



DARWIN MAJOR BUSINESS GROUP

Hon Warren Entsch MP
Chair
Joint Standing Committee on Northern Australia
Parliament House
CANBERRA NT 2600

SUBMISSION ON OPPORTUNITIES FOR STIMULATING TOURISM

The Darwin Major Business Group is made up of Darwin based larger businesses which represent some 15% of Northern Territory Gross State Product. All member businesses are long term investors in the Northern Australia economy, larger employers and their futures are tied to the Darwin, Top End and Northern Australia economies.

As a group of major businesses we have been giving collective thought to stimulation of our local economy and wish to focus the attention of the Joint Committee on two achievable policies and one easily achievable project. These are outlined below.

1. Development of Darwin into a Cruise Ship Home Port

Darwin has traditionally received around 50 cruise ship visits per year with the numbers oscillating between 40 and 60. These cruise ship visits are a mixture of the large international cruise ships and Australian based smaller expedition type cruise ships.

The smaller expedition type cruise ships (often less than 100 passengers) visit parts of Northern Australia which are inaccessible to the large international cruise ships.

The large international cruise ships with international crews operate in Australian waters through an exemption under the *Coastal Trading Act 2012*. The exemption applies to cruise ships which are over 5,000 tonnes, carry more than 100 passengers and can achieve in excess of 15 knots speed. Dramatic year on year growth has been experienced in large ship cruising in recent years because of the exemption and market conditions.

However, the smaller expedition type international cruise vessels are not covered by the exemption and the only expedition type cruise vessels calling at Darwin are Australian flagged.

Darwin, as the strategically located city in the middle of the Northern Australian coast, would make an ideal Home Port if the cruise ship industry could be encouraged to base themselves there for the whole or part of the year.

Being a regional city remote from the rest of Australia it is obvious that the most likely cruise ships to base themselves in Darwin are the expedition type vessels. In terms of existing port facilities the international expedition cruise ships are the type of vessel which could easily home port in Darwin. Additionally, Northern Australia is a natural market for these ships.

One tourism oriented policy change which would assist Darwin becoming a Home Port for cruise ships would be to allow the smaller expedition type international cruise vessels the same privileges as the large cruise vessels as long as they operated in Northern Australian waters.

There is precedent in the transport portfolio in the Bilateral Air Service Agreement system for more relaxed regulation in regional Australia. In brief, the capacity for foreign carriers to operate to

Australia's four largest airports is strictly regulated but there is effectively no restriction on the capacity of foreign airlines to operate to the smaller airports.

This relatively small policy change would facilitate an increase Northern Australian tourism and generate significant benefits for both the Darwin and wider Northern Australian economies.

In recognition that there needs to be a size limit on the international vessels a minimum size of 500 tonnes is proposed.

Recommendation: the current privileges enjoyed by large cruise ships under the Coastal Trading Act be extended to any international cruise ship of 500 gross registered tonnes (GRT) or more operating in Northern Australian waters.

2. Passenger Movement Charge (Departure Tax)

Australia's departure tax will increase from a flat \$55 to \$60 on 1 July 2017. Much has been written by the travel and aviation sectors on this tax and endless submissions have been made to successive Federal Governments.

However, a few dot points tell a powerful story:

- introduced in the late 1980's as a \$10 Departure Tax to cover the cost of border agencies;
- from 1 July will be \$60 which generates revenue which covers the cost of the border agencies more than four times;
- at a flat rate it is the second highest in the developed world behind the United Kingdom long haul Air Passenger Duty rate. Australia's departure tax can be 30% - 40% of the cost of short haul international airfares (eg Darwin – Dili, Darwin – Bali, Sydney -Auckland); and
- it is a regressive and poorly designed tax in that it hits passengers on low cost carriers the hardest.

In short it is a horrible tax for Australia in general and Northern Australia in particular.

The tax should be done away with or at least retreat to meeting the cost of the border agencies (around \$15). If that is unachievable because of budget repair necessity then at least the rate should be graduated to introduce a measure of equity.

One option to make Northern Australia more competitive for international tourism is not to apply the departure tax for passengers exiting Australia from the Northern Australian gateway airports. This is a small percentage of Australia's departing passengers and would not significantly impact total revenue.

Recommendation: the Passenger Movement Charge not be levied on passengers departing from Northern Australian gateway airports.

3. Redevelopment of Old Darwin Navy Tank Farm

Darwin's old Navy tank farm was progressively constructed from the 1920's and sustained heavy bomb damage during WW2. The tanks are ageing and the 4 hectare tank farm site is heavily contaminated after almost 100 years use.

