

LETTER OF TRANSMITTAL

The Honourable Paul Henderson MLA
Minister for Asian Relations and Trade
GPO Box 3146
DARWIN NT 0801


Dear Minister

Pursuant to Section 28 of the *Public Sector Employment and Management Act 1993*, I submit to you a report on the operations of the Department of Asian Relations and Trade for the period 1 July 2000 to 30 June 2001.

In respect of my duties as an Accountable Officer, pursuant to section 13 of the *Financial Management Act 1995*, I advise to the best of my knowledge and belief:

- (a) proper records of all transactions affecting this agency are kept including the recording of this agency's transactions undertaken by the Department of Corporate and Information Services. Employees under my control observe the provisions of the *Financial Management Act*, and the Financial Management Regulations and the Treasurer's Directions;
- (b) procedures within this agency afford proper internal control and a current description of such procedures is recorded in the accounting and property manual which has been prepared in accordance with the requirements of the *Financial Management Act*;
- (c) no indication of fraud, malpractice, material breach of legislation or delegation, major error in or omission from the accounts and records exists;
- (d) in accordance with the requirements of section 15 of the *Financial Management Act*, the internal audit capacity available to the agency is adequate;
- (e) the financial statements as supplied by the Department of Corporate and Information Services, included in the annual report, have been prepared from proper accounts and records and are in accordance with Part 2 section 5 and Part 2 section 6 of Treasurer's Directions, where appropriate;
- (f) there has been adherence to all Employment Instructions issued by the Commissioner for Public Employment.

Yours sincerely



PETER BLAKE

11th October 2001

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ABOUT THIS REPORT

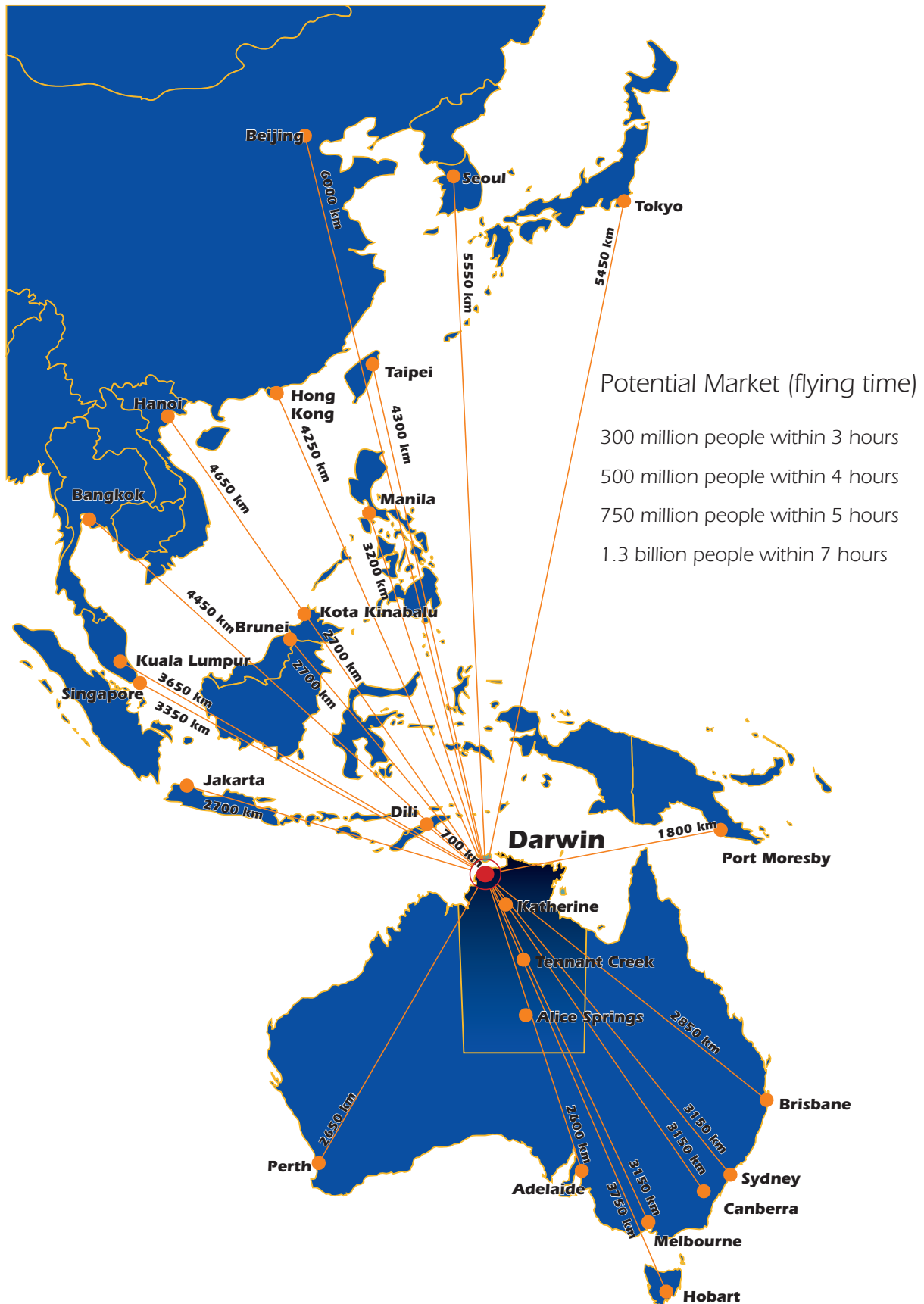
The annual report highlights achievements against planned outcomes for the Department of Asian Relations and Trade.

It also provides the Northern Territory Legislative Assembly with an account of performance against approved budget and targets for the 2000–01 financial year.

The Department of Asian Relations and Trade aims to contribute to the growth of trade and investment between the Northern Territory and its regional partners and other trading partners.

PROXIMITY TO MARKETS

AUSTRALIA'S NORTHERN TERRITORY



CHIEF EXECUTIVE OFFICER'S FOREWORD

During 2000–01 the department adopted the *Working for Outcomes* approach to managing its budget and committed to developing appropriate outcomes, outputs and performance measures within that framework.

Developing international trade and investment opportunities for the Territory formed the major focus for the department in delivering its outcomes. Integral to achieving this target is the development and enhancement of trading partnerships in the Asia Pacific Region. By maintaining strong links with trading partners, international governments, other Territory economic development agencies and the private sector, the department has contributed to the growth in trade and investment experienced by the Territory in 2000–01.

Some of the highlights for the department this year were:

- Trade Performance – Merchandise trade data for 2000 based on figures provided by the Australian Bureau of Statistics indicated that the exports for the Northern Territory more than doubled over the last twelve months. Increases were in all commodities with significant increases in live cattle and oil exports. These increases were approximately thirty percent and seventy percent respectively. Such success can be attributed in part to the efforts of the department in conjunction with other Territory economic agencies.
- Trade Delegations Promoted the Economic Capability of the Territory to Indonesia, Singapore, the Philippines, Vietnam and Malaysia – Effective Territory promotions resulted in growth in trade and identification of new markets and new commercial opportunities.
- Investment Attraction Activities – Two trips (March and June 2001) were undertaken to Indonesia for discussions with business people interested in investing in the Territory. Strong interest resulted. Investments in property and agribusiness proposals are expected to be undertaken in the first half of 2001–02.
- Working with Business – Working with business is a key component of the department's activities. This year there were a number of events that highlighted the success of the department working with business. These included NT Expo 2000 and its business matching program. The department also worked with businesses to determine their export capability and arranged their participation in appropriate trade delegations to overseas markets. These included, for the first time, educational components such as tours of wet and dry markets and freight distribution facilities.
- Working with Other Government Agencies – To provide the maximum support to business and potential overseas investors the department worked with a number of government business agencies on a range of projects. Promoting the port and rail link to Asia, exploring new markets for agribusiness exports, identifying businesses with export capabilities and identifying opportunities for potential overseas investment in a range of developments provided the department with the opportunity to work with agencies such as the Department of Transport and Works, the Department of Primary Industry and Fisheries, the Department of Industries and Business and the Department of Mines and Energy, amongst others.
- Territory Trade Strategy – The department formed a World Trade Organisation and Trade Strategy Working Group in November 2000 to provide better consultation and coordination on World Trade Organisation and other trade policy matters affecting Territory industry.

CHIEF EXECUTIVE OFFICER'S FOREWORD

- Strong Relationship with Indonesia Maintained – A significant event which reflected the strong relationship that exists between the Territory and Indonesia was the visit by President Abdurrachman Wahid in June 2001. The value placed on this relationship was evidenced by President Wahid's comment, made a number of times in both Indonesia and Australia, that a visit to Australia would be incomplete without visiting Darwin. The department played an integral role in the preparation for this visit by preparing comprehensive briefings for the Northern Territory Government.

Additionally, and in conjunction with the Department of the Chief Minister and the Northern Territory Chamber of Commerce and Industry, the department had considerable input into the planning and execution of the Business Forum which was Co-Chaired by the Chief Minister of the Northern Territory and President Wahid. The department also provided preparatory notes and briefings for participants attending this forum.

The Memorandum of Understanding with the Province of Bali, Republic of Indonesia, on Sister Province/Territory Cooperation was also renewed. Signing of the agreement took place in Bali on 9 June 2001.

- Reduction of Barriers to Trade – On 8 June 2001 an agreement was signed between Indonesia and the Northern Territory, under the auspices of the Memorandum of Understanding with the Republic of Indonesia, for the recommencement of a trial Customs Pre-inspection Service in Darwin. This project was developed in response to concerns from the mining industry in Eastern Indonesia about difficulties in importing goods from Australia. The project is a joint venture and involves the location of two Indonesian customs officers in Darwin to facilitate pre-inspection of goods being exported to Indonesia. Implementation is expected in the first half of 2001–02.
- NT Export Awards – Northern Territory Adventure Tours was awarded the 2000 Northern Territory Export Award for Professional and Business Services. They are recognised as one of Australia's leading global tour operators and specialise in small group adventure and safari tours within the Northern Territory. Over ninety per cent of the company's earnings come from international visitors to the region, attracted through innovative marketing and quality products. This group went on to win their category at the National Export Awards.

The department supports the Export Awards both as a major sponsor and through the provision of the Asian Business Award. This award is presented to an individual or company based in Asia that has made an outstanding contribution to the development of international trade in the Northern Territory. The winner of the 2000 Asian Business Award was Mr Jon (Djaja) Gunawan who has made an outstanding contribution to the Australian livestock industry over many years.

In the course of the last year the department concentrated on improving and refining its services to Territory business and to other industry development agencies. While much is yet to be achieved, it is pleasing to note the many positive comments on the quality and timeliness of the services provided and of the professional attitude of departmental staff.



