

Why Eastern Indonesia is Important to Australia



Richard Mathews, Australian Consul-General in Makassar, Indonesia
October 2017



Indonesia – a Few Facts

- Likely to become **USD 1 trillion economy** this year
 - currently 8th largest economy predicted to be 4th largest by 2030
- Growth rate target of 5.2% in 2017; average rate of 5.3% 2000-2017
- Population: 263 million; 295 million by 2030; world's 4th largest nation just on our doorstep
- 17,000 islands; 34 provinces; 300+ ethnic/language groups
- We are in the prime position to contribute to Indonesia's development – and to benefit – Australia is most popular o/s study destination
 - IA-CEPA negotiations to conclude end of 2017, will benefit both economies and help overcome some obstacles



Eastern Indonesia

- Stretches across our northern approaches: 11 provinces and 30m people; huge land and sea area; 9,131 islands
- Rich mineral, fisheries, forestry & agricultural resources
- Includes 3 poorest provinces – NTT, Papua & West Papua –major focus of our aid program (AUD357m in 2017-18 to all Indonesia)
- South Sulawesi largest E Ind province (8.5m): growth 7 – 7.4% in 2016 (“rice bowl” of eastern Indonesia); Makassar 1.8m: gateway to eastern Indonesia
- Eastern Indonesia **strategically important**: eg WWII
- Fascinating history: teripang trade, Makassar-Yolngu links



Opening of Australian Consulate-General, Makassar by FM Bishop on 22 March 2016

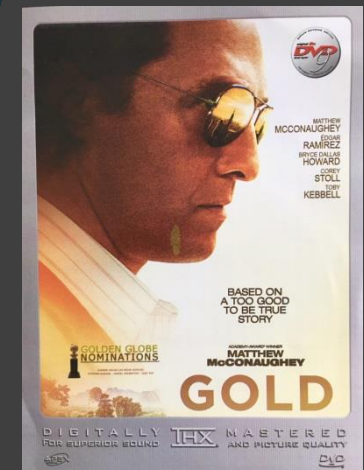


Our consular jurisdiction covers 11 provinces: six provinces of Sulawesi; NTT; Maluku; North Maluku; Papua & West Papua



Mining in Eastern Indonesia

- **Gold, Copper, Nickel and Gas**
 - Freeport mine in Papua – largest gold mine in world; PT NHM in Halmahera ; Nusantara Resources developing gold mine in South Sulawesi)
 - Masela block in SW Maluku



- **Nickel all over eastern Indonesia**
 - 15% of world nickel reserves in Indonesia: mines in South and Southeast Sulawesi, North Maluku, West Papua
 - China hungry for nickel (stainless steel): invested heavily in mining and smelters
 - eg Morowali Industrial Park , Central Sulawesi




Energy

- Eastern Indonesia is made up of thousands of islands, small towns and isolated village communities
 - demand for electricity on increase, but PLN still using expensive diesel and coal-fired power
 - growing use of gas – eg 135Mw in Sengkang (EWC – originally Australian company)
 - some hydro – eg in Central Sulawesi
 - now significant wind and solar opportunities: PLN's feed-in tariffs promising because of high cost (incl transport) of fossil-fuels
 - 72Mw wind power project in Jeneponto (Equis – Australian company)
 - 75Mw wind power project in Sidrap (UPC Renewables)
 - potential for geothermal



SEPTEMBER 2017

 **Australian Consulate-General
Makassar, Indonesia**


RENEWABLE ENERGY FIELD STUDY - EASTERN INDONESIA

The Australian Consulate-General in Makassar, in cooperation with the Australia-Indonesia Centre (AIC) Energy Cluster, will organise a Renewable Energy Field Study to Eastern Indonesia in Q1 of 2018. The field study will begin with a one-day seminar in Makassar with expert speakers from the AIC, from the state energy company PLN, from the Ministry of Energy and Mineral Resources, and from leading private sector renewable energy investors and experts in Indonesia. The second and third days will consist of field visits to a wind power project in development near Makassar, and an island off-grid PLN solar project in the Makassar Strait. Participants will then have the option of continuing on to a remote island energy study visit to Morotai, with the AIC.