The navy tank farm site is 500 metres from Parliament House, 130 metres from the Darwin Convention Centre, 120 metres from the public wave pool, 100 metres from high rise apartments and 80 metres from a hotel.

It is no longer required by the Royal Australian Navy as refuelling operations at the nearby Fort Hill Wharf have been compromised for some time by residential development. The tanks also were almost beyond economic repair.

The site of the tank farm and close proximity to other elements of the Darwin CBD and waterfront development is illustrated below. It is identified as a major development site to incorporate new tourism product including a possible water park, amphitheatre and major expansion of the Darwin City Waterfront to connect with future Francis Bay wharf developments.



The Department of Defence has been talking to the Northern Territory Government about abandoning the site and leaving it to the Northern Territory Government to demolish the tanks and rehabilitate the 4 hectare site.

This is unconscionable! Nowhere else in Australia would you have a long standing heavily contaminated site within half a kilometre of Parliament House that the Commonwealth is contemplating walking away from.

Given the location next to the CBD and Darwin city waterfront development, the need for this land for the further development of the waterfront precinct, the more than \$200M the Northern Territory Government has spent on community and Convention Centre facilities in the waterfront, the place of

Darwin in the historic defence of Australia and the place of Darwin in the defence of Australia today, the Department of Defence should rehabilitate the site without delay and hand it to the Northern Territory Government at no cost.

This is the only sensible course of action for Defence.

Recommendation: Department of Defence rehabilitate the old Darwin Navy tank farm site without delay and hand it to the Northern Territory Government at no cost.

The Darwin Major Business Group will be happy to speak to the recommendations at the Joint Committee hearings.

Yours sincerely

IAN KEW
Chairman

Darwin Major Business Group Members

Name	Company	Name	Company
Steve Margetic	Margetic and Sitzler	James Paspaley	Paspaley Group
Janet Hamilton	Convention Centre	David Christian	SkyCity Darwin
Michael Sitzler	Sitzler Constructions	Mardi Askine	GPT Casuarina
Michael Bridge	Corestaff	Shane Dignan	Halikos Group
Natasha Jensen	Genessee & Wyoming	Mick Burns	Mick Burns Group
Foxy Robinson	Trepang Services	Michael Hannon	Hannon Group
Daniel Bowden	Air North	Michael Hughes	Landbridge Group
Michael Bridge	Corestaff	James Paspaley	Paspaley Group
Ian Kew	Darwin Intl. Airport		



DARWIN MAJOR BUSINESS GROUP - BRIEF

The formation of the Darwin Major Business Group was initiated as a forum for Darwin major businesses to collectively share relevant information, an avenue for a strong coordinated voice in putting business views on important issues to the Northern Territory Government.

The Darwin Major Business Group is comprised of larger businesses whose success is strongly linked to the performance of the Top End economy, consumer spending and capital investment. They are businesses which have a record of investment themselves and the nature of their business gives them a grasp of the Darwin economic pulse. These businesses have a strong and proud history of infrastructure facilitation. Since self-government, there is a solid record of government investment, for example in gas pipelines, roads, rail, ports, hotels and convention centres.

The private sector plays an important role in the delivery of government infrastructure, as well as making the most of the opportunities this creates for private investment. Government also has a role in establishing the regulatory arrangements for key infrastructure assets, and ensuring these arrangements foster a business environment conducive to private investment.

Infrastructure underpins our capacity to create jobs to grow the economy. We do not have infinite resources so our approach to selecting, constructing and using infrastructure must be clear and efficient. We need to decide what we want to achieve and what investments are critical and necessary to deliver the Northern Territory's short, medium and long term objectives. The challenge for government is planning, funding and delivering infrastructure for growth and change in a future we cannot accurately predict.

Stakeholder input on the framework used to consider infrastructure investment decisions is important. These decisions are not just about what new things to build. These are also decisions around how existing infrastructure should be used, what infrastructure should continue to be maintained and who should contribute to the cost of infrastructure. Choosing what, where, when and how much to invest in infrastructure requires government to assess, compare and select projects across a range of different infrastructure areas in a clear and transparent way.

As a developing economy, geographically well positioned and rich in natural resources, the Northern Territory is an attractive location for private investment. However, projects need enabling infrastructure in place to manage project risks and to secure private capital. Government has a much greater role in developing enabling economic infrastructure in the Northern Territory than might be expected or experienced in other jurisdictions. The level and timing of Government infrastructure investment also has an important role in balancing the level of private sector economic activity, and growing labour force skills and expertise.