PETER BLAKE

Chief Executive Officer

CORPORATE OBJECTIVES & PLANNED OUTCOMES

The Department of Asian Relations and Trade aims to contribute to the growth of trade and investment between the Northern Territory and its regional and trading partners. To achieve this the department focussed on further developing the Territory's international trade and commerce, including the opening of key new trade markets and opportunities, securing major new international investments in the Territory economy in cooperation with other key Territory agencies and the private sector and building and sustaining the international partnerships required to underpin the development of international trade and investment.

Successful achievement of these aims translates into additional employment opportunities for Territorians and the development of the Territory as a recognised supply and service centre for the region.

The planned outcomes for this year were:

1. quality, timely advice and information to the Minister, Government, business organisations and the private sector on trade development and investment attraction initiatives
2. sustainable trade growth of existing markets and the opening of strategic new regional and country markets
3. contributions to the development of major new investment projects in the Territory, the winning of increased investment by current investors and the attraction of major new investment capital and key business migrants to the Northern Territory
4. management of existing and new formal relationships with priority national and regional governments
5. effective development and management of international business-related projects in which the Territory is involved
6. expanded linkages with Australian trade and investment policy developments and initiatives to maximise economic benefits for the Territory
7. coordination of promotional events and activities to optimise their value to the Territory and government
8. effective management of the department and its contribution to the economic growth of the Northern Territory.

Detailed information about the department's achievements against these outcomes is provided in the Performance Report. It is pleasing to note the substantial advances made this year with a number of activities coming to fruition and translating into new export markets for Territory business.

STRATEGIC DIRECTIONS 2001–03

OUR ROLE

We have both a lead and support role in contributing to the economic growth of the Northern Territory by:

- developing international trade
- facilitating international investment
- promoting international business through strategic links and partnerships
- promoting international business through the provision of policy, advisory and information services.

KEY CORPORATE STRATEGIES

In carrying out our role we will:

- maintain strong partnerships with the business sector and government agencies
- provide high quality services to our business and government clients
- raise awareness of our services overseas and in all Northern Territory regions
- promote competitive practices amongst Territory export businesses.

SPECIAL SKILLS AND EXPERTISE

Our staff have:

- strong market research and analysis skills aimed at early identification of opportunities and of market and investment trends in target countries
- up to date, specialised knowledge of:
 - the Territory economy
 - international markets
 - the political and economic situation in target countries
 - how to do business in target countries
 - the cultural and operational environment of target countries
 - dealing with foreign governments and international organisations
 - extensive Government and private sector networks
 - trade policy skills and knowledge.

ASSESSING OUR PERFORMANCE

Successful performance will be characterised by:

- effective communications with, and regular positive feedback from, our clients and partners
- prompt and accurate advice and information services
- economic growth attributed to departmental trade and investment facilitation programs
- professional, effective and efficient corporate operations.

KEY INTERNATIONAL BUSINESS STRATEGIES

Developing International Trade

Expanding Northern Territory trade with the Asia/Pacific Region and other priority regions and promoting Darwin's emergence as a regional transport and services centre.

STRATEGIES

- Initiate programs to raise export market awareness and facilitate export delivery.
- Develop a coordinated, targeted approach that positions the Territory to take full advantage of its economic capability by matching it with trade opportunities in existing and new markets.
- Work with Territory industry and government agencies in progressing their trade objectives.
- Facilitate linkages in Asia in support of the Territory's transport and services centre objectives.

Facilitating International Investment

Bringing major direct international business investment into the Northern Territory and assisting Territory businesses to identify profitable investment opportunities overseas.

STRATEGIES

- Promote the Northern Territory's resource potential, infrastructure capability and market access advantages to overseas investors.
- Identify commercial investment opportunities and support their development.
- Identify potential investors and match them to investment opportunities.
- Work with other Northern Territory Government agencies and industry sectors to seek investment complementary to their industry development aspirations.

Promoting International Business through Strategic Links and Partnerships

Building and sustaining the productive government and business links required in support of the development of international business.

STRATEGIES

- Develop and manage formal relationships between the Northern Territory Government and international governments and organisations.
- Develop and manage Northern Territory overseas representative arrangements which promptly act upon emerging trade and investment opportunities in priority regions.
- Advise and support Northern Territory Government members and agencies in their dealings with international governments and organisations.

Promoting International Business through the Provision of Policy, Advisory and Information Services

Representing the Territory in the development of national trade policy and providing advisory and information services on trade and investment.

STRATEGIES

- Coordinate responses on national trade policy on behalf of Territory Government and industry interests and contribute to national trade policy development.
- Provide a wide range of information services and economic briefings to business and government clients, both local and international.

PRIORITIES

- A. Identify total market factors associated with targeted areas of international business and identify where the gaps and capabilities exist. Targeted areas are established by applying the criteria of:
- demand
 - ability to pay
 - supply
 - competition
 - distribution
 - accessibility
 - structural issues
 - country profile (including structural issues, e.g. political, economic, legal, financial, corporate governance etc)
 - industry profile.
- B. Seek Northern Territory Government endorsement of an international business strategy and establish the department's role in implementing the policy and in providing services to agencies and the business sector.
- C. Maintain a lead agency role in national trade policy in areas of relevance to the Northern Territory.
- D. Promote Northern Territory economic capabilities and business opportunities to the international business community.
- E. Promote the department's expertise and services in international business to Territory business and government agencies, to assist their core business and to achieve support for the department's strategies.
- F. Build the department's internal capability to achieve its business objectives.

STRATEGIC OBJECTIVES

Objective 1 – Addresses Priorities A and D

A research and analysis function is further developed that:

- identifies priority areas to target international business activity
- describes the full market chain for targeted areas
- identifies gaps to be dealt with before the opportunities in targeted areas can be fully exploited.

The outputs of this function then provide advice on strategic directions for the department's international business activities and to clients and agencies.

Objective 2 – Addresses Priority B

The Northern Territory Government endorses the international business function and the roles of key players.

Objective 3 – Addresses Priority C

Capability is maintained to be the lead agency for national trade policy advice on issues of importance to the Northern Territory.

Objective 4 – Addresses Priority D

Business opportunities in the Northern Territory are converted to sustainable business outcomes.

Objective 5 – Addresses Priority E

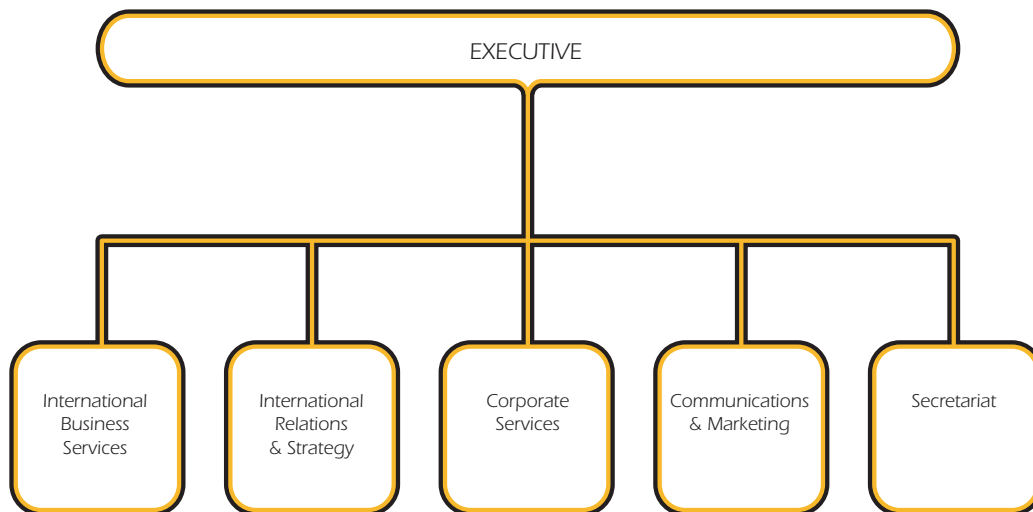
Recognising the value of the department's strategies, agencies and business take advantage of the department's services to support their international business activities.

Objective 6 – Addresses Priority F

The department has the capability to achieve its business objectives.

ORGANISATIONAL STRUCTURE

Following the development of new strategic directions and a refocussing of the department's business it was clear that the structure of the organisation needed to be altered to better support the new directions. Following a review of the functions undertaken by each of the units, a new organisation as outlined below was implemented.



This new organisation resulted in several changes being made during the 2000–01 year to the internal structure of the department as follows:

- Corporate services, communication and marketing and secretariat functions now report directly to the Deputy Chief Executive Officer (they were formerly within the Intergovernment Relations and Support Group).
- The International Business Services Group replaced the International Trade and Investment Group. It continues its responsibilities of developing trade and facilitating investment. There is no longer a distinction between the trade and investment functions within the Group. Officers are denoted as international project managers and are required to service clients for a range of needs and across a range of markets and industries. Where specialised industry or market experience is required, the department works with experts from other agencies and elsewhere.
- The International Relations and Strategy Group replaced the Intergovernment Relations and Support Group. The department has moved away from having a strict demarcation between intergovernment relations functions and international business functions as the two functions naturally merge. Intergovernment relations functions are thus carried out by international project managers as required and often in conjunction with trade delegation activities while overseas.
- The International Relations and Strategy Group carries out vital research and assessment functions and its capability has been strengthened in this respect over the last year. The Group continues to carry out its trade policy functions and acts as the Territory's trade policy advocate during the process of national trade policy development. The Group administers international bilateral agreements at the whole-of-government level between the Territory and its trading partners. It is responsible for developing international relationship strategies that directly support the Territory's trade and investment priorities.

PERFORMANCE REPORT

The department measured its achievements for the 2000–01 year against the eight outcomes detailed earlier in the Corporate Objectives and Planned Outcomes segment of the report on page 7.

EXECUTIVE MANAGEMENT PROGRAM

The Executive Management Program's objectives are to maintain effective corporate management and coordination and to develop strategic business plans to enable the department to achieve its overall goals and objectives on time and within budget.

Key outcomes for this area were identified as:

- advice to Government (relates to Outcome No. 1)
- strategic and business plans (relates to Outcome No. 8)
- effective management of all departmental activities and of departmental resources (relates to Outcome No. 8).

Achievements against the outcomes for this program have been substantial during 2000–01.

ADVICE TO GOVERNMENT – OUTCOME No. 1

The department's Executive Management has a monitoring role to ensure that advice presented is accurate, pertinent, useful and provided in a timely fashion.

The range of advice is extensive and includes:

- advice to the Minister and Cabinet in the form of ministerial briefings and Cabinet Submissions, for example, country assessments and economic briefings etc
- Executive Management, through its secretariat function, also facilitates effective communication between the Minister and the department
- coordination of the department's reporting obligations, for example, the annual report, *Working for Outcomes* and reports to central agencies as required
- advice to other agencies
- participation with other agencies in joint working parties such as the World Trade Organisation and Trade Strategy Working Group, the Central Australian Trade Corridor Working Group, the Services and Supply Working Group, the Agribusiness Working Group, the Aviation Committee and the Industry Development Coordination Group.

