people from outside.

**Mr O'GALLAGHER:** Member for Casuarina, let me reassure you, this translation has been done by professional translators specifically for this program.

**Mr VATSKALIS:** Brilliant.

**Ms LEE:** One thing in regard to the translation. In order to get the Northern Territory Indigenous people involved with this – you get them interested and attracted to whatever products you might have so we can refer them on to you if they looking at business opportunities in their regions. Are there translations for them? Not everybody speaks first-class English in the Northern Territory.

**Mr O'GALLAGHER:** Not at this stage, I am afraid.

**Ms LEE:** Are you considering doing some translation in that area?

**Mr O'GALLAGHER:** It is how we take the opportunities out to the regions. We need to work out what is the best way of communicating and getting the connection. If part of that is putting it in a language the Indigenous people can better understand, then maybe we need to give consideration to that.

**Ms LEE:** You have the common ones. In regard to the top north of Arnhem Land, it is mainly Giimbiyu people speak. It is pretty well known. If you go over to the east, then it is Yolngu Matha. Anindilyakwa can understand Yolngu Matha as well. Then, when you come down it is basically

Kriol. You have the three specific languages that covers the region. Then, if you go down to Central Australia, then it is either Arrente and all that kind of language which are pretty ...

**Mr McCARTHY:** How does the Northern Land Council full council operate when you have that multi-linguistic group in the one room? Do they use English?

**Ms LEE:** Kriol. The majority of them will pull each other aside and speak in Kriol.

**Mr O’GALLAGHER:** Member for Arnhem, the other thing is while we develop some of this material, we try to get it out and we do connect. But, we utilise the existing services of other agencies who have direct responsibilities in the region, including the Department of Business and so on, which are actively out there. They will be taking our message out there. If they find opportunities, they will feed that back to us as well.

**Mr MOTT:** There is one aspect of our relations with Asia we have not touched on this morning; that is, Asia as a potential provider of funding. We have largely talked about Asia as a potential buyer of our products, whether that is food, minerals, services, tourism etcetera. Australia is a net borrower from the rest of the world, and the Northern Territory is no different. We will always rely on external capital from outside the Northern Territory because we only have 237 000 people today, which is not a big tax base.

To develop the Northern Territory we need money from outside the Northern Territory flowing into the Northern Territory. Asia is largely a creditor to Australia. Whether that money goes to an Australian bank and then gets repackaged and channelled to you and I for our home loans and credit cards or our business, or whether it is direct from an Asian investor, whether it is Indonesia or Korea, Asia is a big pool of capital that, potentially, we can tap into. We do so today but we can accelerate that. Sometimes, the individuals in Asia that may invest in the NT maybe the same individuals buying our products.

But, sometimes they will be somewhat different. For example, we have had some interest from the Middle East from large trusts that are connected to Middle East money. They are investing in the NT purely as a financial investment. They are not buying a product; they just see it as an attractive investment opportunity.

With our trading relationship with Asia, there are tremendous opportunities to get players operating in the supply chain investing here in the Northern Territory. The people involved in shipping, logistics, handling, and distributing the product to the consumer, wherever they are in Asia, are already exposed to and understand the Northern Territory. So, it is very little additional risk for them to invest capital.

Recent discussions about Indonesia investing in the Northern Territory pastoral firms is a recent example. In our discussions with Mitsubishi, Mitsui, or any of the Japanese or Korean trading houses, we will develop those discussions to a point where we highlight the investment opportunities here so they consider investing their capital in the Northern Territory. That is a big opportunity for us.

Investment will only happen in the Northern Territory if the banks, whether they are Australian or international banks, also understand the Northern Territory. We are putting a large amount of effort into engaging those banks in a positive way. There is an emerging conversation with the China Development Bank, which I might ask Mr O’Gallagher to talk to.

**Mr O’GALLAGHER:** Yes, with the China Development Bank, as the member for Casuarina would be aware, there is a Memorandum of Understanding. We are looking to strengthen and expand that, not just around the mining sector, but to other sectors as well. The Chief Minister will be pursuing that in his upcoming visits.

**Mr VATSKALIS:** There is a history of investment in the Northern Territory. Brunei had farms or stations in the Territory. The Bakrie brothers had the Tipperary Station, and I think they have gone. You are right, Brian. I was there when we signed the memorandum of Understanding with the China Development Bank. This bank became a trading bank not a state bank and changed the rules of engagement. Before everything had to do with China, now it is not. As long as it is loosely connected with China they are happy. Also, when they were here not last year but the year before, they expressed they were prepared to invest in any project – port, railways or infrastructure. You should follow that up because they have the money and an interest in the Northern Territory.

