



Submission No 87

Inquiry into Australia's Relations with Indonesia

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Submission 87

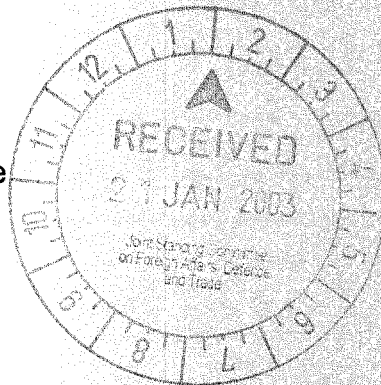
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Mr Cliff Lawson
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Joint Standing Committee on Foreign Affairs, Defence and Trade
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Dear Mr Lawson

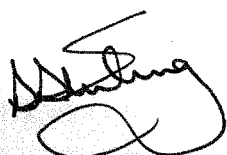
On 16 December 2002 a copy of the information booklet calling for submissions on 'Building Australia's Relationship with Indonesia' was received.

Advice from your office on 20 December 2002 indicated that the closing date for submissions to the Joint Standing Committee was Friday, 17 January 2003. The accompanying document is the Northern Territory Government's submission to the Joint Standing Committee on 'Building Australia's Relationship with Indonesia'.

The Northern Territory Government has a strong relationship with Indonesia that has been built over decades of business and Government contact. Maintaining a strong relationship with Indonesia is a priority for us. The Territory Government is committed to working with the Commonwealth Government to further strengthen this relationship in a mutually beneficial way.

This Government would welcome the opportunity to meet with members of the committee to discuss issues raised in the submission.

Yours sincerely

 15th January 2003

SYD STIRLING

Australia's Relationship with Indonesia

Submission from the Northern Territory Government to the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into Australia's Relationship with Indonesia

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Introduction

The Northern Territory Government welcomes the opportunity to provide a submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into Australia's Relationship with Indonesia.

This submission focuses on the Northern Territory's relationship with Indonesia and identifies opportunities for the development of Australia's and Indonesia's relationship.

A number of Northern Territory Government publications supplement this submission. These publications include The Economic Development Strategy for the Northern Territory *Building a Better Territory*, the Northern Territory International Trade Strategy 2002 – 2007 *Building Strong Territory Trade* and the soon to be published Northern Territory Asian Engagement Plan *Building Stronger Asian Links*. These publications provide further insight into the importance that the Northern Territory Government places its relationship with Indonesia.

The Northern Territory's Relationship with Indonesia

Northern Australia's contact with Indonesia dates back hundreds of years, from the time when Makassan seafarers traded with Aboriginal people along the Northern Territory's coast. The first shipment of live cattle was sent to Makassar on the island of Sulawesi more than a century ago.

The Northern Territory's close proximity to South East Asia and our long history of trade, social and political exchanges with Indonesia provides the foundation for a strategic involvement that is unique to Australia.

Indonesia is a geographical neighbour to the Northern Territory. The capital city of the Northern Territory, Darwin, is the closest Australian capital city to Indonesia. Indonesia, along with the general South East Asian region provides the best options for expansion by the Territory in a range of fields, including business and trade, political, educational and sporting links. Our closeness, and history of engagement, creates a mutual imperative for stronger and more sensitive engagement with each other than with other parts of the world.

Since the late 1970s the Northern Territory has actively pursued the development of cultural and trade ties with Indonesia.

Over the past decade, trade between the Territory and Indonesia has been dominated by minerals and live cattle. A summary of Northern Territory and Indonesia trade is provided in Attachment A. It should be noted that while Indonesia is only the Northern Territory's fifth largest export destination, the broadest range of Northern Territory products is exported to that market.

There has also been significant growth in smaller business ventures, including imports into the Northern Territory of items such as hand-made furniture, pottery and a range of other retail goods. A wide range of cultural, educational and sporting exchanges has developed, with the biennial Arafura Games in Darwin becoming a focal point for competition in the region.