STRATEGIC AND BUSINESS PLANS – OUTCOME No. 8

During 2000–01 Executive Management worked to refocus the department so it was better placed to deliver its core business. Management undertook a strategic business risk assessment in late 2000 which resulted in a risk management plan being produced in January 2001. The risk assessment identified the specific causal risk areas to be reviewed and informed the strategic planning processes.

Through the year the department has refined its strategic directions and developed a strategic business plan that supports its needs to implement strategies and measure performance. This also results in increased control over the risks identified and reduced exposures associated with other risks. The plan has evolved over the last twelve months and will be fully implemented during 2001–02.

Priorities and strategic objectives have been identified. Performance measures are currently being incorporated and will provide a useful tool for reporting next year.

EXECUTIVE MANAGEMENT PROGRAM

The overall aim of this plan is to best position the department to achieve the Government's international business objectives and to provide a framework that responds to changing needs. The priorities identified and the strategic objectives support these priorities which form the basis of the department's business plan.

With the development of clear priorities, objectives and performance indicators, the department will be well placed to implement and report against the new *Working for Outcomes Framework* which is a comprehensive financial and performance management framework comprising three fundamental elements – outputs, performance and accruals.

EFFECTIVE MANAGEMENT OF ALL DEPARTMENTAL ACTIVITIES AND OF DEPARTMENTAL RESOURCES – OUTCOME No. 8

A significant responsibility of the department's Management Board is guiding the strategic direction and providing the necessary leadership that will assist the department in achieving its outcomes.

The Management Board consists of:

- Chief Executive Officer
- Deputy Chief Executive Officer
- Executive Director International Business Services
- Executive Director International Relations and Strategy.

Through regular monthly meetings, the Management Board maintains the department's progress towards achieving its objectives. These meetings also provide the opportunity to set new directions and identify potential problem areas.

In addition to the regular Management Board meetings, weekly management group and branch meetings are held. These provide the opportunity for staff and management to work together to achieve departmental objectives.

INTERNATIONAL BUSINESS SERVICES PROGRAM

The International Business Services Program's main aims are to promote and develop Territory trade in key new and existing markets and sectors and in emerging priority regions and to secure major direct foreign investment into the Territory.

To achieve this, it provides advice, information and support services on a wide range of international business activities. Key outputs for this area were identified as:

- advice and information services
- trade and investment services.

ADVICE AND INFORMATION – OUTCOME No. 1

Services to Exporters

The department has expanded its focus to provide more services to emerging exporters before, during and post trade delegation activity.

A manual is being developed to provide those intending to export with a check list of the processes involved and the various agencies responsible for facilitating and regulating export. This will be completed in 2001–02.

As part of the process of assessing the 'emerging exporter' and the level of assistance that may be required, a standard company profile is prepared in conjunction with the client. These are forwarded to the Northern Territory Government overseas offices and to Australian Trade Commission (Austrade) offices for an initial assessment of the appropriateness of the product or service into that market. The professional presentation of the company's profile and business capabilities adds credibility to its products and performance, when provided to international business representatives with whom they are matched while on delegation.

In addition to attending business matching activities during a delegation, an educational program is provided for participants. This involves pre-arranged tours of wet and dry markets and freight distribution facilities. This presents Territory business people with additional knowledge about the requirements of the international markets they are intending to access and allows them to better plan the packaging and transportation of their goods.

The department is also providing training for Territory business aimed at enhancing their export readiness. This involves providing presentations in each of the Territory's regional centres.

During 2000–01, as a result of the growth in the range and volume of services offered by the department, there was a 50% increase in the number of new businesses involved in international delegations. While the outcomes from these delegations require further surveys before full results are known, interim feedback has been obtained from participants to determine the appropriateness of the services provided by the department. Feedback from participants has been very positive with indications that business outcomes have been good and that the support given by the department has been excellent.

INTERNATIONAL BUSINESS SERVICES PROGRAM

In assessing the services offered over the past year, the department has concluded that important gains could be made through improvements to the current trade development and investment attraction support arrangements. The enhancements being sought are aimed to:

- better align the services with Territory exporters and economic development
- be more tuned to Territory business needs
- complement the current Export Market Development Scheme (EMDG)/NT Export Market Assistance Scheme (EMAS) assistance which is aimed at reimbursing approved direct marketing expenses
- develop, in conjunction with other agencies and industry, export training programs for delivery to new and emerging exporters
- incorporate educational tours, for example, wet markets and freight distribution facilities, as a regular feature of overseas delegations
- allow the development of more useful and detailed market information
- assist cooperative development of opportunities
- achieve better targeted and managed programs
- allow greater delivery flexibility in new markets
- more efficiently use the limited budget resources available
- be more readily recognised and used by business and Territory agencies.

The department is considering how best it can provide specific market assessment and trade development assistance to potential and existing Territory exporters. The department will consult widely in 2001–02 with Territory business and business development agencies in designing and enhancing its international services and programs.

Regional and Rural Export Awareness Program

The department has established a Regional and Rural Export Awareness Program to ensure businesses in regional and rural areas of the Territory are provided with education programs, access to economic and market advice and assistance that will develop potential exporters. The strategy to improve the department's service to regional and rural areas involves regular planned visits to each region.

The department has commenced this program with a series of visits to Alice Springs and Central Australia, the Katherine region and rural Darwin areas delivering training and briefings on services and export programs.

The next series of regional visits will be undertaken by departmental staff and overseas office representatives while participating in an International Business Forum during October Business Month.

In addition, Territory Business Centres are used as referral points by the department and are able to provide information about the department's range of services.

Contribution to the Development of Northern Territory Aviation Services

The department is represented on the Northern Territory Aviation Committee and contributes to the development of Territory aviation services policies and programs as they relate to the department's responsibilities.

There has been a steady decline in international air services to the Territory, especially from the South East Asian region. Several airlines have reduced or announced the reduction of international services. The number of inbound international airline seats into Darwin has fallen by more than 25% since August 2000. The reduction in international air services is having a negative impact on the continued development of Territory tourism services and international trade and business development.

There has been a similar limitation on the availability of air freight capacity and this has impeded the development of high value export from the Territory.

Staff Exchange

Late in 2000 the department engaged in a staff exchange program with Austrade Singapore which involved an officer from the department spending a month in the Austrade office and an Austrade officer spending a month with the department.

The program resulted in the identification of opportunities in Singapore for Territory products and services and an improved understanding of the requirements of the Singapore market.

The Singapore Exchange Program has yielded the following positive results:

- greater understanding of Austrade's offshore operations and development of business networks between officers
- effective means of determining industry trends, suitability of produce into the market and expanding industry networks
- timely and effective exposure of the Northern Territory and its produce into the market place.

Contact has been made with Austrade's Executive General Manager for South East Asia to gauge interest in a similar exercise. Austrade has responded positively and suggested another similar exchange would be welcome.

As part of its Malaysian strategy the department is targeting business operations in Kuala Lumpur and is looking to arrange an exchange program, similar to the Singapore arrangement, with the Austrade office there. A new Austrade Senior Trade Commissioner will be commencing in Kuala Lumpur and visiting the Northern Territory in October 2001 at which time the staff exchange issue will be raised.

Key Sectors for Trade and Investment

The department has identified the following industries as the key sectors for trade and investment for the Territory:

- oil, gas and mining services and support
- transport and freight
- defence services and support mining
- construction
- agribusiness
- aquaculture
- information technology and communications
- education and training
- health services
- alternative technologies
- tourism.

Key Markets

Based on early research, the markets with the most trade potential for the Territory are currently considered to be Indonesia, Singapore and Malaysia - particularly Peninsular Malaysia. Brunei remains an important source of foreign direct investment, as does Indonesia. The Philippines, Vietnam, Korea and Thailand are important to the Territory's live cattle trade. The Philippines has potential as an importer of Territory education services and construction goods and services. Opportunities exist in the People's Republic of China and Hong Kong and Taiwan. East Timor will emerge as a strong market for Territory goods and services over time. Considerable interest also exists for trade with South Africa.

In 2001–02, the department, in consultation with the Territory business sector and other agencies, will assess the Territory's export readiness and match local business capability with market needs in priority markets.

TRADE AND INVESTMENT DEVELOPMENT – OUTCOMES No. 2 AND 3

Investment Projects

Twenty–six projects were referred from Invest Australia during the year. Six of these have been extensively researched and responses provided to the proponents.

An investment project proposal that was completed in 2000–01 is the establishment of a fruit processing plant. The department has matched the Australian company with principals from China to set up the facility. The department has also been working with a group of investors from Indonesia looking to invest in property development and rural development in the Territory. Work is progressing and further progress is expected during 2001–02.

Investment attraction proposals considered during this last year were:

- construction/property development (3 projects)
- oil and gas service and supply (2 projects)
- agribusiness/horticulture (3 projects)
- manufacturing (2 projects).

Of these projects two are long-term projects in the oil and gas and construction sectors with outcomes not expected until 2005. Three are joint venture projects with negotiations continuing – two of which are expected to have outcomes in the first half of 2001–02. Of the remaining projects one is in abeyance pending a response to the proposal from the investor and the others are continuing with negotiations.

Trade Projects

During 2000–01 the department worked with Territory business and other development agencies in targeted markets to promote export opportunities. The sectors represented were:

- technology (5 projects)
- tourism/hospitality (3 projects)
- construction (1 project)
- agribusiness/horticulture (7 projects)
- aquaculture (2 projects)
- others (5 projects).

Some of these projects particularly in the agribusiness area are beginning to have results with plans to test produce in the Singapore and Hong Kong markets in the first part of 2001–02. Territory companies have also been successful in gaining contracts in the Philippines. Three of these projects are inactive but monitoring is continuing. The remainder are ongoing projects with negotiations continuing.

Trade Delegations

▪ **The Philippines**

The department worked with the Northern Territory representative office in Manila, to bring about a successful participation of delegates to Philconstruct 2000 in November 2000. The exhibition provided a forum for Northern Territory businesses engaged in the construction and related services sector to become aware of current trends in the industry and to meet with potential business partners. The delegates were able to take advantage of the various forums that were associated with the event to network with other business people engaged in the industry from different parts of the world.

Participation in this exhibition has resulted in two Territory companies successfully bidding for contracts in Manila. One involves an agreement with a leading university in the Philippines to provide internet based education packages and the other involves providing shade sails for a major cinema complex. Both these projects may lead to other openings for these companies within the Philippines and the Asia Pacific region.

▪ **Singapore**

- Offshore South East Asia – The department, in conjunction with the Office of Resource Development, arranged a delegation to attend the Offshore South East Asia Exhibition in November 2000. Five Territory companies were represented in the delegation and took advantage of the seminar and business matching opportunities arranged by the departmental representative who was on exchange in Singapore at the time.