**Mr O’GALLAGHER:** I have only recently taken charge of that, but we have been providing them detailed information. We will certainly be giving them copies of the Directory as a starting point, and inviting them to come down later this year to pursue things.

**Mr WOOD:** You mentioned Clarence Strait as a possible provider of power. Have any other companies been looking at investing in the provision of power - something of a hot topic at the moment - but any other investors in any form wanting to look at provision of power?

**Mr MOTT:** Yes, there have been firms interested in solar photovoltaic farms. They have been introduced direct to Power and Water. Once we make the connection to the right area in Power and Water we let the two parties conduct those conversations themselves. There are firms heavily invested in the oil and gas industry who now have a significant renewables interest. Through our past connections with the oil and gas industry we have been able to broker an introduction.

An amount of 40% of the power generated in the Northern Territory is consumed by off-grid mines essentially. This is an area the Energy Directorate is taking a big interest in. The Energy Directorate may have a broader view of the opportunities for independent power producers, particularly in the off-grid areas given Power and Water primarily services our population centres.

**Mr McCARTHY:** Brian, the talk about Indonesian investment in pastoral properties - Oceanic and the purchase of a Barkly property and a Douglas Daly property and the classic supply chain back into Indonesia has not worked. That has been a very contemporary example, and now the gossip around home is the station is up for sale. Have you guys any ideas around that?

**Mr O’GALLAGHER:** I am probably not across the specific details enough on that to give you an authoritative answer, but the announcement that Indonesia is looking to invest in buying properties to me is a positive one. If they can be engaged in a whole supply chain you would think, from a commonsense perspective, then they have ownership all the way through. They have an interest in the Territory end just as much as their own end. I see that as a positive development. It certainly is a way of letting them get some comfort around food security for themselves, particularly after the hiccup we had with live cattle bans and so on.

I believe they see that as a positive development, and I understand the federal Agriculture Minister yesterday confirmed he is supportive and would not get in the way of such an investment. However, in regard to the specifics on pastoral properties I would have to refer you to the Department of Primary Industry and Fisheries.

**Mr CHAIRMAN:** With the Douglas Daly, I recently had discussions with the mahogany people and investing in power generation down there. Have you had any involvement with them at all?

**Mr O’GALLAGHER:** Tony might know more.

**Mr MOTT:** We are aware there is some interest in expanding the mahogany areas in the Douglas Daly. We have not had any direct discussions about potential power supplies. Once you get away from the population centres in the Northern Territory my general advice to people is you need to be completely self-sufficient. You need to have your own independent power production, accommodation and back-up plans. Sometimes it is easier to plan as though you are going to operate on Mars because you need to be that self-sufficient. That analogy is not a criticism of the Northern Territory, but makes it easier for people to understand the extent of planning they require.

**Mr CHAIRMAN:** Before I ask these fellows if there are any more questions, is there anything you think we should really be brought up to speed on? We have moved off the subject a bit this morning, but it does tell us how the investment flows and so forth.

**Mr O’GALLAGHER:** It is important to recognise the role of the private sector and. There is a lot of investment activity that occurs without government being involved, and we need to recognise that. Government does not have to be involved in everything. You have to work out where you can add some value and where you do not.

Yes, there is matchmaking role, but it can be a very valuable matchmaking role. Sometimes, case examples are the way of demonstrating. Last week, for example, we had a Vietnamese potential buyer of iron ore, but is also a potential investor in mining projects. They came to us because of our Asian engagement connections and we have been involved with them with cattle and other things. They took the time to come down here specifically wanting to know more about the iron ore.

What did we do? We introduced them to Sherwin Iron and we brought Rod Illingworth in. I gave them a general overview of what was happening, then Sherwin Iron talked specifically about their project. We also got the Department of Mines and Energy, which is also working with Western Desert Resources, to introduce them to them as well. It is not about us picking the winners.

As a result of that, they also specifically said while they were looking to buy iron ore, they were happy to look at joint venture and equity investment in it. So, we have now left that to those players to deal directly. If they come back to us for assistance, then so be it. However, it may be that the proponents will work it out amongst themselves. It can be a matchmaking role, but you actually see some tangible reasons as to why you would do it. That is one thing.