The Northern Territory University (NTU) has played an important role in developing educational links with the region and has a significant number of overseas students enrolled from the eastern part of Indonesia.

A measure of the success of future engagement between the Northern Territory and Indonesia will be the continued development of strong and flexible relationships that allow for both sides to take advantage of opportunities as they arise and also allow the swift resolution of any difficulties that may occur.

In 1984 a memorandum was signed between the Northern Territory and Indonesian Departments of Education formalising a teacher and student exchange program that continues to the present day.

In 1992 a Memorandum of Understanding was signed between the Indonesian and Northern Territory Governments undertaking to seek out mutually beneficial development and trade opportunities in the eastern part of Indonesia. A Joint Policy Committee (JPC) was set up to administer the MOU and to meet regularly to discuss trade and seek opportunities to facilitate the development of the relationship between the two regions. The role of the JPC is also to provide a forum for discussion and resolution of problems and hindrances to the development of the relationship that may be brought to its attention. Neither Bali nor the provinces of Kalimantan were included in the Northern Territory - Indonesia MOU of 1992. By implication, it appears that the eastern part of Indonesia referred to in the MOU was Indonesia east of the Wallace Line.

In the latter part of 1992, a further undertaking was signed between the Northern Territory Government and the Province of East Kalimantan to formally include East Kalimantan under the umbrella of the MOU with Indonesia. This undertaking was re-confirmed by the signing of a MOU in July 2000.

In 1996, a separate MOU was signed with the Indonesian province of Bali. This MOU undertook to engage in similar activities to those proposed for the rest of the eastern part of Indonesia in the 1992 MOU between Indonesia and the Northern Territory. The term of the MOU with Bali was five years and upon the expiration of this time a new MOU was signed in June 2001.

A formal Northern Territory representative office was established in Indonesia in 1986. Drs Frans Seda, a former minister in the Soekarno Government and adviser to successive Indonesian Governments, has held the appointment as the Northern Territory Government's representative since the office's establishment.

The Northern Territory has initiated or participated in, a wide range of official development assistance and cooperation projects with Indonesia. These have included AusAid education and health projects during the 1990s. More recently cooperative and support projects have been undertaken with direct Northern Territory Government involvement. These have been in the areas of:

- animal production advice and training
- fisheries monitoring and development
- horticulture development
- quarantine
- sport and recreation



- health cooperation (tuberculosis, malaria, asthma and surgery)
- education (student and teacher exchanges, overseas students, multiple NTU agreements)
- museum and art gallery links
- management training
- correctional services administration.

Culturally and educationally, the Northern Territory Department of Education has continued its exchange program with four provinces of eastern Indonesia and has continued to support regular inter-school visits. During the late 1980s, national recognition was given to the Northern Territory's leading role in development in this area when the Department of Education was given responsibility for the development of a national curriculum for the teaching of Indonesian language in Australia.

The Darwin City Council has a long-standing sister city relationship with the City of Ambon in the Province of Maluku. Palmerston City Council has a sister city relationship with the City of Kupang in Nusa Tenggara Timur Province. Katherine Town Council has a mutual recognition arrangement with the local administration in the regency of East Sumba in the same province.

Efforts to establish closer ties with the region have been further assisted by the Northern Territory's Co-chairing of the Australia Indonesia Development Area (AIDA) Sector Group on Animal Husbandry, Agriculture and Fisheries. This is the last remaining active working group of the AIDA program established in 1997 to provide for private sector participation and support for the Australia-Indonesia Ministerial Forum and its working groups.

As a result of the strong relationships that have been established, the Northern Territory is actively supported by Indonesia for inclusion as an observer at formal meetings of senior officials of the Brunei, Indonesia, Malaysia Philippines-East ASEAN Growth Area (BIMP-EAGA).