INTERNATIONAL BUSINESS SERVICES PROGRAM

- Salon International De L'alimentation – The department planned and organised a delegation to Salon International De L'alimentation (SIAL) Asia 2001, with representatives from Territory businesses, to attend the exhibition in June 2001. A site at the exhibition was prepared and managed by departmental officers representing not only the delegates but also a further four businesses and four industry associations. The Territory delegates engaged in pre-booked business matching meetings and industry educational tours organised by Austrade and supported by the department.

The delegation and exhibition activity resulted in some 135 business contacts being made which resulted in negotiations for appointments of agents and for sales deals. Negotiations have begun for cut flower supplies to the Middle East and Hong Kong and for mangoes into Singapore and beyond.

The department will continue to work with these delegates and the other businesses represented to bring export orders to fruition.

▪ **Indonesia**

- Resource Indonesia/4th APEC Trade Fair – The department led a business delegation to Resource Indonesia and the 4th APEC Trade Fair which were held in Jakarta from 18–22 October 2000. In addition to having a display at the Fair, there were opportunities for those business people who participated in the delegation to meet with potential Indonesian business partners to explore opportunities in the mining, aquaculture, information technology, health care and education and training sectors. While there, contact was also made with the Indonesia–Australia Business Council which is an influential lobby for Australian business in Indonesia.

Follow up meetings with prominent business people have occurred in May and June 2001 with positive outcomes in property development being anticipated.

- NT–Indonesia Agribusiness Trade Talks – In November 2000 the department, jointly with the Department of Primary Industry and Fisheries, attended a ministerial meeting between Indonesia and the Northern Territory to discuss mutual trade and investment opportunities in agribusiness, education, transport and technology. A communique was issued following this meeting which highlighted the joint interests in promoting trade through the port of Darwin, quarantine requirements, technical assistance in agribusiness and air transit arrangements.
- Sub–Regional Business Meeting and Indonesia–Malaysia–Thailand Growth Triangle Meeting – The department was represented at this meeting in June 2001. The Indonesian Government and Chamber of Commerce and Industry initiated this meeting in an effort to stimulate business activity. The meeting was held in conjunction with the Indonesia–Malaysia–Thailand Growth Triangle Meeting.

A number of important contacts were made while there and an opportunity to provide breeding cattle to one of the Indonesian provinces was identified and is currently being explored. The department is currently assessing the business potential within the Indonesia–Malaysia–Thailand Growth Triangle to see whether opportunities exist for Territory business.

INTERNATIONAL BUSINESS SERVICES PROGRAM

▪ **Participants Feedback**

At the end of each delegation, feedback was sought from participants about the service provided by the department. All the services provided were rated highly by the participants. The preparatory work for the events, the presentation of the exhibition booths, services to the Northern Territory businesses at the booth and staff follow-up efforts during the trade shows were highly rated.

The main objectives of this program during 2000–01 were:

- the provision of appropriate and relevant research and analysis to support trade and investment initiatives
- appropriate contribution to national trade policy to ensure Territory business interests are effectively met
- the development of strategies for the improvement and maintenance of relations with our partners within in the region to support Territory trade and investment
- the effective management of international bilateral agreements
- the effective management of the overseas offices.

RESEARCH AND ANALYSIS SERVICES – OUTCOME No. 1

Country Assessments

During 2000–01 the department commenced a series of country assessments. These assessments are provided to government with the aim of raising awareness on international economic and political developments and their ramifications for the Territory economy.

The first assessment dealt with the emerging political, economic and administrative situation in East Timor. The assessment will be updated in the first half of 2001–02 following the elections for the Constituent Assembly and establishment of the new government.

Assessments planned for 2001–02 include Indonesia, Singapore and Malaysia. As new priorities are identified further assessments will be added.

Economic Briefings

An integral aspect of the department's services is the provision of economic briefings for a variety of purposes. Throughout the year the department produced in excess of seventy briefings. These ranged from major public presentations and briefings to targeted trade statistical advice. These briefings demonstrated the Northern Territory's capabilities, infrastructure and identified trade and investment opportunities. Also included were briefings provided to assist Territory participants in international trade delegations and trade shows.

An important delegation to visit the Territory, for which the department provided briefings and advice to members of government, was that of His Excellency Abdurrachman Wahid, President of the Republic of Indonesia in June 2001. The inclusion of the Territory in the itinerary as part of his first official visit to Australia emphasised the significance of the Territory's relationship with Indonesia.

During 2000–01 economic briefings were prepared for many organisations and individuals, for example, Territory Ministers, agencies, businesses, industry associations, representatives of other governments, Australian and overseas diplomats, community members and non-government organisations.

Each year the department develops business programs for a number of visiting international dignitaries, government officials and high profile business executives. In all cases a tailored presentation is made with targeted emphasis on the relevant bilateral trade statistics and economic data. A pack of information is selected for each dignitary along with copies of Northern Territory promotional material and the prepared presentation on compact disk.

NATIONAL TRADE POLICY DEVELOPMENT – OUTCOME No. 6

National Trade Consultations (NTC)

The department is responsible for the Northern Territory's contribution to the development of national trade policy.

The department organises high quality advice on the Territory's contribution to the National Trade Consultations and intersessional meetings of senior Commonwealth, State and Territory and industry officials. These are the key bodies responsible for trade policy developments and issues. As the APEC meeting of Ministers Responsible for Trade was held in Darwin in early June 2000, the hosting of the National Trade Consultation Ministerial meeting, normally held in Darwin during the week of NT Expo, was transferred to Brisbane. This meeting was held in mid June 2000. Significant briefings were prepared on a range of matters for our Minister who represented the Territory at these meetings.

Preparation for the 2001 National Trade Consultations in July 2001 is well under way. As a prelude to this meeting, a departmental officer attended the NTC intersessional meetings which provided updates on key trade policy developments and issues. The agenda for the NTC is extensive and includes items such as regional, plurilateral and bilateral proposed free trade agreements with Singapore, the United States of America and Thailand.

Free Trade Agreements (FTA)

With the delay in the commencement of a full round of trade negotiations through the World Trade Organisation, Australia has pursued a number of bilateral and regional trade agreements.

An agreement to develop an Association of South East Asian Nations (ASEAN) Free Trade Agreement – Close Economic Relations (AFTA-CER) free trading area was not immediately successful within ASEAN and was referred for further development and ASEAN ministerial consideration. Studies undertaken at the time showed strong economic benefits for all participants.

In addition, the Free Trade Agreements with Singapore, the United States of America and Thailand are being developed along with a Trade and Investment Facilitation Agreement (TIFA) with Japan. A full FTA is not possible, as Japan is understood to be unwilling to negotiate on liberalised agricultural market access at this time.

The FTA being negotiated between Australia and Singapore is of particular significance to the Territory. The aim of the agreement is to remove barriers to trade in goods and services, provide a stronger framework for doing business and include e-commerce.

The department monitored and where appropriate participated in development discussions to ensure that the Northern Territory's views and interests are taken into account and to allow Territory responses to be formulated. This involvement is to continue through the remainder of the negotiations between Australia and regional and bilateral partners.

Continuing progress will be monitored, opportunities and issues impacting on Territory trade and investment are to be identified and responded to and consultation with all involved agencies and business organisations is planned.

World Trade Organisation (WTO)

As part of its responsibilities, the department monitors and advises on WTO matters that may affect the Northern Territory. The WTO is the international body which supervises the international trading system and provides mechanisms for the continued liberalisation of the trading system and the settlement of disputes.

The department formed a Working Group on WTO matters in November 2000 to improve the consultation, coordination and overall coverage of these matters. It also addresses other trade policy matters that may impact on the Territory. The Working Group is chaired by the department and includes representatives drawn from the Departments of Industries and Business, Primary Industry and Fisheries, the Chief Minister, Transport and Works, the Office of Resource Development and as needed, Northern Territory Treasury.

Compliance with WTO requirements is a key matter. This impacts on the formation and implementation of programs by WTO member states and sub-national jurisdictions such as the Australian states and territories. Accordingly, Territory Government action including trade development programs and statements on the support and assistance provided to export projects needs to be considered from a WTO compliance perspective. The WTO Working Group assisted with this responsibility.

WTO accessions, the process by which new members join the WTO, often require market liberalisation and structural changes in the joining country. This presents opportunities for trading and investment partners with the acceding party. Both China and Taiwan are preparing to join the WTO and market opportunities arising through this process are being identified, assessed and developed where appropriate by the WTO Working Group.

MANAGEMENT OF INTERNATIONAL LINKAGES AND PARTNERSHIPS – OUTCOME No. 4

Indonesia

Following a lull in the relationship between Australia and Indonesia beginning in 1998–99, due to the onset of the economic crisis, the period of Presidential transition and the events surrounding East Timor's independence, the situation at the national level has started to improve. It has been reported in previous annual reports that throughout the difficult period encompassing 1999–00, the Northern Territory maintained a close relationship with Indonesia. The extent and durability of this relationship has been underscored by the access provided to the Chief Minister and Ministers of the Northern Territory Government to the Indonesian President and members of the Cabinet in Jakarta in May 2000. In spite of the difficulties experienced at a national level, productive relationships continued to develop with Indonesian Government departments and provincial governments and the implementation of cooperative programs between Northern Territory organisations and their Indonesian counterparts continued. The period 2000–01 has seen this relationship grow.

▪ **Memorandum of Understanding**

With the Republic of Indonesia on Economic Cooperation and Development, 21 January 1992, managed through the Joint Policy Committee

The Joint Policy Committee met in Darwin during April 2001 to discuss a wide range of topics concerning the relationship between the two regions and trade and investment matters.

This meeting raised issues of considerable importance however it was acknowledged by both parties that the political uncertainty and the instability of the Indonesian economy made it difficult for much progress to be made. In 2001–02, the Joint Policy Committee will examine its directions and undertake discussions to rationalise the implementation of the agreement.

▪ **Indonesian Customs Pre-inspection Facility**

Under the MOU with Indonesia the department and the Indonesian Customs Service ran a trial pre-inspection facility in Darwin during 1999. The aim of the trial was to streamline and enhance the process of exporting goods through Darwin to Indonesia with pre-clearance or pre-inspection prior to shipment. During the trial two Indonesian customs officers were stationed in Darwin for six months.

The concept is aimed at establishing Darwin as the pre-eminent port for the supply of goods to major projects, particularly in the mining and oil and gas sectors in Eastern Indonesia. It was also in response to concerns expressed by companies in Eastern Indonesia, particularly in the mining sector, that were having difficulties and experiencing delays importing goods from Australia.

The trial was successful and interest was recorded from as far away as Singapore and Perth. However events in East Timor and Indonesia delayed any further activity until a new agreement was signed. This agreement remains valid for five years. The renewed agreement for this trial and its re-commencement in Darwin was formally signed by the Minister for Asian Relations and Trade and the Indonesian Directorate of Customs and Excise on 8–9 June 2001 in Bali, Indonesia. When recommenced, the service will assist with trade development with the eastern provinces in Indonesia, the trade negotiations on two-way trade through Darwin and the development of the transport and logistics infrastructure here.