BACKGROUND

To meet Indonesia's national development needs, President Joko Widodo has declared the goal of adding 350gw (gigawatts) of power to the national network within the next few years. Most of this new energy will be supplied through private investment, mainly large-scale coal and gas power plants. A significant proportion however, will come from renewables. Indonesia has declared a renewable energy target of 23% by 2025 - twice current levels. There is potential for foreign investors to supply renewable energy into the national grid, run by state-owned enterprise PLN. For renewable energy projects over 10 Mw, up to 95% foreign ownership is permitted; between 1 – 10 Mw up to 49% is allowed, with the exception of geothermal at 67%.

Indonesia has made important strides towards universal access to power over the last decade, with an electrification rate of 84% (Asian Development Bank 2016). However, to provide electricity to the remaining 16% - some 42 million people - will be costly and technically challenging. Many of these people live in remote mountainous or island communities in eastern Indonesia. Below is a map of electrification rates across Indonesia (PWC 2016): in many cases it may be less costly to use renewable off-grid technologies, than extend the national grid to isolated districts, as has been assessed for the island of Sumba, in East Nusa Tenggara (INTT). While there is not yet an over-arching policy framework for off-grid supply, there is recognition among national and provincial governments of the advantages of renewables and micro-grids in servicing remote communities, particularly in eastern Indonesia.



Electrification rates across Indonesia

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Tourism

Huge untouched potential in eastern Indonesia – has all the assets: tropical paradises everywhere, interesting cities, fascinating cultures, great food: government support for “beyond Bali”



Problems: poor infrastructure and transport links, limited destination development and marketing, lack of trained personnel

Stunning destinations: Ambon, Bira, Flores, Labuhan Bajo, Manado, Morotai, Raja Ampat, Ternate & Tidore, Tomini Gulf, Toraja, Wakatobi




Education

- Demand for education is very high: self-funded tertiary education student numbers on increase; growing scholarship numbers (Papua, West Papua + Maluku/North Maluku target area for Australia Awards)



- Extensive Oz-Ind research collaboration in development studies, business, agriculture, fisheries, sociology, anthropology, archaeology, health, marine science



Australia Awards in Indonesia offers a Short Term Award (Sustainable Tourism for Regional Growth) to tourism professionals from 12 provinces: South Sulawesi, North Sulawesi, West Sulawesi, Southeast Sulawesi, Central Sulawesi, Gorontalo, Maluku, North Maluku, NTT, NTB, Papua, and West Papua. The program includes a 2-week course in Australia and two 3-day workshops in Indonesia.

If you are passionate about contributing to the economic growth in Indonesia, Australia Awards in Indonesia invites you to apply for this short term award. The successful candidates will gain skills and knowledge to drive economic and social development in Indonesia, experience life in Australia, and build people-to-people links with Australian tourism professionals.

The program includes:

- A 3-day pre-award workshop in Makassar: 26-28 September 2017
- A 2-week Short Term Award in Australia: 21 October-4 November 2017 (including classroom sessions, case studies and site visits). Visa, travel and accommodation and per diem will be provided by Australia Awards in Indonesia.
- Post-award workshop: 16-18 January 2018

To be successful, you must have relevant working experience in the tourism sector, for example:

- A government official working in tourism sector, a member of a regional or district tourism association, or an owner or employee of a tourism company (e.g. travel agent, hotel, transport operator, etc.)

You must also have:

- An endorsement letter from your current management/supervisor.
- A commitment to implement an award project, engage actively and foster networks with multiple stakeholders and disseminate learning to colleagues and peers.
- Demonstrated ongoing commitment to the development of the local tourism sector.
- A KIP from one of the targeted provinces. Experience with conversational English in the workplace (encouraged but not a constraint to participation).

Women and people with a disability are encouraged to apply!