The Northern Territory also engages in regular senior officials meetings with the Indonesian Department of Industry and Trade to identify opportunities and establish initiatives for trade development in the region.

Currently there is a cooperative project trialing an Indonesian Customs Facility in Darwin. This facility will provide an Indonesian Customs Service pre-inspection of goods consigned from Darwin to Indonesian ports other than in Java and Sumatra. The project is planned to continue for a further eighteen months, until June 2004. If the trial indicates that the customs facility is a viable service, it will complement new rail and port infrastructure in Darwin and will provide a further attraction for the increase of trade through Darwin into the eastern part of Indonesia.

The Northern Territory Government and private sector have been active in Indonesia including:

- trade shows
- trade negotiations
- policy events
- petroleum and mining support
- international logistics



- business and trade links
- Chamber of Commerce and Industry links
- local government interaction (including sister city relationships).

The Future Direction of the Northern Territory's Relationship with Indonesia

In support of the development of the Australia-Indonesia relationship the Northern Territory has initiated and participated in a wide range of official development assistance and cooperation projects with Indonesia. This support has continued, although in a lower key, throughout the recent period of economic and social change in Indonesia. It is imperative for Australia to continue to strengthen and build its relationship with its most populous neighbour and important trading partner. The areas that underpin engagement between the Territory and Indonesia include:

- the strength of our existing political, economic, social, educational and cultural relationships and the continuance of these relationships
- the political and economic outlook for the Territory and Indonesia
- potential and existing trade in goods and services
- Indonesian investment in the Territory and vice versa
- opportunities to develop new trade and freight links following construction of the new Darwin Port and the AustralAsian railway
- good channels of communication which have developed from continuing political, business and social exchanges over many years.

It is important to acknowledge that while Indonesia is currently experiencing economic and political disruption and abundant trade and investment opportunities are not readily identifiable, this situation will not continue indefinitely. The following section sets out measures that will be implemented to enhance the Northern Territory's position when Indonesia's political and economic recovery become a reality.

The Northern Territory will continue to:

- Maintain and develop the current MOU with Indonesia through the Joint Policy Committee (JPC) established for its implementation.
- Develop regional relationships in the eastern part of Indonesia at the provincial and regency level to assist in the identification of opportunities for trade and cultural cooperation and to facilitate processes to assist and promote the further development of this cooperation.
- Complete and evaluate the Customs Facility trial with Indonesia to assist the flow of Territory exports to Indonesian ports and projects especially in eastern Indonesia.
- Establish Darwin as a preferred supply and service base for mining and oil and gas development projects.



- Reinvigorate participation by the Northern Territory in the AIDA Sector Group on Agriculture, Animal Husbandry and Fisheries as a vehicle to assist cooperative involvement in regional development.
- Develop cultural, social, service provision and trade activities in the provinces of the eastern part of Indonesia.
- Explore and undertake cooperative projects to assist Indonesia in areas such as:
 - sporting ties such as the Arafura Games in Darwin
 - historical research and preservation projects such as those currently carried out by Northern Territory Museums and Art Galleries in the region
 - education exchanges and study tours into the region and the recruitment of full fee paying students from the region into the Northern Territory's educational institutions
 - support for health research and assistance projects such as the malaria and tuberculosis research carried out through the Menzies school of Health in Darwin, asthma treatment projects carried out by the Asthma Association of the Northern Territory and reconstructive and rehabilitative surgery carried out by ASEA Rehab, a voluntary organisation operating out of Darwin into the region
 - livestock management programs carried out by the Northern Territory Department of Business, Industry and Resource Development in the region
 - fisheries research being carried out in Bali and the islands of the eastern part of Indonesia.

Completion of the Adelaide to Darwin rail/port linkage will present an opportunity for expansion of sea links into Asia. The Northern Territory will fully utilise the AustralAsia Trade Route to maximise mutual development outcomes from the trading relationships with the eastern part of Indonesia. The Territory Government is also endeavouring to strengthen airlinks with Indonesia recognising that these will be vital in the further development of trade and tourism.