Administrative action to restart the program is now under way with recommencement scheduled for October 2001 or a little later in the year. A suitable facility for the service has been identified at the Trade Development Zone and is being held awaiting confirmation of the date for recommencement. A senior Indonesian customs official is to visit Darwin in early October to assist with the recommencement arrangements and consult with potential users on the service, needs and requirements.

▪ **Relationships with Indonesian Provinces**

The Territory has developed relationships with a number of Indonesian provinces. The maintenance of these relationships is important as it provides support to the development of trade and investment within the region.

In July 2000 a Memorandum of Cooperation was signed between the Territory and the Government of East Kalimantan. Discussions are ongoing and are aimed at enhancing the trade and investment opportunities between the Territory and the province. A meeting is planned for the first half of 2001–02 to further these discussions.

Irian Jaya is also seen as an area with possible trade opportunities for the Territory. In July 2000 the department established initial links with the province to develop a government-to-government relationship. As a result of this visit Irian Jaya sent a delegation of business people and a cultural group to participate in NT Expo 2000.

The Memorandum of Understanding between the Northern Territory and Bali lapsed on 29 June 2001. However a renewed agreement was signed between the two governments on 9 June 2001. This agreement encompasses an enhanced program to develop stronger relationships and interaction between the Northern Territory and Bali.

In November 2000, the department participated in a delegation to Bali to undertake discussions with Lt Gen Luhut Pandjaitan, the Indonesian Minister for Trade and Industry, about the enhancement of trade with Indonesia through the port of Darwin and the provision of education and training in the agribusiness sector. A joint communique emanating from this meeting called for a further Ministerial-level meeting to be held in Iran Jaya early in 2001 to consider the progress made and to determine any change in direction required.

Arrangements are currently under way to further trade discussions with the Indonesian Minister for Trade and Industry early in July 2001. These discussions will focus on the rail, port and distribution facilities developing in Darwin, development of trade links through joint opportunities for services and supply, agribusiness, the impact on trade following the introduction of regional autonomy in Indonesia, trade policy issues and the Indonesian and Northern Territory relationship.

Malaysia

In August 2000, The Administrator of the Northern Territory visited Kuching, Sarawak, to attend the Australian Universities International Alumni Association Conference. The department prepared briefings for the Administrator's use during his visit. The visit provided an opportunity to hold discussions on reopening government-to-government relationships with the Government of the State of Sarawak at an executive level. Discussions were also held with the Sarawak Tourism Board, Ministry of Industrial Development and the Chamber of Commerce to explore and advance opportunities between the two regions. Work is continuing in this area and while progress has been slow in translating these opportunities into trade and investment, some outcomes are expected in 2001-02.

Vietnam

During 2000-01 the Territory's relationship with Vietnam was developed through a series of activities.

In November 2000, a delegation from the Vietnamese National Academy for Public Administration visited Darwin. The purpose of the visit was to establish a close working relationship with the Territory and to gain knowledge of the Northern Territory Government structure, the Northern Territory Public Service and its activities that might assist with the planning of administrative reform in Vietnam. The delegation also held discussions with the Northern Territory University about the possibility of a student exchange program, teaching services and cultural visits.

The Northern Territory Working Group, responsible for the management of the Memorandum of Understanding with Khanh Hoa Province, held meetings in September 2000 and February 2001 to discuss possible areas of cooperation prior to holding the first joint working group meeting. These meetings covered a wide range of topics which included the administration of the working committee and the relationship between the two regions in the areas of live cattle trade, training and education in marine and fishing technology, agriculture and horticulture and student education and training.

So far the working group has identified potential for projects covering civil infrastructure development and community management, remote community utilities, health, education services, tropical fruit and

importing post harvest handling techniques for mangoes. The existing live cattle export program to Ho Chi Minh City is continuing.

A successful visit to Vietnam was undertaken in February 2001 that included the cities of Hanoi, Nha Trang and Ho Chi Minh. This visit promoted the government-to-government relationship and established an atmosphere of cooperation in identifying trade and business opportunities between the two regions.

Brunei Indonesia Malaysia Philippines – East ASEAN Growth Region (BIMP-EAGA)

Fundamental to the success of attracting international business to the Territory is its continuing close links with South East Asia. A contributor to the Territory's relationships in the region is its involvement with the BIMP-EAGA countries. Such relationships pave the way for more significant trading relationships over time.

The department has consulted with officials responsible for BIMP-EAGA matters from regional governments, including the government of Indonesia, with a view to restrengthening Territory links with BIMP-EAGA developments and ensuring appropriate participation as an observer at BIMP-EAGA meetings in the future.

A Ministerial meeting of BIMP-EAGA is scheduled for late September 2001 in Manado, Indonesia. It is understood that the Indonesian Government will invite the Northern Territory to participate in the Manado meeting as an observer.

Government officials in Brunei have sought, through the Australian High Commissioner, an opportunity to discuss BIMP-EAGA issues and developments. The department has expressed interest in doing so and further discussions are also likely in early September 2001.

Australia Indonesia Development Area (AIDA)

AIDA is an agreement between Australia and Indonesia. Its aim is to improve the enabling environment for private sector trade and investment in Eastern Indonesia. A Northern Territory private sector representative is the Australian Co-Chair of the Working Group for Agriculture, Fisheries and Animal Husbandry.

Participation in the AIDA process has a number of benefits for the Northern Territory. The program has contributed to an environment that assists the increase of Northern Territory live-cattle exports to Indonesia.

It is also a vehicle for pursuing trade partnerships and for giving the Northern Territory a high profile in the region. Most of AIDA's formal activities involve workshops on technology transfers and information exchange.

In December 2000, because of its involvement in AIDA, the Northern Territory was invited to the Australia-Indonesia Ministerial Forum held in Canberra. During the forum the Territory was recognised for its active AIDA program and the potential to play a significant role in the flow of trade between Australia and Indonesia.

In June 2001, a meeting was arranged between the Co-Chairs and a senior departmental officer to develop a set of working guidelines for the implementation of AIDA. These were accepted and signed by both parties.

A forum on technology transfer has been planned for the week of 24–28 September 2001 in the Indonesian province of West Kalimantan. Business matching activities will occur in conjunction with the forum. The forum team is comprised of the Australian Co–Chair, officers from the Department of Asian Relations and Trade and the Department of Primary Industry and Fisheries and two industry experts from the agribusiness sector, all of whom will present papers to the forum participants. Other business delegates from the Territory are expected to attend.

International Bilateral Agreements

The department administers seven formal agreements between the Northern Territory Government and overseas national or regional governments.

The seven formal agreements that are currently managed are of three types – Memorandum of Understanding (MOU), Memorandum of Intent (MOI) and Memorandum of Cooperation (MOC). The agreements are:

- MOU with the Republic of Indonesia on Economic Cooperation and Development, 21 January 1992, managed through the Joint Policy Committee
- MOU with the Republic of The Philippines on Economic and Cultural Cooperation, 23 August 1992
- MOU with Brunei Darussalam on Economic and Cultural Cooperation, 30 October 1995
- MOI with the Labuan Development Authority (Federal Territory of Labuan Malaysia) on Economic and Cultural Cooperation, 28 May 1996
- MOU with the Province of Bali, Republic of Indonesia on Sister Province/Territory Cooperation, 29 June 1996 (renewed 9 June 2001)
- MOU with the People’s Committee of Khanh Hoa Province of Vietnam on Economic Development Cooperation, 13 November 1998
- MOC with the Province of East Kalimantan, Republic of Indonesia for Economic Development, 3 July 2000.

These agreements are generally recognised as a means of establishing formal relationships that support economic development and establish a basis for the Territory to work together with the parties of the agreements to facilitate trade and investment and to remove administrative and other impediments to international business.

During 2001–02 the department is planning to undertake a review of all of the international bilateral agreements it manages. The review is to cover whole-of-government obligations, implications for individual agencies, details of resources and costs involved in implementing tasks under the agreements and will evaluate the effectiveness of each agreement in supporting trade and investment.

MANAGEMENT OF THE NORTHERN TERRITORY'S INTERNATIONAL REPRESENTATION ARRANGEMENTS – OUTCOME No. 8

At the end of the financial year, the department has five overseas offices that have been established to facilitate trade and investment opportunities for the Northern Territory and to support business and government agencies in their dealings in-country. These offices achieve their objectives through a wide range of activities including:

- Territory promotion
- trade project development
- business opportunity identification
- investment facilitation
- trade and investment policy information
- industry sector research
- market information
- support of Territory delegations
- assistance with approvals
- access to key government and business people
- networks with business and industry organisations.

The five offices are located in:

- Bangkok – Thailand (includes coverage of Laos, Myanmar and Cambodia)
- Dili – East Timor
- Jakarta – Indonesia
- Manila – The Philippines
- Kota Kinabulu – Sabah, East Malaysia (includes coverage of Labuan and Sarawak).

In the past twelve months the department has developed guidelines and set standards for these offices. With the advent of accrual reporting and *Working for Outcomes*, performance measures are being developed for these offices to ensure better value for money is achieved for the Northern Territory and to assist the department in assessing the quality of services provided and the ongoing need for particular offices.

Each overseas office will be required to undergo regular review, normally annually, to determine whether it should continue operation.

An integral part of the role of the overseas offices is to identify opportunities within their region for Territory business. Representatives from each of the offices will be providing an overview of the openings available in their regions at a seminar planned for NT Expo in July 2001. The Asian Trade and Investment Seminar is the first seminar of its kind and is aimed at business people keen to gain more knowledge about trading opportunities with Asia.

East Malaysia

The office in Kota Kinabulu was established by the Northern Territory Government in November 2000 to explore opportunities for trade and investment in the East Malaysian provinces of Sabah and Sarawak and the Federal Territory of Labuan. The office has identified a number of areas such as agriculture, aquaculture and environmental education where there are opportunities for joint ventures and projects.

The office is scheduled to be reviewed in the latter part of 2001. The department is preparing the terms of reference. The outcome of the review will determine the future of the office.

East Timor

The department's representative in Dili continued to provide advice and liaison and support services for the Northern Territory Government and Territory business people operating in East Timor.

An assessment of the office was undertaken during the year. The outcome was that funding be extended until the end of 2001–02 with a full review to be undertaken to assess the continued need for the office beyond that time.

The office has also provided substantial support and advice to major investment companies with an interest in the oil and gas sectors.

Indonesia

The office in Jakarta has provided extensive support to a number of delegations that have visited Indonesia during the year. There has been positive progress made in attracting Indonesian investment to the Territory.

The experience and networks of the Jakarta office are significant and have proved valuable during the past twelve months.