The Northern Territory Government is proposing a new strategic approach for the planning, prioritisation and delivery of infrastructure through the NT Economic Summit. To realise the Government's vision for the Northern Territory, efficient and resilient infrastructure networks which link people to jobs and services, businesses to markets, and people within a community are necessary.

The new Northern Territory Government is seeking input to long term economic and infrastructure plans from the Economic Summit in March. However, our businesses are subject to shorter term market circumstances. The focus of the Darwin Major Business Group needs to be on the next 2 to 4 years to address the current weakening Top End economy and the end of the Inpex construction phase.

The Northern Territory Government is keen for the Darwin Major Business Group to put its views and recommendations on key policy and development issues. There would also be an ongoing role as an economic/business sensing Group for Government. A particular matter on which the Government is seeking early views is the \$1.7B Capital Works Program. Appropriate and timely infrastructure investment is critical to securing our future and the approach to infrastructure investment assessment and prioritisation needs to accommodate the developing/transition economy characteristics of the Northern Territory and recognise the significant wider economic and social benefits of enabling infrastructure.



DARWIN MAJOR BUSINESS GROUP - BRIEF

The Group's members are Ian Kew (NT Airports), Daniel Bowden (Airnorth), Mardi Ashkine (GPT Casuarina Square), Janet Hamilton (Darwin Convention Centre), Michael Hughes (Landbridge Group), Shane Dignan (Halikos Group), Steve Margetic and Michael Sitzler (Sitzler & Margetic), Mick Burns (Mick Burns Group of Companies), Foxy Robinson (Trepang Services), David Christian (SKYCITY Darwin), Michael Hannon Snr and Brian Hannon (Hannon Group), James Paspaley (Paspaley Group) and Natasha Jensen (Genesee and Wyoming)

Members



Daniel Bowden



Established in 1978 and with its hub based in Darwin, Airnorth is the second oldest airline in Australia and operates the youngest regional jet fleet. It is the premier airline based in Northern Australia operating over 200 scheduled departures weekly, serving 17 destinations in the Northern Territory, Western Australia, Queensland and Timor-Leste. Airnorth is a full service carrier operating regional jets. Airnorth is now the major aviation operator in Northern Australia. The company operates over 300 scheduled RPT and charter departures weekly, servicing over 20 destinations across four countries. Including Darwin, and remote areas of the Northern Territory, Airnorth carries in excess of 300,000 passengers annually. In addition to scheduled departures, Airnorth operates contract and ad-hoc charter services for a wide variety of companies undertaking mining, defence and government activity. Airnorth directly employs more than 200 staff in Darwin and provides indirect employment through the contracting of ground service operations across all its destinations. Airnorth has formed a corporate alliance with Qantas Airways which includes the hosting of all flights in the Amadeus global distribution system, inclusion in the Qantas Frequent Flyer program, electronic ticketing and baggage checks as well as joint marketing activities.



Janet Hamilton



The Darwin Convention Centre (DCC) is the centre piece of the Darwin Waterfront, with the aim to drive local, national and international visitation to Darwin and generate economic benefit to Darwin and the Northern Territory. The Centre is a public-private partnership between the Northern Territory Government, AMP Investments (investment partner), Honeywell (facilities manager) and AEG Ogden (venue manager). Employing 40 full-time staff and up to 300 casuals in the peak event season, the DCC is capable of handling national and international conferences and meetings, exhibitions, gala dinners, award ceremonies, seminars, concerts and special events. Since opening in 2008, the DCC has established a reputation as a modern, multi-award winning centre that has welcomed over 558,000 visitors and generated \$367 million in delegate expenditure to Darwin and the NT.



DARWIN MAJOR BUSINESS GROUP - BRIEF



Mardi Ashkine



GPT is a property group with broad access to capital invested in quality assets which, through proactive management, creates great customer experiences and superior returns. Listed on the Australian Securities Exchange since 1971 the GPT Group is today one of Australia's largest diversified listed property groups. The Group has a substantial investor base, with more than 36,000 investors, is one of the top 50 stocks by market capitalisation and has \$19 billion of assets under management.

Casuarina Square is the premier shopping destination in Darwin and the Northern Territory. The centre is located in the northern suburbs of Darwin, a 15 minute drive from Darwin's Central Business District (CBD) and 20 minutes from the satellite town of Palmerston. The centre includes two discount department stores, two supermarkets, a variety of specialty stores and a cinema entertainment offer. The centre is also complimented by a 303 bed student accommodation facility operated by Unilodge.

