

**CONFIDENTIAL**

**CABINET DECISION**

No. ....2889.....

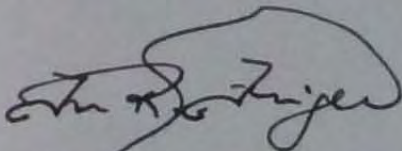
---

Submission No.: 2453

Title: N.T. EXPORT MARKETS AND INVESTMENT DEVELOPMENT SCHEME

Cabinet :-

- a) deprecates receiving a submission which requires the Northern Territory Government to underwrite a Commonwealth incentive scheme and could not agree to the proposed Northern Territory Export Development and Foreign Investment Finance Scheme;
- b) indicated that the Northern Territory Development Corporation should accept applications for interim funding where exporters are awaiting payment under the Commonwealth Export Market Development Grants Scheme; and
- c) instructed the Minister to pursue with the Commonwealth Government the more expeditious payment of benefits under the Commonwealth Export Market Development Grants Scheme.



(M.R. FINGER).  
Secretary to Cabinet.

19 April, 1983.

---

**CONFIDENTIAL**

CONFIDENTIAL

FOR CABINET

SUBMISSION No: ..... 2453 .....

Title:	NT Export Markets and Investment Development Scheme
Minister	Paul Everingham, Minister for Lands, Industrial Development and Tourism
Purpose:	To establish a loans scheme designed to encourage Territory companies to seek export markets and to assist them by easing the burden of export development costs. To encourage Territory firms to seek investment and technology participation by overseas investors and companies
Relation to existing policy:	Supportive of existing economic development policy
Timing/legislative priority:	At the commencement of the next financial year. Legislation not necessary.
Announcement of decision, tabling, etc:	Publicity possible and beneficial
Action required before announcement:	None
Staffing implications, numbers and costs, etc:	None
Total cost:	Up to \$70 000 in loan funds in first year of operation. As the Scheme fund would operate on a revolving basis, the Scheme would become virtually self financing after the first 18 months of operation.

CONFIDENTIAL

*CONFIDENTIAL*

Department/Authority ..... PUBLIC SERVICE COMMISSIONER

COMMENT ON CABINET SUBMISSION No.

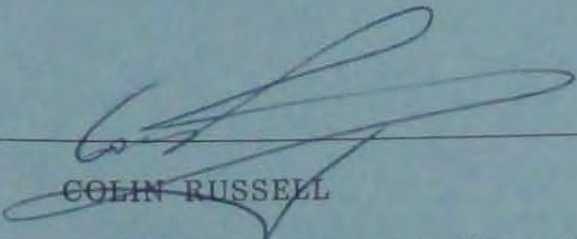
TITLE: ..... NORTHERN TERRITORY EXPORT MARKETS AND  
..... INVESTMENT DEVELOPMENTS

COMMENTS:

This Office has no objection to the submission.

There is a suggestion that additional staffing resources may be required at a later date once such a scheme is operational. If such a need arose it would be examined in conjunction the Corporation; however, it is most likely that the loans activity generated by the proposed scheme could be handled by existing resources.

SIGNED:

  
COLIN RUSSELL

DESIGNATION: Assistant Commissioner (Operations)

DATE: 8 April 1983

*CONFIDENTIAL*

CONFIDENTIAL

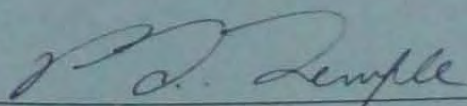
Department/~~Authority~~ ..... TREASURY

COMMENT ON CABINET SUBMISSION No.

TITLE: ..... N T Export Markets and Investment  
..... Development Scheme

COMMENTS:

The proposals are supported in principle. Funding requirements should be considered in the context of the 1983/84 budget.



SIGNED: P F TEMPLE

DESIGNATION: DEPUTY UNDER-TREASURER

DATE: 22 MARCH, 1983 CONFIDENTIAL

CONFIDENTIAL

Department/Authority DEPARTMENT OF PRIMARY PRODUCTION & AGRICULTURAL MARKETING AND DEVELOPMENT AUTHORITY.  
COMMENT ON CABINET SUBMISSION No.