The other thing is there are some strategic events – and I do not like using the word ‘events’ because people think it is just a conference or something like that. It is actually a strategic engagement of like-minded groups of investors or groups of companies. One coming up next year is the 52<sup>nd</sup> Japan Australia Business Conference which is being held in Darwin. The Chief Minister will be going up to the 51<sup>st</sup> one in Tokyo. That brings the unique opportunity from, let us say from the Japanese perspective, to bring down 100 to 150 leading corporations from Japan which are coming for an international engagement with Australia and Japan, but here in the Territory.

We will target each of those companies and what are their interests. Are they interested in mining investment? Are they interested in agricultural investment? Are they interested in tourism? Are they interested in infrastructure investment, second ports, etcetera? We will tailor a program for



each of those - and maybe there is a group of them collectively – while they are down here, to take advantage of it. We will work with our other agencies to do tailored programs for those investors. That is an unique opportunity of them coming down first-hand. The example of Mitsubishi yesterday was a classic example of how that is starting to get momentum.

Another key one that we sometimes say is a conference, is the SEAAOC Conference, the South East Asia Australia Offshore Conference. I understand the organiser is going to rename it South East Asian Offshore and Onshore Conference now. It has been going for 19 years, coming up to 20 years. That has been a partnership we have done. I must admit my team, over the last six or seven years, has been the key coordination point for that. That has grown considerably. It has put the Territory on the map for the oil and gas industry and the mining industry because it is combined with the resource sector.

David Knox, the Chairman of Santos, told the organiser the other day, he said that is the second most important gathering of the oil and gas industry in Australia. Obviously, the APPEA Conference is the first one and that is pretty big. However, for it to have now grown over 19 years – and if I can just give you some statistics. Over the last 12 months, they had a total number of attendees this year, 1155. Last year it was 908. So, growth is happening there. That is people coming in looking at the Territory. Total number of exhibition stands went from 126 last year to 160 this year. So, you are seeing the supply and service industry is starting to get involved in there. We had 280 local business visitors who were given free access to the exhibition stands here. The interest from local business in getting involved in that is really high now.

I think they had three halls, they are looking to go to four halls next years. That is the total space of the Convention Centre. People come in, then they connect with a whole range of people. These strategic events, particularly when they have been long term, are very good.

One of the initiatives we started under this government this year, sir, was the Katherine Regional Mining and Exploration Conference because we have a focus on the regions. Once again, that had about 120 people attend. They have committed to do it again. You can see from the track record of this company that they go in for the long term. If they can grow the Katherine one as a major event; they will bring a great deal of attraction to that region and potential investment opportunities.

**Mr VATSKALIS:** Brian, just one final question for you. Okay, the big guys will come directly to you. Where are you now? Territory House?

**Mr O’GALLAGHER:** No, we are still in Development House, sir.

**Mr VATSKALIS:** Do you have a shopfront, somewhere people can come and register their interest and be part of the growth where you are seeking investment, where you can display the investment potential of the Territory? Many people come here for other purposes and, suddenly, they think, ‘This place is buzzing and I would like to do something. I do not know who to talk to.’ Do you have a shopfront where people can walk in say, ‘I am interested in investing’, let us say spare parts for big bulldozers, ‘... who do I talk to?’ Have we something like that where people can say, ‘Invest NT, opportunity to invest in the Territory. I will ask there.’ Do we have anything like that?

**Mr O’GALLAGHER:** No, sir, we do not. The previous CLP government used to have what was called Territory Perspective.

**Mr VATSKALIS:** Oh, yes, I remember that!

**Mr O’GALLAGHER:** You remember that?

**Mr VATSKALIS:** Not that we knew where it was.

**Mr O’GALLAGHER:** To date, we have never had a shopfront, but it is a good idea. I am quite attracted to it. Of course, it is all within restraints and budget restraints etcetera, we are working with.

Having said that, the website - which we do need to refresh and we are looking at doing that too - is one avenue. Whether we could afford a street-front premise, it obviously has to be taken into account. The concept is quite attractive.

**Mr VATSKALIS:** If the people want to participate in an investment attraction strategy, that means they can pay a fee. That fee can go directly to this promotion and can be part of alleviating the cost of a potential shopfront.

**Mr O’GALLAGHER:** I take on board your idea, sir.

**Mr CHAIRMAN:** Thanks for coming today, fellows, it is much appreciated. I am sure we will get you back again. Thank you again.