Casuarina Square is also home to Australia's largest solar rooftop system master installation of the 1.25MW (megawatt) system in 2015. A new entertainment and leisure precinct named 'The Quarter' was successfully launched in July 2016. The project saw the introduction of 12 new dining tenancies and a Timezone Entertainment Centre.



Shane Dignan



The Halikos Group is a Territory born success story. Established in 1987, sound management has seen the original contract and roofing business prosper into one of the Territory's largest and most dynamic local group of companies. Halikos now specialises in development, construction, hospitality, manufacturing, property management and retail focusing on the Northern Territory. John Halikos and Shane Dignan serve as Directors of the Halikos Group. Together John and Shane built a strong Management team and have now transformed the small local company into Darwin's leading family owned business. Halikos' philosophy to employ locally, buy locally and reinvest profits back into the Northern Territory economy has been the key to their success.



Michael Hannon Snr & Jnr

The Hannon Group

Operating since 1945, Hannon Group has been involved in, and has vast experience in a broad range of businesses and industries in the Territory, currently employing over 1000 people Australia Wide. Hannon Group's has a major interest in Bus Transport. Buslink NT started operating in 1988 with 3 buses. Buslink Australia now holds contracts with Governments to supply public transport bus services throughout 4 states - school and urban - and is the 7th largest operator in Australia. Buslink Vivo started operating in 2012 and won a major contract on Inpex's Ichthys project with almost 7000 passenger movements per day.

Hosepower - the Territory's largest integrated hydraulic and industrial fluid equipment supplier, and recently opened a branch in SE Queensland; and ongoing property development. In building up these business, Hannon Group has invested tens of millions of dollars in the local economy, providing ongoing



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benefits and stimulus to the wider Territory economy.



Mike Hughes



In 2015, Landbridge Group commenced a long term partnership to lease the Port of Darwin, specifically East Arm Wharf (including the Darwin Marine Supply Base and Vopak site) and Fort Hill Wharf. Landbridge Group is a large private company with businesses based in China and Australia, with a focus on ports and logistics, real estate and tourism, trade and manufacturing, and oil and gas/petrochemicals.

Landbridge plans to grow Darwin Port by developing the infrastructure to meet future customer needs. In addition, Landbridge brings an opportunity to increase trade with Asia through Landbridge's business and extensive networks in the region.



**Michael Sitzler
Steve Margetic**



Sitzler Pty Ltd have been involved in the delivery of the majority of the major infrastructure projects delivered under PPP's with the NTG and Federal Govt over the past decade amounting to in excess of \$1.5Bn of work. Margetic & Sitzler play a significant role in growing and supporting smaller Territory businesses on these projects. The economic impact is reasonably large given the 6 to 7 times multiplier of every dollar spent through local business in our industry.

Sitzler Pty Ltd is one of the largest privately owned and operated construction companies in Northern Australia. Established in 1976 we have a proven track record of delivering successful projects from Darwin through to Adelaide. Using project management, design and construction, construction management and property development expertise to deliver a number of landmark projects such as the Darwin Convention and Exhibition Centre, Darwin Football Stadium, Chinatown multistorey car park, Ayers Rock Resort, Tiwi Aged Care Facility and the Darwin Waterfront Wave Pool.

Mick Burns Group of Companies



Mick Burns

Mick Burns has been in the Territory since 1981, and has been involved in a wide range of industries, businesses and developments. He has built his business empire over the last four decades, successfully owned and operated hotels since 1985, operating at various times landmark hotels and turning them into the "it spot". The pub scene drove him to shape the Mitchell St strip and a nightclub called Discovery. Each time he backed himself a bit further. In 2000, with Discovery up and running and his first Darwin Cup winner under his belt — Star Bullet, a gutsy grey owned with business partner



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Brooke David — he was asked to enter the crocodile industry. He constructed Crocosaurus Cove in 2009 which he still operates today. Mick currently owns and operates the Darwin Crocodile Farm, housing approximately 70,000 saltwater crocodiles. He still keeps a finger on the hotel scene through Monsoons, The Tap Bar and The Cav, the original site of Darwin's first legal casino. In 2012 he took majority ownership with Porosus Pty Ltd, the entity which is his flagship. He has been the President (NT) and national board member of the Australian Hotels Association (AHA) for over 10 years, and is a life member in the NT and nationally. He is also Chairman of the Tiwi Bombers football club.