The representative office has arranged meetings between senior officials from the department and Indonesian investors in Jakarta in May and June 2001. These meetings have met with a positive response and it is highly probable that a number of those involved in these meetings will take up investment opportunities in the Territory's property and agriculture sector.

It also facilitated the development and signing of the Memorandum of Cooperation with East Kalimantan, the renewal of the Memorandum of Understanding with Bali and the Customs Pre-inspection agreement.

Of particular note was the Jakarta office's assistance with the visit to Darwin by President Wahid.

In addition to providing advice on market opportunities the office in Indonesia has been invaluable in assisting with the preparation for the delegations to Bali, Irian Jaya, Jakarta and Timika. The staff have paved the way for meetings with appropriate Ministers and business people and arranged business matching activities for Territory business people participating in delegations.

Thailand

The office in Bangkok was established by the Northern Territory Government in August 2000 to explore opportunities for trade and investment in Thailand, Laos, Myanmar and Cambodia.

The opening of a Northern Territory Overseas Trade and Investment Office in Bangkok in October 2000 demonstrated the Territory's interest in development of trade links between Thailand and the Northern Territory. The office was funded from within the department's existing budget with financial contributions by the Department of Primary Industry and Fisheries and the Department of Transport and Works. Departmental representations to the Thai Departments of Foreign Affairs, Board of Investment, Office of Agricultural Economics and Industrial Promotion were undertaken to promote the Territory's economic capabilities. The visit to Darwin by His Excellency Mr Sawanit Kongsiri, Ambassador of Thailand, in June 2001 encouraged closer relationships and further business developments.

The Northern Territory's Thailand representative visited Darwin and Alice Springs in early June 2001 for briefings on trade and investment opportunities and general familiarisation occurred as a part of the department's regional program. This provided a broader understanding of the capabilities of Territory business and provided business with the opportunity learn about the opportunities in the Thailand region.

The office is scheduled to be reviewed in the latter part of 2001. The department is preparing the terms of reference. The outcome of the review will determine the future of the office.

The Philippines

During 2000–01 the Territory's representative office in Manila continued to focus on trade and investment advice. The extensive networks and experience of the office were called upon in arranging the Chief Minister's meeting with President of the Republic of the Philippines in November 2000. The office also looked after visiting business delegations. The assistance provided by the office has resulted in some useful outcomes for Territory businesses participating in delegations.

The office is scheduled to be reviewed in the latter part of 2001. The department is preparing the terms of reference. The outcome of the review will determine the future of the office.

The People's Republic of China

Originally the department contracted the Australian Trade Commission (Austrade) Guangzhou to maintain a presence in Southern China and to provide representation services for the Territory. The key focus, at the time, was the development of possible LNG markets in Guangzhou, Guangdong Province. With the awarding of major infrastructure contracts to BP Amoco, the opportunities for the Territory were significantly diminished. The Guangzhou office provided significant and valuable advice on potential opportunities for Territory exports but none has been able to be converted into export outcomes. Often this has been because of a poor fit with the Territory's current exports and the scale and quantities sought by Chinese traders.

Following a review in May and June 2001, a formal decision was taken to terminate the current contractual arrangement in Guangzhou. The department will continue to use the Austrade Guangzhou office to support trade and investment developments in that part of China as suitable opportunities emerge.

AID FUNDED AND PRIVATE SECTOR FUNDED INTERNATIONAL PROJECTS – OUTCOME No. 5

The Northern Territory Government's activities of providing government employees to take part in aid funded projects has substantially wound down over a number of years mainly because of the:

- reduction of levels of aid provided by the Australian Agency for International Development (AusAID)
- competitive nature of bidding for aid projects against large corporate aid providers
- need to retain skilled Territory education and health professionals in the Territory to meet local community needs.

International School Support Services (Private Sector Funded)

The department continued to provide support services for the Batu Hijau International School for PT Newmont Nusa Tenggara in accordance with contractual obligations on a fee for service basis. The support services included bureau, procurement and billing services.

Public Service Commission: Institutional Strengthening Program, Samoa (Aid Funded)

The department provided administrative support to the Office of the Commissioner for Public Employment in relation to an AusAID-funded project managed by GRM International. The consultants are required to oversee all Samoa-based Australian inputs in the area of public service reform. The consultancy commenced in April 1999 and is ongoing. Work is carried out on a fee for service basis.

PROMOTIONAL EVENTS AND ACTIVITIES – OUTCOME No. 7

The nature of the department's business is such that it requires an extensive and professional communications and marketing program. Attracting international trade and investment to the Territory requires the department to compete with other states and territories nationally and other countries internationally.

To make the best use of its resources the department has adopted a targeted market strategy where it promotes the Territory as an ideal location for trade and investment in regions where it is considered that the Territory has a unique advantage over other states and countries.

In addition to marketing the Territory internationally, it is also important for the department to work with Territory businesses and government agencies to identify export products and investment opportunities.

The communications and marketing program for 2000–01 consisted of promoting the Territory's economic capability at international trade shows and expositions and promoting the services offered by the department on the Territory show circuit and Territory regional expositions. In addition to these activities the department developed a series of information packages, brochures and promotional materials that market the Territory as an investment, tourism and lifestyle package.

The department's website was released during the year with the majority of the content produced in-house. The site is continuously updated and contains current newsletters, information brochures on departmental services and delegation activity, breaking news stories and updates on issues affecting international trade.

The communications and marketing function supports the development of trade and investment opportunities and markets Territory projects overseas.

NT Expo 2000

NT Expo Pty Ltd, a subsidiary of the Northern Territory Chamber of Commerce and Industry, successfully conducted NT Expo 2000. The focus for the department during the event was on regional relationships and cultural exchange while developing trade markets and enhancing investment links within the Northern Territory. The Communications and Marketing Group managed and coordinated all aspects of the department's participation in NT Expo and liaised with the key Australian Government and Northern Territory agencies involved.

Approximately 170 international delegates attended NT Expo 2000. The participation in the event provided the opportunity to explore new international business prospects. To further enhance these opportunities a business-matching scheme was developed aimed at initiating discussions between visiting and local business people. This was a two-phased process. Firstly a survey was conducted to identify local businesses with an interest in Asian markets and information was also collected on the Asian businesses attending the Expo. The second phase involved collating the two sets of data and determining the appropriate matches. Approximately 50 local businesses indicated their interest and a range of business appointments and site visits were planned prior to the arrival of the business delegates. Once delegates arrived and provided the department with additional information about their interests, additional meetings were arranged.

Following NT Expo 2000 a firm of consultants was engaged by NT Expo Pty Ltd to develop a four-year business plan for NT Expo. NT Expo Pty Ltd has been responsible for the management of the consultancy. The consultant's final report is expected to be available at the end on August 2001.

The main aims of the review of NT Expo were to:

- maximise value for money
- keep pace with changes in the meetings, conferences and exhibitions industry
- maximise identification of business opportunities for Territory business people at the local, national and international levels.

The outcomes from the review which relate to the department's contribution will be considered for incorporation into the planning and program for NT Expo 2002.

NT Expo 2001

Planning for NT Expo 2001 is well advanced with international expressions of interest being received from China, Malaysia, Indonesia, Brunei, The Philippines, Papua, East Timor, Taiwan and New Zealand. In addition to these delegations there are a number of international dignitaries who have expressed an interest in attending.

Overseas Promotional Events and Activities

In addition to making a significant contribution to NT Expo the department was also involved in the preparation of booths and displays for offshore trade and investment expositions. These included:

- 4th Australia Pacific Economic Cooperation (APEC) International Trade Fair in Jakarta
- Philconstruct 2000 in the Philippines
- Offshore South East Asia (OSEA) Exhibition in Singapore
- Salon International De L'alimentation (SIAL) Asia Food and Beverage Expo 2001 both in Singapore.

Local Promotional Events and Activities

The department participated in the regional expos and open days held in the main centres of the Territory. The aim of this participation is to strengthen its presence in the regional areas of the Northern Territory and create an awareness within the community of the range of services that the department provides to business.

During 2000–01 the department participated in:

- Coastal Plains Horticulture Research Farm Open Day – Coastal Plains
- East Arm Port Open Day – Darwin
- Central Australian Expo – Alice Springs
- Douglas Daly Research Farm Open Day – Douglas Daly
- Katherine Expo 2001 – Katherine

In addition to the expos and open days the department also had a presence on the Territory show circuit contributing to the combined Northern Territory Government industry agencies display which was developed for the Alice Springs, Tennant Creek, Katherine and Darwin Shows.

Promotion of events such as the NT Export Awards was also undertaken in cooperation with the International Business Council. Assistance with arrangements for visiting delegations such as the Australia Indonesia Development Area (AIDA) delegation visit was also provided.

Publications and Communications

The department considers the development and presentation of a professional corporate image and raising awareness of the many services it provides as important aspects of its communications and marketing program.

These have been achieved through:

- production of promotional material detailing the economic capability and business potential of the Territory
- the production of a range of promotional material outlining the services available
- development of a web site that is user friendly to the business community and is responsive to its needs
- preparation of feature articles on activities relevant to the department for inclusion in appropriate magazines such as *Territory Business magazine* and *the NT Business Review*.

CORPORATE SERVICES PROGRAM

FINANCIAL AND HUMAN RESOURCE MANAGEMENT SERVICES – OUTCOME No. 8

The main objectives of the corporate services program are to provide strategic and administrative support to the department through financial and budget management, human resource management, information technology management and general services.

Human Resource Management

- Staff Performance Appraisal Program

The department's new Staff Performance Appraisal System was introduced in September 2000. All staff took part in the performance appraisal process. Staff training and development initiatives that were identified during the staff appraisals have been incorporated into the staff development plan for 2001.

- Employment Figures

Staff of the department by Gender and Classification as at 30 June 2001

LEVEL	Authorised Positions	Actual Female	Actual Male	Total
Executive Contract Officer 4	1	1	0	1
Executive Contract Officer 2	1	0	0	0
Executive Contract Officer 1	1	0	1	1
Executive Officer 1	0	1	1	2
Administrative Officer 8	2	0	3	3
Administrative Officer 7	6	3	4	7
Administrative Officer 6	4	2	0	2
Administrative Officer 5	4	2	1	3
Administrative Officer 4	4	3	1	4
Administrative Officer 3	6	2	1	3
Administrative Officer 2	1	1	0	1
Administrative Officer 1	0	0	0	0
TOTAL		15	12	27

Note: The position of Chief Executive Officer of the department is recorded in the Annual Report of the Department of Mines and Energy.

CORPORATE SERVICES PROGRAM

- Staff Development

The department's actual expenditure within the 2000–01 financial year for training and development was \$22 000 however an additional \$8 000 will be paid early in 2001–02 to staff as reimbursement for successful completion of tertiary studies in 2000–01. Staff training was provided in the areas of:

- report writing and ministerial briefings
- project management
- information technology – desktop publishing, presentations, database management and word processing
- strategic and business planning
- four staff members undertook tertiary studies.

