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NORTHERN TERRITORY – INDONESIA
A PARTNERSHIP IN REGIONAL DEVELOPMENT
"Bapak-bapak, ibu-ibu, teman-teman dan tamu-tamu yang terhormat, selamat datang."

Respected gentlemen and ladies, friends and guests, welcome

Thank you for inviting me to speak to you today.

It is indeed a pleasure to be here in Jakarta and to meet so many friends of the Northern Territory.

While the Territory is proudly Australian, we also pride ourselves on our individuality and our strength as a unique part of a much larger nation.

Territorians are an independent people and we sometimes do things differently to the rest of Australia.

Ours can be a harsh land of extremes with a frontier spirit to match. It is also a place where less talk and more action is what is expected if you are to move forward and be successful.

That is why Paul Henderson and I are here in Indonesia this week.

We are here to tell you that while there may have been a change of Government in the Territory, our commitment to our trade and business relationship with Indonesia remains as strong as ever.

We are here to tell you that huge potential exists for this special relationship to grow to the benefit of both parties.
We are here to tell you that the Territory is not only a great place in which to do business but that major industrial projects are under way that will make it an even more attractive place in which to invest.

And while we are here in Indonesia to meet your President, Government Ministers and business representatives, to introduce ourselves and talk about how we can do business together, we are here to tell you that the Territory Government is also determined to back up its commitment with greater action.

Following self-government in 1978, the focus of the Northern Territory’s development began to shift from developing further ties with the southern part of Australia to recognising its location in the region of South-East Asia.

During the past 25 years we have gradually come to see that our future development is tied to the development of the region to our immediate north – with a special focus on Indonesia.

In 1992, the Territory signed a Memorandum of Understanding with Indonesia.

This MOU was focussed upon the eastern provinces of Indonesia and seeks to promote interaction in a broad spectrum of activities.

But it should not be forgotten that the focus of all of these activities, in the end, is to facilitate trade development.

In December 1992, a separate document was signed with the Province of East Kalimantan, bringing it in under the auspices of the Indonesian MOU.
Later again, in 1996, in recognition of the benefits that could flow from the development of a government to government relationship, a Memorandum was signed with the Province of Bali.

These Memoranda have not been empty documents. They have seen the implementation of discussions directly aimed at developing trade opportunities and to seek cooperation in various productive ventures.

They have also overseen projects in which the Territory has provided technological assistance in areas such as Malaria and Tuberculosis research, livestock and fisheries projects and water supply and technical training programs.

The Memoranda have also fostered the development of a very successful exchange program of teacher and student exchanges that has been the cornerstone in directing the focus of the Territory towards the region.

While this educational exchange program pre-dates the Memoranda and is now in its 28th year, it has benefited from the support of the Memoranda.

As an initiative of the Australia–Indonesia Ministerial Forum, passed on to the Joint Policy Committee (JPC) of the MOU with Indonesia, the Indonesian Customs Facility Project became a project of the Territory Government.

Scheduled to start as an implementation trial later in 2002, this project will see the smoother flow of development related imports into the eastern part of Indonesia.
The project involves the placement of Indonesian Customs Officers in Darwin to pre-inspect consignments to ports in Indonesia outside of Java and Sumatra.

It is expected that the trial phase will end and full implementation of the program will commence to coincide with the completion of the Darwin to Alice Springs railway in 2004.

Since the attainment of self-government, Territory Chief Ministers and the Ministers of various portfolios have made frequent visits to Indonesia.

These visits promote the closeness of the trade relationship between the two governments and underscore the importance that the Territory Government places upon the relationship with Indonesia.

This relationship provides support and encouragement to the development of business opportunities and trade.

There have also been frequent business development-related delegations from the Territory to Indonesia.

The last one in November 2001 led by my colleague Paul Henderson, the Minister for Business, Industry and Resources, included representatives of mining service companies and shipping and freight forwarders.

The November visit was a recognition by my Government of the importance of the relationship with Indonesia.
We wanted to say to our friends and business partners in Indonesia very early on in our first term of office, that while there may be a new Government in the Territory, the strength of our commitment to working with Indonesia had not been diminished.

If anything, my Government is committed to further strengthening the ties between us and building on the work done by our predecessors such as Shane Stone and Daryl Manzie.

As a result of their work, Territory trade with Indonesia has seen steady development to the point that the value has grown back to AU$135.1 million in 2000/01 after the problems of the 1998 economic crisis.

Indonesia is the Territory’s eighth largest export market with food and live animals making up 50 per cent of the total. Other exports to Indonesia include machinery and transport, chemical products and an assortment of manufactured goods.

Imports from Indonesia into the Territory have shown steady growth from AU$6.1 million in 1996/97 to AU$17.6 million in 2000/01 and represent our sixth largest source of imports.

There is also significant Indonesian investment in the Territory, ranging from property development projects in Darwin to large cattle station ownership and investment in horticultural projects in the Katherine-Daly Region.

But we believe there is huge potential for significantly expanding our relationship, both in trade and further investment.

With a new Government in the Territory comes a fresh approach to the way we want to do business, to the way we want to work with our friends and business partners.
While much work has been done on building the relationship, we can do a lot better.

Talking is fine, but actions speak louder than words, and it is time for us as a government to provide greater leadership and a clear sense of direction.

There are great opportunities for Indonesian businesses to sell their goods and invest in the Territory.

And there are a number of major developments in the Territory that will have a dramatic effect on our economic capability.

These include:

**The new East Arm Port facilities**

This development will provide the capacity for expansion to meet the needs of Darwin as a growing regional trade hub.