TITLE: N.T. EXPORT MARKET & INVESTMENT DEVELOPMENT SCHEME.

COMMENTS:

The Agricultural Development and Marketing Authority and the Department of Primary Production have examined the re-drafted Cabinet Submission and comment as follows:

1. Both the Authority and the Department support the introduction of the Scheme as it offers useful support to individuals making application to the Export Market Development Grants Scheme.
2. A limit of \$5,000 to any one application per any one claim, could restrict the benefits of the Scheme to participants, particularly those operating outside South East Asia.
3. A budget estimate of \$70,000 represents only fourteen such claims at the \$5,000 limit. It is suggested that greater discretion and flexibility is allowed to the N.T.D.C. when determining the maximum limit.

SIGNED:



DESIGNATION:

B. J. CAMERON

DATE:

Secretary

D. R. CONFIDENTIAL

24.3.83

Chairman A.D.M.A.



SECRETARY  
DEPARTMENT OF MINES AND ENERGY  
DARWIN

Quote Ref:

Mr A Blums  
Manager  
Trade Development Division  
Northern Territory Development Corporation  
GPO Box No 2245  
DARWIN NT 5794

Dear Mr Blums

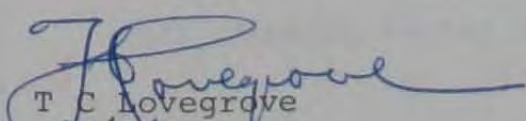
RE: NT EXPORT MARKETS AND INVESTMENT  
DEVELOPMENT SCHEME.

I refer to your letter of 18 March 1983 soliciting my Department's comments on the draft Cabinet Submission relating to the above.

In general, the comments raised in earlier correspondence have been dealt with and my Department now supports the submission. However, for clarity, we suggest that the first paragraph be rewritten. It suggests that the scheme applies to tourism only in respect of the development of export markets, while it applies to mining and energy only in respect of attraction of investment. The scheme should apply to both the marketing and investment attraction aspects of all industries. We believe that the potential of these activities could be exploited with reference to both marketing and investment.

In the past, your corporation has used the expertise of the Department of Mines and Energy to advise it on mining and energy related activities. We would be happy to see this service extended to include advice regarding assistance under the NT Export Markets and Investment Development Scheme.

Yours sincerely

  
T C Lovegrove

23/3/83  
KS/FD:81  
15.1.Q

RECEIVED

25 MAR 1983

N.T.D.C.

# CONFIDENTIAL

## THE ISSUE

1. This Submission seeks Cabinet approval to establish a scheme which would provide loan assistance to locally based companies, local subsidiaries of interstate companies, individuals and partnerships with the purpose of encouraging the development of export markets for Territory products and services including tourism. In addition a similar provision is sought to encouraging entrepreneurial investment attraction activity for development projects, including the mining and energy industries.

## BACKGROUND

2. The Commonwealth Export Market Development Grants Scheme (EMDGS) provides taxable grants of 70% of eligible expenditure incurred in developing export markets to bona fide exporters. Expenditure that would generally be eligible under the EMDGS includes

- (a) Market research
- (b) Advertising
- (c) Literature
- (d) Participation in Trade Fairs
- (e) Overseas travel
- (f) Demonstration and display equipment
- (g) Costs incurred in the preparation of tenders
- (h) Export labels and packaging

CONFIDENTIAL

# CONFIDENTIAL

2

3. EMDGS clearly provides substantial assistance to exporters or, more to the point in the case of the Territory, prospective exporters. However, in some cases recipients under the Scheme may have to wait up to 18 months after incurring expenses before receiving their grant moneys. This delay can place considerable financial burden on smaller businesses striving to develop export markets. This proposal provides a facility by which an interim loan would be available to exporters so that they would be in a position to undertake timely follow up action in respect of overseas markets rather than having to wait for the EMDG reimbursement and perhaps lose the initiative of the previous market exploratory visit. Similarly a facility would be available for entrepreneurs to enable them to follow up investment joint venture initiatives through the provision of a loans facility to maintain contact with potential investors overseas as outlined below.

## CONSIDERATION OF THE ISSUES

4. Industry in the Northern Territory is characterised by a large number of small enterprises producing goods and providing services with export potential. Many have limited financial capacity which is an inhibiting factor in their efforts to identify and develop export markets.