- Induction Program

The department has commenced the development of a manual to support the new Staff Induction Program. The manual is to be completed by August 2001. The program aims to provide all new staff with a clear understanding of the department's responsibilities, structure, policies and procedures. Included with this manual is a quick reference guide for new starters to assist with the most commonly asked questions about finance, human resources and information technology.

- Occupational Health and Safety

The department continues to participate on the Safety Committee comprising representatives from both the Department of Industries and Business and the Department of Asian Relations and Trade.

The Safety Committee has completed a number of projects this year such as:

- completion of emergency evacuation procedures
- cyclone preparedness procedures
- training for all fire wardens
- upgrading and replacement of building signage on emergency exits
- refresher training provided for the two departmental first aid officers

The Department of Corporate and Information Services conducted twelve work station assessments for the department. No significant deficiencies were found and all recommendations put forward were implemented.

- Equal Employment Opportunity

The Equity and Merit Plan was reviewed during the year with several changes being made. As part of this process the department commenced work on the development of an Aboriginal Employment and Career Development Strategy which should be completed by the end of August 2001. The aim of the strategy will be to increase employment opportunities as well as supporting effective training and development for Aboriginal and Torres Strait Islanders.

Information Management Advisory Committee and Information Technology Services

The department's Information Management Advisory Committee (IMAC) continued to provide advice and information to Management Board on information strategy, policy and significant system and technology issues.

During the year IMAC has been responsible for:

- management of the information technology outsourcing arrangements for the department and provision of advice to the Department of Corporate and Information Services on relevant issues during the transition period
- conducting a review of the current network capabilities and providing recommendations to Management Board on possible enhancements and modifications
- reviewing, modifying and reinstating the department's project reporting system (DAPPER)
- in conjunction with the department's Communications and Marketing Group, supervising the contract and development of the department's web page
- providing assessments and making recommendations on software, hardware, systems enhancements and purchases.

Audit and Program Evaluation

The department established an Internal Audit Committee comprising three senior staff members from the department and two officers from the Strategic and Audit Services Division of the Department of the Chief Minister.

During 2000–01 the Audit Committee requested a business risk assessment that identified a number of areas which had the potential to impact negatively on the department business. As a consequence the department's overseas offices will undergo regular independent review, and a strategic business planning activity has been undertaken which has resulted in identifying priorities and strategic objectives on which the department will focus in the forthcoming year.

Financial Systems

The Department of Corporate and Information Services provides financial services to the department in the areas of accounts payable, accounts receivable, ledger maintenance and financial reporting.

The department's Accounting and Property Manual has been completed and internal processing procedures have been checked and documented.

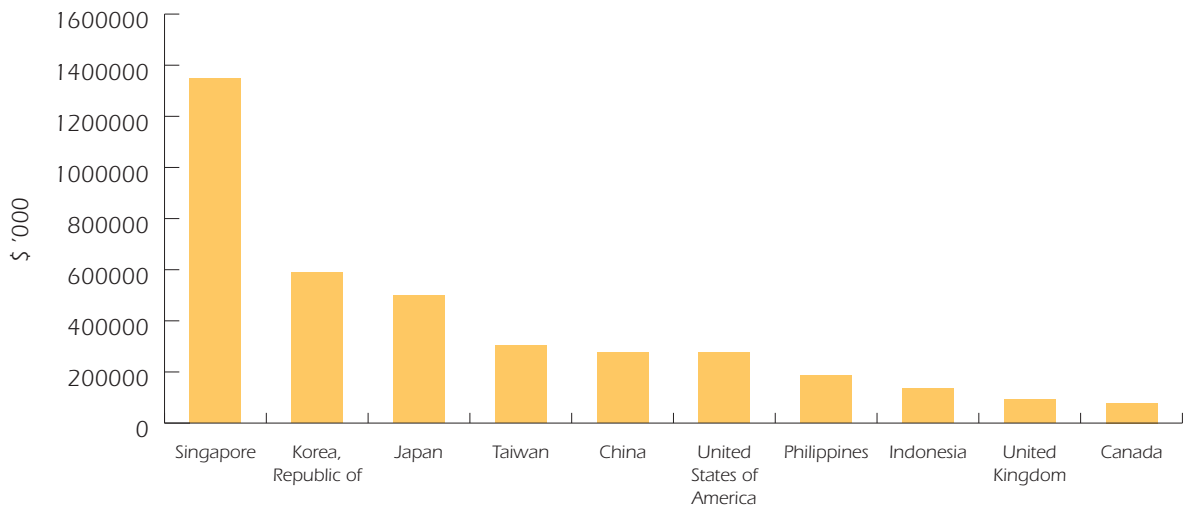
A financial compliance audit has been conducted with no significant discrepancies identified.

APPENDICES

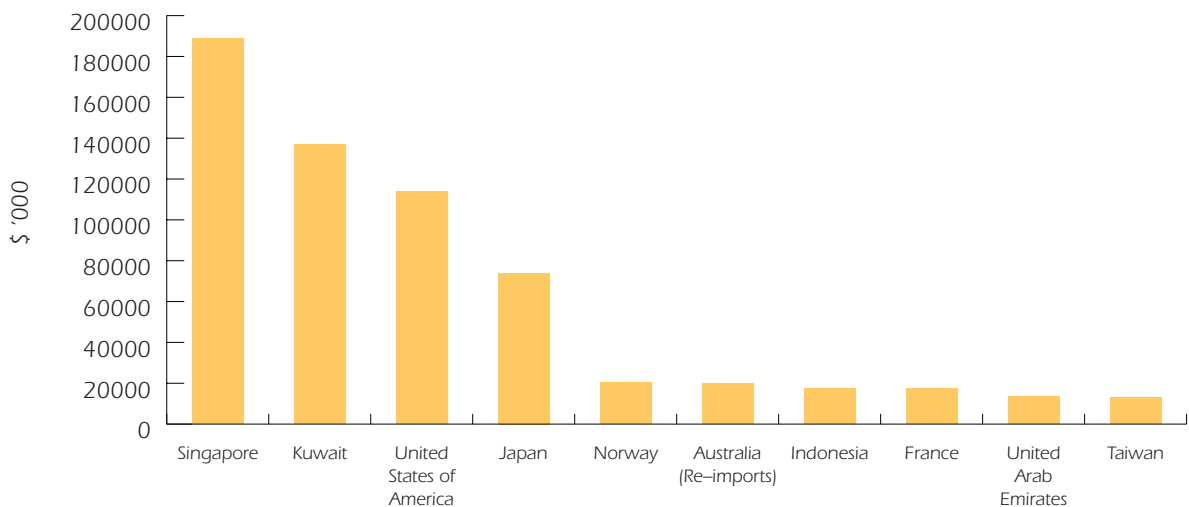
SELECTED TRADE STATISTICS

The following graphs provide information about the Territory's trade performance during the past twelve months.

TOP TEN COUNTRIES (EXPORT)

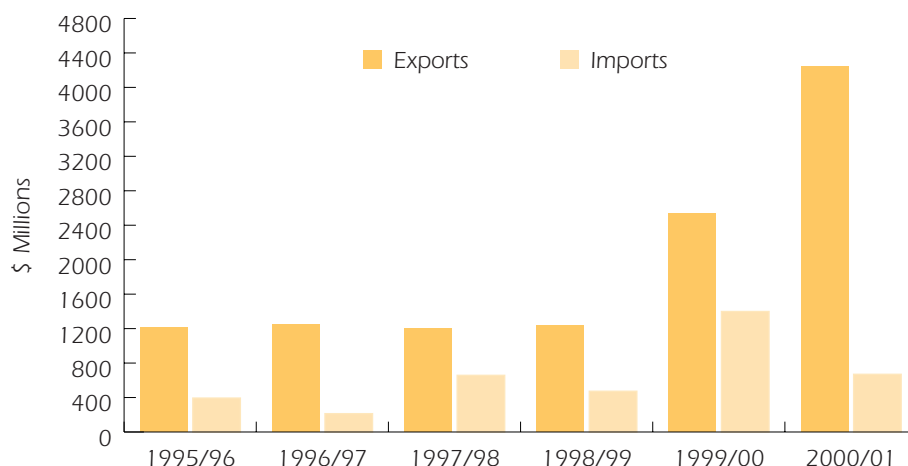


TOP TEN COUNTRIES (IMPORT)



APPENDICES

NORTHERN TERRITORY TOTAL TRADE (Source: ABS Foreign Trade Statistics)



Northern Territory Exports by Commodity Section (\$Millions)

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Food and Live Animals	\$164	\$204	\$122	\$104	\$162	\$155
Crude Materials	\$60	\$110	\$165	\$210	\$142	\$248
Mineral Fuels	\$117	\$170	\$66	\$58	\$1,259	\$2,882
Chemicals and Related Products	\$8	\$9	\$17	\$34	\$14	\$25
Basic Manufactured Goods	\$3	\$3	\$15	\$5	\$5	\$41
Machinery/Transport Equipment	\$11	\$4	\$4	\$2	\$8	\$7
Miscellaneous Manufacturing	\$2	\$5	\$3	\$3	\$6	\$7
Unclassified Commodities	\$842	\$738	\$799	\$840	\$931	\$876
TOTAL TRADE	\$1,208	\$1,243	\$1,191	\$1,256	\$2,526	\$4,242

Northern Territory Imports by Commodity Section (\$Millions)

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Food and Live Animals	\$1	\$1	\$1	\$1	\$4	\$7
Crude Materials	\$7	\$7	\$7	\$9	\$7	\$7
Mineral Fuels	\$33	\$40	\$83	\$59	\$110	\$181
Chemicals	\$7	\$9	\$25	\$12	\$14	\$6
Basic Manufactured Goods	\$45	\$54	\$90	\$71	\$60	\$47
Machinery/Transport Equipment	\$181	\$158	\$315	\$206	\$1,055	\$196
Miscellaneous Manufacturing	\$12	\$15	\$46	\$43	\$25	\$19
Unclassified Commodities	\$108	\$101	\$90	\$72	\$124	\$206
TOTAL	\$394	\$216	\$658	\$473	\$1,399	\$670

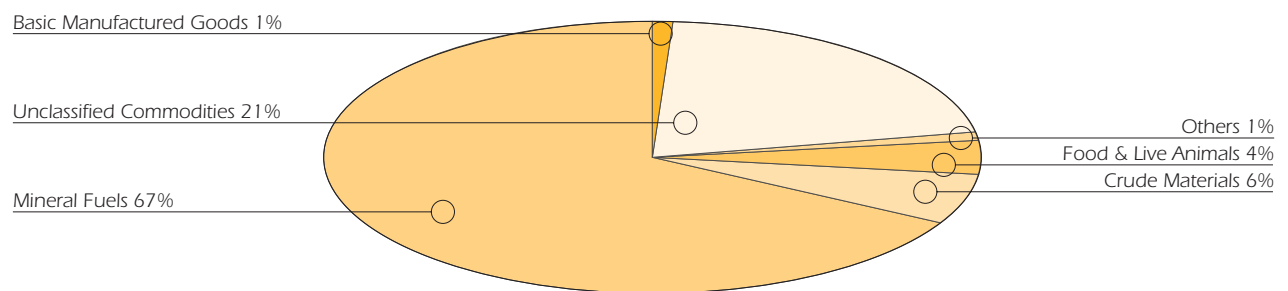
1. Unclassified Commodities include minerals (ie. bauxite, alumina, manganese, zinc, lead, gold) and uranium

2. Because of commercial confidentiality requirements uranium exports are contained in the ABS 'Unclassified Commodities' section - therefore figures quoted for non-mineral fuel exports may be distorted.

