



INDONESIA AUSTRALIA  
BUSINESS COUNCIL

## **REPORT OF THE IABC EXECUTIVE BOARD (2014 – 2016)**

### **PRESIDENT'S REPORT**

Since the outgoing IABC executive board was installed two years ago on 5 November 2014, we have seen the slowdown of world economic growth which has also affected the slowdown of the Indonesian economic growth from 5.02% in 2014 to 4.75% in 2015. This is the lowest growth in six years since 2009. Similarly, the Australian economic growth also dropped from 2.7% in 2014 to 2.4% in 2015. The forecast for both countries in 2016, however, is positive with 5.04% and 2.8% for Indonesia and Australia respectively.

The Government to Government relationship has improved over the past two years. Australian Prime Minister Malcolm Turnbull visited Indonesia in his first official overseas trip after he was sworn in. During his brief visit he and Indonesian President Joko Widodo paid a visit and met the traders and visitors at the Tanah Abang Market in Jakarta. This activity is referred to as “blusukan” in Indonesian, an activity made popular by President Jokowi, as he is popularly known. Since the meeting of the two leaders, the engagement of the two government has taken a positive turn and the intensity has much improved. President Jokowi has even appointed the then Minister of Trade Thomas Lembong (currently Head of BKPM) to be specially in charge of any matters relating to Australia. One of these engagements worthy of mention is the resumption of negotiations of the IA-CEPA (Indonesia-Australia Comprehensive Economic Partnership Agreement). Not only the negotiations were resumed, but the two governments also agreed to have it finalised by the end of 2017.

The IABC membership has slightly decreased in the last two years as an effect of the slowdown of the economy. The situation has also been experienced by other

chambers of commerce operating in Indonesia. Due to the increasing costs coupled with decreasing sponsorship from venues/hotels and the prohibitive price of wine, it has been a constant challenge for the IABC to organize functions at an attractive rate. The IABC had managed to maintain the same membership fees since 2012, however, in 2016 we saw the need to increase membership fees modestly mainly to balance inflationary costs in the past four years. Even with the fees increase, the IABC is still one of the most competitive and value for money business organisations. In fact, over the last two years the IABC has organized over 40 functions with total attendance figures over 3,000. Nationally including our branches events, we organized more than 50 events and attendance of over 4,000.

The IABC continues to widen the business network for its members by establishing new branches and cooperating with other business organisations. The IABC is the only bilateral business organisation which has four branches in the provinces of East Java, Central Java, Bali and Special Province of Yogyakarta. The IABC is an active member of the International Business Chamber (IBC) and the Australia Business Asia (ABA). The IABC also cooperates and works closely with our counterpart the AIBC and with major business organisations such as the Indonesian Chamber of Commerce and Industry (KADIN Indonesia), the Indonesian Association of Employers (APINDO) and the Australian Chamber of Commerce and Industry (ACCI). This wider business network provides more opportunities for members to expand their business engagement with members of other organisations. The IABC will continue to explore new cooperation with other organisations in order to provide better service and benefits to its members.

The IABC has continued to increase its stature and its advocacy role and is entrusted by both the Governments of Indonesia and Australia as the peak bilateral business organisation. Along with KADIN Indonesia, the IABC has been invited to participate as business partner in the Indonesia-Australia Leaders Forum and other government bilateral meetings. The IABC, along with KADIN Indonesia, APINDO, ACCI, AIBC and AIG, is a member of the Indonesia-Australia Business Partnership Group (BPG). The IA-BPG was set up to provide business input from both countries to the two governments in their negotiations of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA). The IA-BPG Phase II has just been

completed in August 2016 and the Position Paper has been submitted to both the Australian Government and the Indonesian Government. The paper can be downloaded from IABC website, [www.iabc.or.id](http://www.iabc.or.id) The IABC is also a member of the Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector since its inception in 2013. The IABC along with other stakeholders has also been invited to participate in the 3rd Indonesia-Australia Dialogue held in August 2016 in Yogyakarta, Indonesia.

I would like now to outline the highlights of IABC over the last two years.

## **FUNCTIONS**

Introduced 16 years ago, the IABC members gatherings have proved to be immensely popular over the years and continue to attract a large number of people who look at this event as a great opportunity to network. The IABC monthly networking gathering is undoubtedly one of the most sought after networking functions in the Jakarta business community. In the past two years, the IABC organized 18 Member's Gathering events which were attended by over 2,000 participants.

The occasional events hosted by the Australian Ambassador (and events hosted by the Consul-General in Bali) are appreciated as adding stature to our presence.

The annual New Year Party, which is always held in the beginning of the year, was a great success with over 200 people attended this evening of great food, wine, entertainment and fun.

The IABC President's Golf Day was introduced as IABC activity in October 2008. The purpose of this activity is to provide IABC members with a social game of golf as well as networking. The IABC President Golf Days has become a regular IABC program.

Over the past two years, we have held several business luncheons, breakfast briefings, and workshop/seminars on topics of interest to members, such as on the New Colombo Plan, security issues, tax amnesty, IA-CEPA and the bilateral and

regional free trade agreements. We have also assisted our branches in organizing their events. We also supported many non-IABC events that provide value-added benefits to members.

The major event held was the biennial Business Conference, held in Yogyakarta on 15-17 November 2015 with the theme “Business As Usual? – a look at business in a new political environment”. The Conference was very well attended with 173 registered delegates. It was preceded by an informal golf event, with participants competing for the inaugural Sabam Siagian Trophy. We can use this event to remember our late very popular past president, who passed away on 3 June 2016). Sessions addressed the background to doing business, as well as at how some members actually do business. The Conference Dinner was hosted by the Sultan of Yogyakarta, Sri Sultan Hamengku Buwono X, within the palace.