Ian Kew



NT Airports directly employ over 80 full-time employees and contract many other personnel to provide key airport services. Together with airline customers, NT Airports handled over 2.4 million arriving, departing and transit passengers. The combination of all on airport and off-airport businesses that support them contribute over 1.5% directly of the Gross State Product of the Northern Territory and employs over 1800 people when including our airline customers. Darwin International Airport makes a significant contribution to the Darwin and Northern Territory economies. Besides being the key first point of contact to the Northern Territory is making significant contribution to growth of Darwin and its own business with significant Property Development of land owned in the Darwin Airport precinct. The vicinity is becoming a key exciting commercial alternative for several key businesses and national franchises.



James Paspaley



The Paspaley Company was founded in 1935 with the collection of mother-of-pearl shells for the button trade. In the years that followed, cultivation of Australian South Sea pearls became the company's primary focus and revolutionised the South Sea Pearling Industry. The Paspaley Group is an Australian family-owned and run company with a heritage of over 80 years and three generations. Recognised as pioneers of the Australian South Sea pearling industry, today the company has a diverse portfolio. They currently have a portfolio of 9 boutiques stocked with jewellery from the highest quality of pearls produced. Paspaley is heavily involved in Australian Agriculture with 6 rural properties producing high quality mixed cropping, wine grapes, prime lamb and cattle and wool ranging from pearling to retail, aviation to agriculture and property development. The Group also own and operate a large portfolio of commercial properties in Australia and Internationally, many town transforming. Most recently winning NTG tender for 9000 m2 of government office space and subsequently building the impressive Charles Darwin Centre in Darwin Mall, where its Head Office, is now located.



DARWIN MAJOR BUSINESS GROUP - BRIEF



David Christian



SKYCITY Darwin is the ultimate entertainment destination in the Northern Territory. Boasting over 700 electronic gaming machines, more than 30 exciting table games, 5 restaurants, 7 bars, Darwin's only five star beachfront resort with 154 luxury rooms, VIP Super Villas with Gaming Suites, a Day Spa and a myriad of unique function, conference spaces. Nestled on 30 acres of tropical gardens alongside the Arafura Sea, SKYCITY's bustling casino is teamed with amazing accommodation and dining options, and conference and event facilities. SKYCITY is home to Darwin's only five star beachfront resort, complete with a private white-sand beach and an eight room tropical spa. The new tropical resort and upgraded facilities have redefined comfort and style and we provide a level of service beyond compare.



John (Foxy) Robinson

Trepang Services

Originating from humble beginnings John Foxy Robinson has built a formidable company and is one of the Territory's wealthiest and dynamic entrepreneurs. 'Foxy' ventured into the tourism industry buying and selling struggling hotels, motel and caravan parks. Significant milestones being Palms City Resort and Darwin Airport Resort and Airport Inn. Further avenue into accommodation building very large scale work camps for the Darwin LNG project. Foxy has built a diverse range of business and made a significant contribution to the face of Darwin and the Northern Territory.



Genesee & Wyoming Australia (GWA) operates in New South Wales, including in the Hunter Valley coal supply chain, and in the Northern Territory and South Australia, including operating the 1,400-mile Tarcoola-to-Darwin rail line. An accredited rail-service provider in six Australian states (all but Tasmania), GWA provides intermodal service six days per week on the Adelaide-to-Darwin corridor as well as intrastate haulage of bulk commodities including grain, steel and minerals, and provides a coal haulage service in New South Wales transporting approximately 40 million tonnes annually.

GWA's intermodal business transports containerised consumer goods, general cargo, bulk liquids and special cargo between Adelaide and Darwin servicing Alice Springs, Tennant Creek and Katherine. GWA operates five trains sets which conduct six weekly return trips from the Adelaide Freight Terminal to the Northern Territory. The intermodal trains use GWA's terminals at Alice Springs, Tennant Creek, Katherine and Darwin with maintenance facilities located at Darwin and Adelaide



DARWIN MAJOR BUSINESS GROUP - BRIEF



Michael Bridge



CoreStaff is one of Australia's leading providers of outsourced workforce (blue collar) and staffing (grey collar) support services, managed workforce and permanent recruitment solutions, operating from 9 branches in 5 states. CoreStaff provides services across all industries sectors, with particular strength in blue collar trades and labour in Mining & Resources, Construction, Transport, Warehousing & Logistics.

The Group's annual turnover is once again approaching \$100m, the National Head Office is in Darwin and we have around 1250 people working in the field each and every week (which means we have around 1,600 contracted staff as most are on a FIFO roster). Actual employees running all of that is around 90.