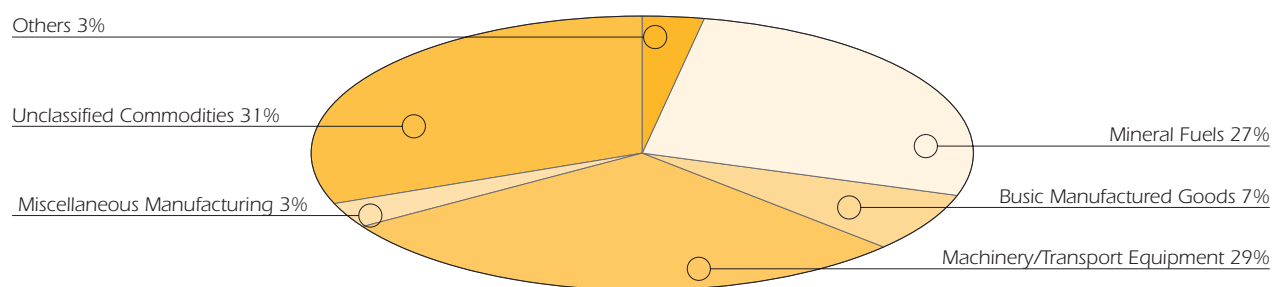
Source: ABS Foreign Trade

APPENDICES

NT EXPORTS BY COMMODITIES 2000/2001



NT IMPORTS BY COMMODITIES 2000/2001



Certification of Financial Statements for the Department of Asian Relations and Trade (DART)

In our opinion the accompanying financial statements and notes have been prepared in accordance with the provisions of the *Financial Management Act* and Treasurer's Directions, and give a true and fair view of the results of the agency's operations for the financial year ending 30 June 2001.

The receipt and expenditure of moneys, and the acquisition and disposal of property by the department during the year have been in accordance with the *Financial Management Act* and Treasurer's Directions.



PETER BLAKE
Accountable Officer

11th October 2001



NOELENE ELVISH
Director, Corporate Services

11th October 2001

FINANCIAL STATEMENTS

DEPARTMENT OF ASIAN RELATIONS AND TRADE

Expenditure by Activity for year ended 30 June 2001

ACTIVITY/PROGRAM	ACTUAL EXPENDITURE
	\$000
EXECUTIVE MANAGEMENT	422
Executive Management	422
INTERNATIONAL TRADE & INVESTMENT	1,011
Trade Development Group	446
Investment Attraction Group	565
	0
INTERGOVERNMENTAL RELATIONS AND SUPPORT	3,756
Corporate Services Group	1,062
Events Co-ord. And Liaison Group	1,000
Intergovernmental Relations Group	1,481
Consultancy Management Group	213
TOTAL EXPENDITURE	5,189

Explanatory Notes

Notes to and forming part of the Financial Statements for the year:

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The department is a unit of administration of the Northern Territory Government. All receipts and payments are made on behalf of the Government which is responsible for liabilities incurred by the department.

The accounting records have been kept on a cash basis and reflect moneys paid or received during the financial year. The Financial Statements have been prepared in accordance with the requirements of part 2, section 5 of the Treasurer's Directions. NT Treasury central ledgers are used for the verification of final outlays and receipts.

The department's assets are recorded in asset registers, at cost. Depreciation is not charged against assets. There is currently no requirement for government agencies to provide an annual statement of assets and liabilities.

FINANCIAL STATEMENTS

DEPARTMENT ASIAN RELATIONS AND TRADE

Expenditure by Standard Classification for year ended 30 June 2001

CATEGORY OF COST STANDARD CLASSIFICATION	ACTUAL EXPENDITURE
	\$000
PERSONNEL COSTS	2,100
Salaries	1,555
Payroll Tax	127
Fringe Benefits Tax	34
Superannuation	108
Higher Duties Allowance	53
Leave Loading	12
Northern Territory Allowance	6
Other Allowances	4
Other Benefits paid by Employer	72
Overtime	57
Penalty Payments	1
Perishable Freight Allowance	0
Recreation Leave Fares	29
Salary Advances	-3
Salary Clearing Account	0
Termination Payments	42
Workers Compensation	4
OPERATIONAL EXPENDITURE	189
NT Government Repairs and Maintenance Program	0
Repairs and Maintenance for Recoverable Works	0
Property Maintenance	1
General Property Management	188
Power	0
Water and Sewerage	0

FINANCIAL STATEMENTS

CATEGORY OF COST STANDARD CLASSIFICATION	ACTUAL EXPENDITURE
	\$000
OTHER OPERATIONAL EXPENDITURE	2,899
Advertising	0
Agent Service Arrangements	0
Audit Fees	0
Client Travel	157
Clothing	1
Communications	94
Consultants Fees	1,270
Consumables/General Expenses	56
Document Production	7
Entertainment/Hospitality	25
Freight	12
Furniture & Fittings	51
Info Technology Services	142
Insurance Premiums	0
Legal Expenses	9
Library Services	33
Marketing & Promotion	579
Membership & Subscriptions	15
Motor Vehicle Expenses	88
Office Requisites & Stationery	34
Official Duty Fares	126
Other Plant & Equipment	60
Recruitment Expenses	23
Reg & Advisory Boards & Com	0
Relocation Expenses	4
Training & Study Expenses	22
Travelling Allowance	90
TOTAL EXPENDITURE	5,189

FINANCIAL STATEMENTS

DEPARTMENT ASIAN RELATIONS AND TRADE

Expenditure by Activity for year ended 30 June 2001

CONSOLIDATED REVENUE ACCOUNT	ACTUAL RECEIPTS
	\$000
Consolidated Revenue Account	0
TOTAL CONSOLIDATED REVENUE ACCOUNT	0
OPERATING ACCOUNT	
Charges for Goods & Services	79
Miscellaneous Revenue	21
Sale of Assets	4
GST Control	-23
TOTAL OPERATING ACCOUNT	81
Transfers from Consolidated Revenue Account	4,125
TOTAL RECEIPTS TO AGENCY OPERATING ACCOUNT	4,206

FINANCIAL STATEMENTS

DEPARTMENT ASIAN RELATIONS AND TRADE

Employee Entitlements Outstanding as 30 June 2001

ENTITLEMENT	
	\$000
CURRENT	
Recreation Leave	245
Leave Loading	27
Long Service Leave	220
NON CURRENT	
Long Service Leave	37
TOTAL	529

METHODOLOGY

1 Recreation Leave

The value of recreation leave entitlements are calculated by PIPS based on employees' actual salaries and entitlements at 30 June 2001.

2 Leave Loading

The value of leave loading entitlements are calculated by PIPS based on employees' actual salaries and entitlements at 30 June 2001.

3 Long Service Leave

Long Service entitlement is calculated in accordance with Australian Accounting Standard AAS 30. The calculation takes into account the probability of employees reaching ten years of service, the future increases in salary costs and discount rates to achieve the net present value of the future liability.

FINANCIAL STATEMENTS

DEPARTMENT ASIAN RELATIONS AND TRADE

Creditors and Accruals as at 30 June 2001

Activity	External			Intrasector			Total \$,000	Total \$,000
	Creditors \$,000	Accruals \$,000	Total \$,000	Creditors \$,000	Accruals \$,000	Total \$,000		
Asian Relations and Trade	28	102	130	2	14	16	146	
TOTAL	28	102	130	2	14	16	146	
Classified As:								
Current	28	102	130	2	14	16	146	
Non Current								
TOTAL	28	102	130	2	14	16	146	

Debtors as at 30 June 2001

Activity	External			Intrasector			Total \$,000	Total \$,000
	Charges \$,000	Other \$,000	Total \$,000	Charges \$,000	Other \$,000	CSO \$,000		
Asian Relations and Trade	122	111	233		4		4	237
TOTAL	122	111	233	0	4	0	4	237
Less: Provision for Doubtful Debts		50	50					50
NET DEBTORS	122	61	183	0	4	0	4	187
Classified As:								
Current	122	111	233		4		4	237
Non Current								
NET DEBTORS	122	111	233	0	4	0	4	237

FINANCIAL STATEMENTS

DEPARTMENT ASIAN RELATIONS AND TRADE

Write Offs, Postponement and Waivers for the year ending 30 June 2001

CATEGORY	\$000
WRITE OFFS, POSTPONEMENTS AND WAIVERS UNDER THE ACT	
Amounts written off or waived by Delegated Officers	Nil
Irrecoverable money written off	
Losses or deficiencies of moneys written off	
Value of public property written off. Refer Note (1)	
Waiver of right to receive or recover money	
Amounts written off, postponed or waived by the Treasurer	
Irrecoverable money written off	
Losses or deficiencies of moneys written off	
Value of public property written off	
Postponement of money owing	
Waiver of right to receive or recover money	
WRITE OFFS, POSTPONEMENTS AND WAIVERS AUTHORISED UNDER OTHER LEGISLATION	
Amounts written off or waived by Delegated Officers	Nil
Losses or deficiencies of moneys written off	
TOTAL	NIL

NOTES:

- (1) This amount reflects the purchase price of the asset and not their written down values at the time of their disposal. These assets were written off under Section 35(1)(c) of *Financial Management Act* being property which was lost, deficient, condemned, unserviceable, abandoned or obsolete due to acceptable causes (such as fair wear and tear; reasonable obsolescence within predetermined tolerance).

Accountable Officer's Trust Account

The department has no Accountable Officer's Trust Account.

FINANCIAL STATEMENTS

DEPARTMENT ASIAN RELATIONS AND TRADE

Lease Liabilities as at 30 June 2001

LEASE COMMITMENTS/ LIABILITY	Information Technology		Furniture & Fittings	Other Plant & Equipment	Total
	Hardware	Software			
	\$000	\$000			
Not later than one year				4	4
Later than one year but not later than two years					
Later than two years but no later than five years					
Later than five years					
Minimum lease payments				4	
Less future financing charges					
TOTAL				4	4
Classified as					
Current				4	4
Non Current					
TOTAL				4	4