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SPEECH BY THE MINISTER FOR EXTERNAL TERRITORIES

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MELBOURNE CHAMBER OF COMMERCE SEMINAR

BUSINESS AND INVESTMENT OPPORTUNITIES IN NEW GUINEA

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Thank you for your very kind welcome, Mr. Chairman, and for the opportunity to give this address. My Department and I welcome the interest that has been shown by the Melbourne Chamber of Commerce in organising this Seminar. The Chairman has given you a very excellent background of the situation in New Guinea and it saves me travassing this ground.

I would like to put it on record, that this is our responsibility, Australia's responsibility, to bring an undeveloped country up to at least a reasonable standard of living, somewhere comparable to our own at the same time to help it progress towards gradual self-sufficiency, self-government and possibly if the people so will, to eventual independence.

I do not think we have to dwell on the political side of it: much has been written and much has been speculated on it, but basically the people of the Territory themselves, like Australians, are interested in economic development.

These people have never been humbled like those of many other undeveloped countries. They have never known starvation. They have provided ample food for themselves. They have a fertile country. They are not over-populated and they are very skilled agriculturalists.

I suppose people suggest that they could be left in this sort of happy situation but we must not forget the disorder, the massacres and fights between so many different tribes and clans hostile to one another over centuries, nor the diseases, malaria and so on which have decimated the population.

You cannot guarantee isolation to a community in the world today. So this is our endeavour - to advance them/ ^{in a sense} in the pattern of our own advancement because our advancement has been successful, whatever the theorists might say. So why not go along the way that we have found so successful in developing Australia as a developed country if you look back over the last couple of hundred years.

Now we are progressing in this regard. The Territory is basically primary producing and has many of the products - coffee, cocoa, copra - produced in other undeveloped countries in the Equatorial regions. Therefore, with keen competition on world markets, wages have to be kept low because otherwise producers will be priced out of the world market. If we preserve an economy such as this

based on this limited range of products, the future expectations of the great mass of the people would be low.

Therefore, it is our great aim to develop whatever resources there are in this country. We fortunately have prospects of a very large copper and gold mining operation on Bougainville which offers great prospects for this country. If we can get two or three more such mining enterprises and find some oil, this will put New Guinea well on the way to self-sufficiency.

In the meantime, there are many opportunities for investment in the Territory. There are many firms already there which are enjoying quite satisfactory returns and I believe it would be much in your interests to examine the situation further. You have to put the matter into perspective.

At the end of the War, New Guinea, had been fought over pretty well and there was one hospital and two schools left in the whole of the Territory. There were practically no roads.

Today you can arrive by road from Mount Hagen in the Western Highlands 351 miles to Lae. This has changed the economy. Previously aircraft carried all the products to and from the Western Highlands to Madang. So this has changed, road transport has taken over. All sorts of subsidiary industries have come into operation.

We ourselves, as Australians, particularly the Australian taxpayer, has shouldered a very considerable burden. Our contribution to the economy through our grant and our operations from various Departments amounted to about \$110 million during the current financial year. Now this is a very considerable supplement to a population of 2,200,000. The present financial year is the first year of our five-year programmes during which about \$1000 million will be spent in Papua and New Guinea. This is a very considerable sum. Obviously there will be a lot of activity, a lot of investment with the spending of this tremendous amount.

We believe, the Government believes, that it is the responsibility of the Administration to provide the infrastructure - the roads, the wharves, the telecommunications, the schools, and training institutions, all the things that are the foundations for investment or economic activity in the Territory. We have progressed very considerably in this regard. I know many of you have had very considerable experience in the Territory, and perhaps some of you may at times be a little bit distressed with delays of one thing or another. But I would point out that this sort of thing is not unusual even in Australia, and more so in under-developed countries.

We are catching up on these sort of things. We welcome any sort of criticisms of what is happening and

any suggestions for improvement. We are endeavouring to correct such things and we are spending, as I said, very considerable sums in our endeavours to do this.

With regard to communications and roads, we have extensive road programmes and we hope to get further World Bank assistance in this regard. We embarked on a very considerable telecommunications operation - \$14 million over three years, pretty well half subscribed by the World Bank, half by ourselves. We have got the Seacom cable by a very good chance touching the shore of Papua/New Guinea at Madang and all our telecommunications system will be joined here. As this system progresses throughout the Territory we will have up-to-date communications.

Now that is the Government's responsibility in a few brief words. We look to private enterprise to provide job opportunities by investment in the Territory. We realise in this country that we have to depend on overseas investment. We would not have had a hope in the world of developing this country without foreign loans. We had to get this enormous foreign investment here. We are still getting it in Australia although we are contributing a considerable amount of our own.