CONFIDENTIAL



# CONFIDENTIAL

3

5. Considering the small size of the Northern Territory as a market, the long term economic growth of the Territory will depend to a significant degree on the successful development of markets for our goods and services both interstate and more particularly, overseas.

6. To assist companies in easing the burden of export development costs during the period prior to receipt of EMDGS moneys, and therefore to further encourage industry to develop export markets, this submission proposes the establishment of a facility which would be known as the Northern Territory Export Markets and Investment Development Scheme (EMAIDS).

7. The Scheme would operate along broadly similar lines to the South Australian Government's Export Bridging Finance Scheme (background on which is attached). A new initiative additional to either the Commonwealth's EMDGS or the SA Government's EBFS is the expansion of the proposed Territory Scheme to include 70% of air travel costs associated with participation in overseas investment attraction missions and/or visits. This initiative supports the NT Government's stated policy of actively seeking overseas project development investment for the Territory. The Scheme would not preclude NT exporters from EMDG reimbursements as it involves repayable loans.

# CONFIDENTIAL

# CONFIDENTIAL

4

8. It is proposed that the Northern Territory Scheme would provide interest free loans on the following basis:

- . Loans of 70% of the cost of international air fares only will be made to bona fide exporters or entrepreneurs travelling overseas with the aim of securing an export market for their products or services, instigating joint ventures or attracting foreign participation in development projects in the Territory
- . The loans will be paid upon their return from overseas on presentation of their air tickets
- . The loan agreement would stipulate repayment in full within one month of the receipt of the Commonwealth EMD Grant or 18 months after the date of issue of the loan, whichever is the sooner in the case of exporters, or 18 months after the date of issue of the loan in the case of investment missions and visits
- . The onus would be on the applicant to establish his bona fides and the applicant would be required to meet the following minimum criteria:
  - His business or that of his company is based in the Northern Territory

CONFIDENTIAL

# CONFIDENTIAL

5

- He would be required to demonstrate that, prior to travel, a reasonable effort had been made to research the target market viz
  - . That he had sought the assistance of the Department of Trade and Resources and the Trade Development Division of NTDC
  - . That he had attended a pre-departure briefing by the Trade Development Division of NTDC
- He must, on his return from overseas, provide a written report on his trip to the Trade Development Division of NTDC
- . The Scheme would operate from 1 July 1983
- . The Scheme would run concurrently with the EMDGS, which is to operate until at least 30 June 1988
- . A single firm would be permitted to make an application under the Scheme no more than three times in respect of any one market (country) excluding claims in respect of NT Government organised trade missions and displays
- . Loans to any one firm would be limited to a maximum of \$5 000 in any one claim.

CONFIDENTIAL

# CONFIDENTIAL

6

9. It is envisaged that participants in NT Government organised missions and overseas displays would also receive the advantages of this facility if they so desired provided their costs had not already been met by the Government.

10. The Scheme would be administered by the Northern Territory Development Corporation.

## COMMONWEALTH ADMINISTRATIVE CONSIDERATIONS

11. Schemes of this nature would not be necessary if the Commonwealth's administration procedures were adjusted.

12. Both South Australia and Western Australia have had to introduce bridging schemes, and they are prepared to join with the Territory to have the Commonwealth reduce delays on payment.

13. The matter has been raised by the Chief Minister with the Minister for Trade and an agenda paper will be submitted by the Territory at the Industry Officials meeting in April.

14. No immediate response is anticipated but if substantial concessions are agreed to by the Commonwealth, the bridging scheme can be terminated.

# CONFIDENTIAL

# CONFIDENTIAL

7

## OPTIONS

15. Options are considered to be

(a) Continue with the existing situation whereby export incentives available to Territory companies under the Commonwealth's EMDG Scheme require approximately 18 months to be paid from the time of incurring expenditure

(b) Establish a Northern Territory Export Markets and Investment Development Scheme (EMAIDS) along the lines proposed in this submission.