The Northern Territory will seek to promote its involvement in regional development through its participation in the processes of BIMP-EAGA. To this end cooperation with Indonesia, established in other fields, will be used as leverage to continue the support given by Indonesia for the Northern Territory's continued participation as an invited observer to proceedings.

Opportunities to Further Develop Australia's Relationship with Indonesia.

It is important to acknowledge that Indonesia has experienced a period of substantial political, economic and social change. Recognising the importance of Indonesia as a trade and regional partner, it is imperative for Australia to strengthen and build relationships with our largest neighbour.

To achieve this Australia should:

- Continue to pursue the normalisation of the relationship between Australia and Indonesia at the national level. The relationship between Australia and Indonesia at a national government level provides a context for the continuation of the pursuit of the Northern Territory's objectives in the region. The Northern Territory's engagement with Indonesia is at a regional level and adds substance to the relationship between Australia and Indonesia.



- Build and strengthen the current Australia/Indonesia relationship mechanisms especially AIDA and its Ministerial Forum.
- Support and if possible contribute to the acceleration of Indonesian market access reforms to help Indonesia meet the ASEAN, APEC and other trade market access reform goals.
- Recognise that the development of a cooperative and productive relationship with Indonesia is a long-term process that requires engagement at all levels of government and the business community. The Northern Territory relationship with Indonesia has been developing for over twenty years with major focus on Indonesia from the Northern Territory Government for about fifteen years. This relationship engages the business, education, cultural and sporting communities of the Territory at all levels as well as governments at Territory, regional and municipal level.
- Recognise the historical and cultural and economic base of Indonesia is vastly different to that of Australia. This recognition should take into account, not only the sensitivity of some issues in the relationship but also the differences in attitudes, processes, practices and norms of behaviour in Indonesia. Some of these methods of operating may not be acceptable from an Australian perspective but from an Indonesian perspective, they may be perfectly acceptable or at least tolerable, based upon historical precedent, cultural acceptability or the level of economic development or type of economy that exists. If there is to be change to these practices it is more realistic to accept that the time-frame for this change will be measured in generations rather than in months or years. Patience and tolerance will be required in developing the relationship with Indonesia.
- Continue to build official development assistance cooperation with Indonesia. This should be done with a focus on eastern Indonesia and on education, health, productive investment projects in areas such as agriculture, mining and sustainable fishing and forestry and community power, water, communications and waste management infrastructure especially for remote and rural communities.
- Recognise that the Northern Territory is ideally situated to support national initiatives at a regional level and work cooperatively with the Northern Territory to promote this role. The Northern Territory's geographical location makes it a natural neighbour to the eastern part of Indonesia however location is not the only factor. Because of the nature of the Territory, with its vast area and sparse population, a high degree of technology and infrastructure development and service delivery adaptation has been achieved to cope with remoteness and community isolation from major service providers.
- Strengthen cooperative development effort in ASEAN and its sub regional groupings such as BIMP-EAGA. Recognise and provide active support for the Northern Territory's participation as an observer of BIMP-EAGA. Acceptance of the Northern Territory as an interested neighbour and observer by members of BIMP-EAGA is a milestone in establishing the place of Australia as a contiguous part of the Oceania, Australia, ASEAN region. The Territory actively promotes a cooperative relationship with Australia's Asian neighbours and Federal Government recognition of the Territory's unique position will reinforce the legitimacy of the Territory's role in BIMP-EAGA.
- Improve access for Indonesian people to Australia by improving visa systems particularly those which facilitate movement of business people between the countries.



Conclusion

Maintaining a strong relationship with Indonesia is a priority for the Territory Government. The Territory Government is committed to working with the Commonwealth Government to further strengthen this relationship in a mutually beneficial way.

We would welcome the opportunity to expand on any of the issues raised in the submission to members of the Joint Standing Committee.