All applicants are required to apply online at: <https://apply.aawardsinindonesia.com/region3>

For more information, please visit our website at www.aawardsinindonesia.com. For enquiries, please email to: shorttermawards@australiaawardsindonesia.org

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- Large alumni network across eastern Indonesia – keen, and love Australia!
- Great opportunities for Australian students to do u/g and p/g research, study, internships - **NCP!**



Summary: Why Eastern Indonesia is Important to Australia

- Strategically, geographically important to our security
 - military occupation 1945-46: Australian forces brought peace to the eastern archipelago
- Historically we have strong connections
 - *teripang* traders from Makassar 1700 – 1906
 - continuing trade and investment links esp mining, cattle
- Today: growing regional economy of 30m people, over 50% under 30, and opportunities in education, energy, mining, tourism, research collaboration
 - others are moving into eastern Indonesia – eg the Chinese
 - lets not miss the boat:

WE ARE NEIGHBOURS!



How the Australian Consulate-General in Makassar Can Help You

- The Australian Consulate-General in Makassar has a well-established network across eastern Indonesia
- We can get you appointments with senior officials, senior business people, university rectors, government agency heads
- We can provide key advice on doing business in eastern Indonesia, including eg sourcing Australian alumni talent
- We have excellent media contacts and know how to manage public campaigns: we know eastern Indonesia!

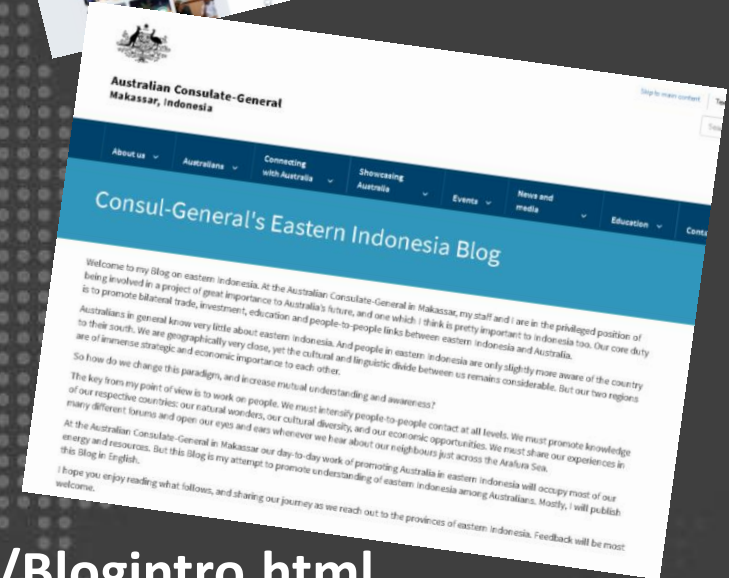
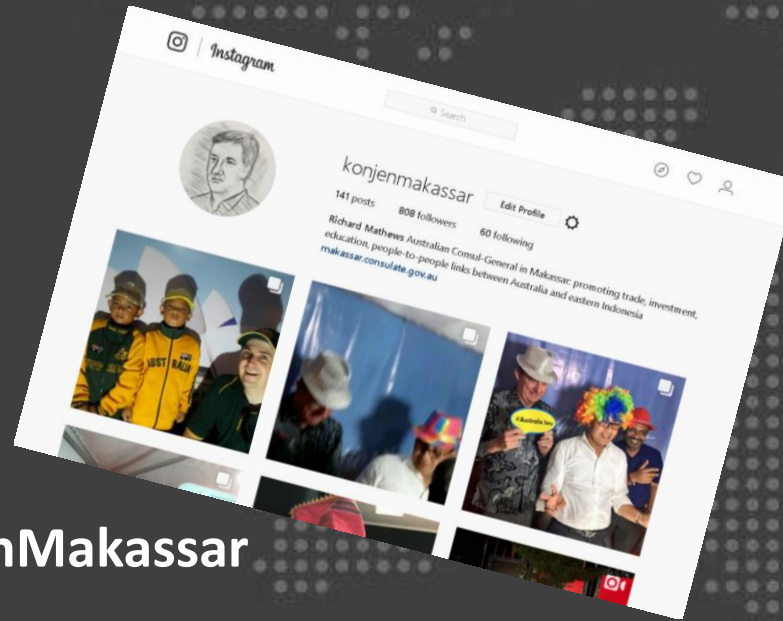
“Doing business in eastern Indonesia may be hard and full of risk, but it will always be an adventure.” R Mathews, A Business Survival Guide to Eastern Indonesia, ANU 1999, p.21



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