(c) Establish a scheme to provide a facility for exporters but exclude investment missions and visits

Option (b) is recommended. Option (a) would continue the present situation where, because of lengthy delays in receiving grant moneys under the Federal Scheme, considerable financial stress can be placed on enterprising companies. Option (b) would be an important factor in tailoring an overall export incentive "package" to suit the needs of smaller enterprises characteristic of the Northern Territory. Option (c) would exclude the important area of investment facilitation.

# CONFIDENTIAL

# CONFIDENTIAL

8

## PUBLIC IMPACT OF RECOMMENDATIONS

16. It is considered that the establishment of the Scheme will receive the approval of industry and the general public.

## FINANCIAL CONSIDERATIONS

17. This Submission proposes that \$70 000 in loan funds be made available in the next financial year to finance the Scheme. This figure is a "best estimate" based on confidential information relating to the history of EMDG claims in the Territory provided by the Commonwealth Department of Trade. The source of this information should be protected but a projected facility of \$70 000 is adequate in the light of the figures. NTDC should review the Scheme after its first year of operation and make recommendations to Cabinet on any proposed modifications.

18. Funds would be made available from the Development Corporation's General Allocation and would be incorporated in the 1983/84 budget.

19. As the facility would operate on a revolving basis, the Scheme would become virtually self financing after the first 18 months of operation being reimbursed from both the Commonwealth's EMDGS refund and repayments of investment mission/visits loans.

# CONFIDENTIAL

# CONFIDENTIAL

9

## EMPLOYMENT CONSIDERATIONS

20. The operation of the Scheme may require additional NTDC staff but in the initial phases it will be accommodated within existing resources. Staff needs will form part of the overall review.

## GOVERNMENT RELATIONS

21. The proposal will not affect adversely Government relations.

## CO-ORDINATION AND CONSULTATION

22. The proposed Scheme has the support of the Department of Primary Production, ADMA and other relevant Departments.

## LEGISLATION

23. No legislation is required. The Scheme could be operated under the existing provisions of the Territory Development Act.

## PUBLICITY

24. NTDC will publicly advertise the Scheme and will incorporate reference to the Scheme in its promotional literature and briefing material.

CONFIDENTIAL

# CONFIDENTIAL

10

25. Industry organisations will be notified in writing should the Scheme be established and exporters and entrepreneurs will be briefed on the Scheme at appropriate seminars.

## TIMING

26. This Submission proposes that the Scheme should operate from 1 July 1983. We would not see this Scheme being introduced retrospectively as this could involve arbitrary judgements and may result in inequitable advantages to some exporters and possibly set precedents which were not intended under this Scheme.

## RECOMMENDATIONS

27. It is recommended that Cabinet

(a) Approve the establishment of the Export Development and Foreign Investment Finance Scheme as detailed in this Submission

(b) Authorise a budget for the Scheme in its first year of \$70 000

(c) Note the intention to review the Scheme after 12 months of operation

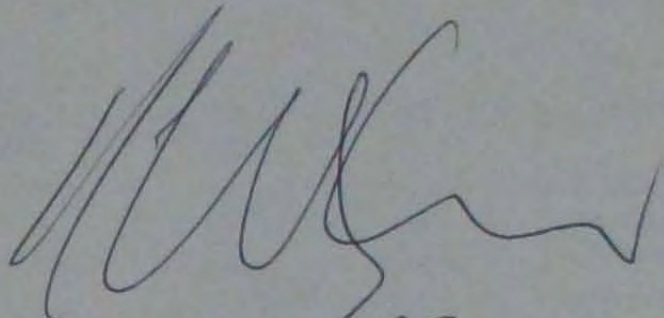
# CONFIDENTIAL



CONFIDENTIAL

11

(d) Note the initiatives taken to change Commonwealth administrative practices and agree that if substantial concessions are obtained this may constitute grounds to discontinue the bridging scheme.



29.3.83

CONFIDENTIAL

The importance of exports to South Australian manufacturers is well established. The aim of this scheme is to further assist South Australian companies to develop and service export markets.

The Commonwealth Export Markets Development Grants Scheme offers substantial assistance to exporters, but the South Australian Government recognises that in some cases, exporters may have to wait a considerable time after incurring expenses before they receive their grant.



Dean Brown

A scheme is now available to South Australian companies that will particularly assist smaller businesses to finance overseas travel to develop export markets.

