

ANDEV

Australians for Northern Development & Economic Vision

Strategy & Approach

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1. THE THREAT

Australia's economic future as a regional provider of seaborne minerals and coal and various other commodities is at risk as are the companies/industries dependent upon growing Australia's resource industry.

Cause:

- High rates of taxation
 - Henry Tax Recommendations and RRPT and increasing Royalties
 - Personal high taxation rates, adding to Australia's costs
- Low labour rates in competing countries where massive resources of high grade ores are present (e.g.. Simandou, Guinea and other African countries)
 - A new growing threat that hits us at a weak spot i.e. high labour rates
 - Once the major Simandou province is opened up with infrastructure, this will not only provide growing competition against Australia's iron ore industry, but also (against) Australia's bauxite, manganese, diamonds and other mineral industries.
- Slow approval procedures in areas such as environment and native title compared to other minerals exporting countries
- VLOC (Very Large Ore Carriers) now being built and Asian ports are being modified to accommodate
 - Erodes the freight advantage Australia has relied on for decades over South, West Africa and Brazil for the Asian market
 - http://en.wikipedia.org/wiki/Bulk_carrier

Early Indicators:

- Public announcements by government
 - 2010-11 Federal Budget stating introduction of resource rent tax (as flagged in Henry Tax Review) and that this may (or will) spread to other industries/companies
 - Payroll tax is a continuing penalty and additional expense for providing employment
 - Treasury is increasing base rate, and interest rates are continuing to rise
 - There have been unpredictable outcomes from review of 457 visa policies- where labour shortage continues to be a serious problem in Australia's remote north
- RIO TINTO have been strategically investigating VLOC's for the past 3 years
- Offshore investment is well underway and growing, inclusive of growing foreign investment from Asia
 - Australia does not have exclusivity on minerals, and investment goes where investment is most welcome - e.g. RIO TINTO has a vested interest in Simandou (Guinea) with Chinalco investment.

- Once this province is open will be a serious and difficult competition for Iron Ore from Australia but also for other Australian minerals- bauxite, manganese, diamonds etc could be obtained for lower cost in Guinea.
- West Australian and other Australian companies are also leaving with their focus, resources and funds to open mining projects in countries other than Australia.
- Countries such as Canada and Brazil will compete more effectively with Australia with the introduction of a resource tax in Australia and VLOCs

2. STATEMENT OF PURPOSE - ANDEV

The purpose of ANDEV is to influence federal and state governments and other interested parties to secure the lowest possible tax rates for the remote north of Australia, and to create a range of practical incentives to achieve investment and attract and retain a competent sufficient workforce.

E.g. Creation of 'zones' that will offer tax advantages to individuals and companies

- Elimination of resource rent tax in the zone;
- Lowered / eliminated payroll tax in the zone;
- Personal income tax concessions/rebates, for those who live and work anywhere in the zone for more than one year.

E.g. Consideration of the temporary utilisation of foreign workers for construction phases only; not longer term operations.

E.g. Incentives to create or grow attractive, towns or cities in these 'hostile' zones that attract people and support businesses

- Cities like Dubai and Las Vegas despite their hostile and unattractively-hot climates
- Others

3. WHY IS ANDEV IMPORTANT TO AUSTRALIA?

To increase and maintain competitiveness – our minerals and other commodities are competing on world markets- yet Australia is becoming increasingly uncompetitive.

To decrease development risk, increase living standards and long term job opportunities, and make northern Australia a place in which people want to invest.

To reduce strain on existing capital city infrastructure.

- By sustainable communities being developed in the Northern Zone

- Reduced flow-on costs for residents outside the Zone
- Would be beneficial to populate our North- strategic benefit for defence

To drive a longer term positive macro economic outlook for our nation.

4. APPROACH

1. Build long term visions & strategies

- Taxation (including personal taxation) that is no more onerous than that of countries we must compete with on world markets.
- Establish and maintain policies that enable us to be competitive on the world markets.
- Establish and maintain policies that welcome investment, investment to build projects, build infrastructure etc.
- Encourage the decentralisation of population and less strain on big city infrastructure.
- Promote Regional Security.

2. Get organisations to take on the fight

- E.g. CCI
- E.g. CME
- Or build a new entity

3. Engage

- Politicians
- Commercial leaders
- Organisations
- Public
 - Northern residents and Shire Councillors of the north
 - General public
- Whole of the mining industry and support industries and other industries in the Northern Zone
- Unions