The project includes 490 metres of land-backed wharf to cater for live cattle trade, rig tenders, bulk imports and general cargo, and is accessible in all tidal conditions.

The first stage of the development is complete.

The second stage will see:

- The provision of a dedicated bulk liquids berth;
- Extension of the general purpose wharf by 110m to provide a total of 600 metres;
- Construction of a railway access embankment;
• Construction of a 220 metre container wharf and intermodal terminal which will be further extended to 300 metres with a capability to handle 500 000 containers each year.

The expansion of Port Darwin through the development of the East Arm port handling facilities will give Darwin the capability to handle much larger volumes of freight both into and out of the Port in a much more efficient manner.

Coupled with the completion of the rail link to the southern and South-Eastern states, the facility will provide a speedier alternative entry port for the importation of all Indonesian products into Australia.

**The Alice Springs to Darwin Railway**

The completion of the Alice Springs to Darwin railway project in 2004 will see the Territory connected by a fast, heavy-load capacity rail service with all of the economies that long haul rail services bring.

This project is on course to be completed in two years and will connect the Territory to the nation’s rail system and open up new markets.

It will complete Darwin’s transformation into a regional transport hub.

The current limitation of the size of the market on the growth of imports into the Territory will no longer be a restriction
With proper development and management, Darwin will steadily attract more of the export/import traffic from the region on the basis that delivery - even to southern markets - will be between seven and 10 days quicker than the normal shipping routes.

**Oil and Gas**

The Territory through Darwin is the centre for servicing the development of the oil reserves in the Timor Sea.

These reserves are attracting interest from around the world.

The US petroleum giant Phillips is currently developing a $1.7 billion liquid stripping project based on the Bayu-Undan field, scheduled for completion by 2004.

Territory businesses are already expanding their operations through alliances and joint ventures with other Australian and overseas companies.

But further scope clearly exists for further partnerships as the reserves are developed.

There are some 21 trillion cubic feet of gas proven and ready for development in the Timor Sea.

The availability of gas will stimulate major growth in Darwin – in its industrial base, the number of jobs and business opportunities.

With a pipeline from the Bayu-Undan field expected to be in Darwin by late 2005, the Territory Government wants to work with the major companies involved to develop a range of gas manufacturing and energy opportunities.
Increasing the capacity of Darwin and the Territory to service both the gas and oil potential of the region will inevitably have benefits for the Eastern Indonesian islands for both petroleum and mining activities.

I believe there are very significant opportunities for Territory and Indonesian businesses to forge business connections as a result.

Together these three major developments have the potential to stimulate significant business activity in Darwin and bring considerable benefits to all parts of the Territory.

This in turn will increase the demand for infrastructure and service provision. It will also bring about greater demand for peripheral industrial growth in the form of engineering and light industry.

Added to this are the many opportunities that exist for greater exports from the Territory to Indonesia.

As an example, I would like to highlight one particular growth area.

Over the past decade, a strong business partnership has developed in the supply of live cattle.

Our part of northern Australia is well suited to breeding cattle but we lack local markets and the means to finish cattle for overseas markets.

The partnership involving the breeding of cattle in the Territory, shipping them to Indonesian feedlots and then through the abattoirs to the Indonesian markets has been very successful.
While the number of live cattle is down from figures prior to the economic crisis, in 2000-2001 approximately 130,000 head of cattle were exported to the value of around $67 million.

We are keen to see this trade continue to grow.

Other prospective sectors for trade and investment growth include horticulture and agriculture produce, environmental services and technologies, construction expertise, marine transport equipment and capabilities, education and training, health services, communications, resource management, professional services, project management and government administration.

In other words, the potential is enormous.

The Territory has access to science and technology that is of potential use to the development of the eastern provinces of Indonesia.

Much of the science and technology that is available has the added attraction of having been developed and implemented in the tropical conditions of the Territory, which makes its use in eastern Indonesia appropriate.

The Territory also has a very well developed remote area service provision industry. The nature of these services makes the technology and principles behind them very acceptable to the eastern Indonesian situation.

Some of the technology related to these services is already being made available to raise health and education standards in Indonesia through aid funded projects.
Primary Industries have been active in promoting fisheries research and animal husbandry techniques in the eastern part of Indonesia.

Territory secondary schools continue to provide places for full-fee paying students.

The Northern Territory University continues to attract a steady growth of undergraduate and post-graduate students from the region.

The University also participates in a forum of eastern Indonesian Universities for the exchange of information and the development of courses and research programs.

The evidence is clear.

The trade and business relationship between Indonesia and the Northern Territory is already strong.

But there is so much scope for it to grow further.

And this is my message to you all today and why I am here in your country.

The Territory is Australia’s gateway to Asia – there is no doubt about that. But the Territory is also Asia's gateway to Australia.

We have long recognised the need to work with nations to our North and Indonesia in particular.
But we have to work harder and smarter to reach the full potential of our special relationship.

There has been enough talking. It is now time more action.

Today, I commit my Government to developing a clear plan for how the Territory intends to engage with South East Asia and Indonesia in particular, to further develop trade and development opportunities.

Over the next six months we will build on the successes of the past 10 years and develop a clear, coherent and realistic strategy to maximise the clear opportunities that exist to increase trade and investment to our mutual benefit.

Because without such a plan, Memoranda of Understanding are merely symbolic pieces of paper.

So as we celebrate the 10th anniversary of the signing of the Memorandum of Understanding between us, I would like to conclude by reinforcing, on behalf of my Government and the people of the Territory, our commitment to working with Indonesia to ensure this partnership grows.

We are ready to work harder and be smarter in the way we do business together.

"Terima kasih dan selamat makan"

Thank you and bon appetit