Similarly we need investment in Papua and New Guinea if as the Chairman said, we are to provide jobs for the rapidly increasing work force. In our experience in Australia it became obvious we were not going to support a large population at a high standard of living based on primary

industry. We have encouraged secondary industry and manufacturers in Australia. This has provided us with a tremendous work force in this country -- a work force with a high standard of living which never could have been built on a primary producing economy.

The same thing applies in New Guinea and we look to expanding employment opportunities for the native people. The people in Papua and New Guinea and I think those of you who know will agree have some excellent qualities. They are highly intelligent. They have, most of them, ambition and they have a great ability to learn. I think those are some of the human factors that are really important.

As I said, we do much to provide economic conditions attractive to investment. In addition to the provision of basic services without which private development cannot take place the following are some of the Government's measures to attract investment:

- . no restrictions on transfer of profits and capital from the Territory;
- . low rates of taxation for companies and individuals in the Territory;
- . credit for taxes paid by companies in the Territory on profits transferred to Australia;
- . special tax concessions for mining, timber and agricultural production;
- . special tax holidays for pioneer enterprises;

- . complete exemption from Territory income tax for a period of five years for pioneer operation;
- . exemption from Territory tax of dividends paid from pioneer income from such companies;
- . exemption from Australian tax may also be granted in respect of dividends paid out of pioneer income to residents in Australia;
- . tariff protection, where warranted;
- . duty-free entry of plant and materials used in manufactures in most cases;
- . availability of credit on reasonable terms through the Papua and New Guinea Development Bank.

The Government's policy of balanced economic, social and political development of the Territory has aimed to create conditions favourable to investment. I might pose the question "Is the Government's policy succeeding?" The trends over recent years show it is succeeding to a very considerable degree. Private investment is increasing rapidly. In 1967/68 \$60 million of private investment was made in Papua and New Guinea on the latest estimates. Of course that is an estimate and probably a conservative estimate. The estimate also is that this investment is increasing at the rate of about \$10 million a year. I think these figures show some degree of success in this operation.

There have been major developments recently in various sectors of Territory economy: in mining, agriculture, forestry and manufacturing, a glassworks and paper packaging plant, a motor car assembly plant, a tyre retreading and relugging plant, a wire and nail manufacturing plant, to mention a few. The main reason why private investment has been increasing is because investors find investment in the Territory profitable and in the minds of many investors this outweighs any difficulties that may be associated with investment in a developing country.

I should like to refer briefly to our policy on wages in the Public Service, which provides for expatriates to be paid slightly more than they would earn in a like position in Australia. I think this is necessary and reasonable when you want people to go and work in a very different and maybe a little more difficult environment than the one they are used to. At the same time we have accelerated training schemes and educational activity at all levels so that native people can qualify themselves for professional, management and the other skilled jobs both in the Administration and private industry. In all this we have the fullest co-operation from the native people themselves. This is of course a very important part of our Government's policy and most of the companies in the Territory have been most co-operative in stimulating job training. This helps the native people to feel part of new activities that are taking place in tea growing, palm oil production and so on.

The local people are keen to be associated with enterprises in this manner. As I have said earlier the native people have ambition, they have energy and they have natural skills. They are, I believe, very excellent people to be associated with in the future.

As regards the attitude of the people they are anxious for Australian investment. We do not often hear about this sort of thing, at least it appears we don't in our press which seems to write on political attitudes probably quoting somebody who does not represent the Territory.

I would like to read this Motion passed on the voices unanimously in the House of Assembly moved by Mr. Tei Abal who is the present Ministerial Member for Agriculture, Stock and Fisheries.

"Mr. Speaker, I move that this House recognizing that the economic development of the Territory of Papua and New Guinea is dependent upon the steady inflow of outside capital and representing the people of the Territory of Papua and New Guinea determines that such inflow shall be encouraged for the benefit of the Territory and its people and invites and welcomes capital investment for developmental purposes in the Territory of Papua and New Guinea and guarantees to the world that expatriate capital invested in the Territory of Papua and New Guinea for the establishment of new industry or the development of existing industries shall not be subject to expropriation, nor to discriminatory taxation or other like levies, nor to oppressive

trading legislation, nor to unreasonable limitation on its repatriation and solemnly charges future parliament of the Territory of Papua and New Guinea with the obligation not to legislate in a manner inconsistent with this Declaration unless that proposed legislation has support of the majority of the electors of the Territory expressed by a referendum and resolves that this resolution shall be transmitted to the United Nations Organization and to the Parliament of the Commonwealth of Australia shall be known as the Development Guarantee Declaration."

On that note, Mr. Chairman, I finish my address and I wish you a very successful termination of your Seminar.

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