Minister of Industrial Affairs

The Commonwealth Export Market Development Grants Scheme provides taxable grants of 70% of eligible expenditure incurred in developing export markets to bona fide exporters.

The South Australian Government's Export Bridging Finance Scheme provides *interest free loans* on the following basis -

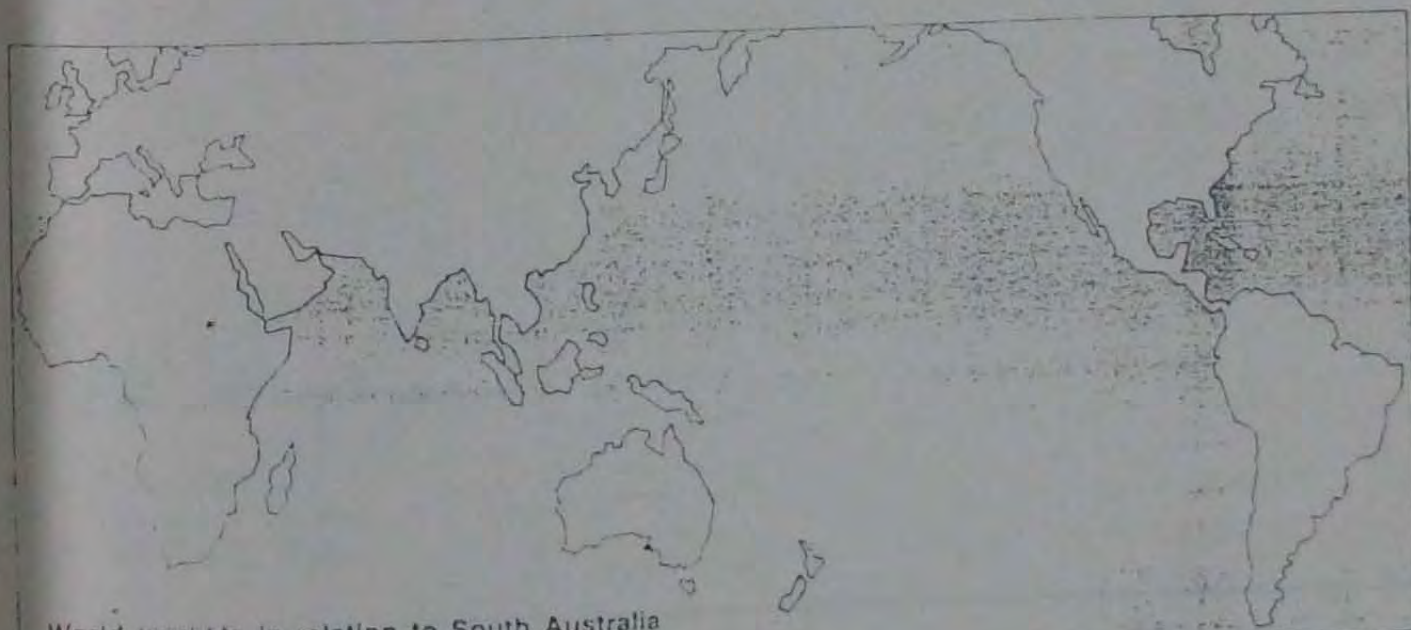
- Loans of 70% of the cost of international air fares only will be paid to bona fide exporters immediately upon their return from overseas on presentation of the rail tickets.
- The loans shall be repaid within one month of the receipt of the Commonwealth Grant or 18 calendar months after the issue of the loan, whichever is the sooner.
- The loans to any one exporter or group of related exporters be limited to \$8 000 in any one financial year.

- The onus is on the applicant to establish his bona fides.
- The scheme runs concurrently with the Commonwealth Export Market Development Grants Scheme which expires on the 30th June 1982.
- The Scheme is administered by the Department of Trade and Industry through the State Bank of South Australia.

Further enquiries to

The State Bank of South Australia,  
International Division  
51 Pine Street  
Adelaide 5000.  
Phone: (08) 216 4799

Department of Trade and Industry  
Box 1264, GPO  
Adelaide 5001  
Phone (08) 227 9911



World markets in relation to South Australia