## **MEMBERSHIP**

IABC membership has declined slightly over the last two years. It should be noted that the numbers we present do not include members at IABC branches in Central Java, East Java, Yogyakarta, and Bali. The total number of members in our branches is around 120. The Treasurer will submit his report after this, but I believe that almost all membership fees for 2016 have been paid. Financially, the IABC is also healthy, as the Treasurer will explain more in his report.

Based on the nationality of the named representatives (though the member company is Indonesian), the composition of membership has changed slightly and currently approximately 50% of IABC members are Australian, 40% Indonesian and 10% of other nationalities.

Membership details for the past two years are:

<b>MEMBERS</b>	<b>2015</b>	<b>2016*</b>
Corporate	154	145
Corporate Additional	24	23
Individual	56	51

IKAMA	1	2
<b>TOTAL</b>	235	221

*\*number of members as of 31 October 2016*

## **PUBLICATION**

The IABC publishes its own monthly newsletter and it continues to be well received by our members and readers. The IABC also publishes its membership directory which contains business contact details of all IABC members and is regarded as an essential source of reference. The circulation of both the directory and newsletter is currently 500 each and are distributed free of charge to our members, IABC Branches, the AIBC in Australia, foreign business chambers in Indonesia, government ministries/officials in Indonesia and Australia and to offices of AustCham and other Business Councils in Asia. Copies are also distributed at IABC functions.

## **BRANCHES**

IABC Branches in Semarang (Central Java), Yogyakarta, Surabaya (East Java) and Bali continue to actively organize events relevant to their regions and membership.

IABC Bali branch organizes monthly networking functions taking the same format as the IABC members gathering in Jakarta and are well attended. IABC East Java concentrates more on factories or businesses visits and small seminars, while IABC Central Java organizes business meetings jointly with local business groups such as KADIN Central Java and HIPMI Central Java. IABC Yogyakarta emphasizes more on education and business and has already organized a few missions of Indonesian Private Higher Education Association (APTISI) members to visit and to sign MOUs of Cooperation with Australian Universities.

## **INTERNATIONAL COOPERATION**

International cooperation is undertaken by the IABC through the International Business Chamber (IBC). The IBC is a semi-formal grouping of 20 'foreign' chambers (including the IABC), representing the business interests of their respective areas of

the world - all continents except the African and South American continents. The only members of the IBC are the chambers themselves.

Nominated representatives meet on a monthly basis to hear and discuss reports from chairpersons appointed to monitor general trends and specific areas of concern, namely banking, healthcare, infrastructure, insurance, investment, manpower, mining, property and taxation. The IABC's nominated representatives have been Peter Fanning and Philip Shah.

The IABC also holds joint chambers networking evenings with the American Chamber of Commerce in Indonesia (AmCham) and the Indonesia Canada Chamber of Commerce (ICCC) annually. There has been discussion to increase the frequency of the joint event as well as to expand the inclusion of more chambers.

The IABC is also a member of the Australian Business Asia (ABA), an informal networking group of 17 local Australian chambers (AustCham) and business councils around Asia. Activities of ABA include sharing information among members and provide reciprocity arrangements for travelling members of the respective chamber/councils that belong to ABA.

We are also committed to the Australia-ASEAN Chamber of Commerce (AustCham ASEAN). This organization is in the final stages of incorporation as a society (in Singapore) to be the principal conduit for Australian business input to ASEAN, principally through its meetings of Economic Ministers (AEM).

## **SPONSORSHIP**

Finally, I would like to say a few words about sponsorship. An organization cannot survive without adequate financing. I am glad to report that the IABC enjoys a high level of support from sponsors, which takes the pressure off membership fees. On behalf of the IABC board I would like to extend our sincere thanks to all current IABC Corporate sponsors – ANZ Bank, Commonwealth Bank, Coca-Cola Amatil Indonesia, BlueScope Steel, and Jababeka.

Also, I would like to thank all the sponsors of the IABC Conference, Members Gatherings and the IABC New Year Party. Thanks also to Jababeka Golf and Country Club for sponsoring the IABC President's Golf Day for the past eight years.

## **CONCLUSION**

The last two years have been successful for the IABC although quite challenging in maintaining the level of membership and the level of attendance at events. We have remained an influential organization that is playing an important role in representing the views of business people. IABC has remained as strong as ever due to the support of our members. On behalf of the IABC board I would like to sincerely thank all members for continuing to support the organization. Our main objective has been to provide value for money and to be, and remain, relevant to our members. The IABC is an organization that is relevant and only organizations that are relevant will be sustainable in the long term.

I thank my fellow 2014-2016 board members for being such wonderful and productive colleagues, and thanks to the IABC advisors for their counsel. The presence of representatives of the Australian Embassy and Austrade at board meetings, and their sponsorship of events, are very much appreciated. The recognition given to the IABC by the Embassy is important to us.

Finally, may I extend the sincere thanks of us all to our Executive Director Vic Halim and staff within the secretariat for doing a consistently outstanding job.

Thank you.

Jakarta, 30 November 2016

**Kris Sulisto**

**IABC President (2014-2016)**



## **REPORT OF THE IABC EXECUTIVE BOARD (2014 – 2016)**

### **TREASURER'S REPORT**

IABC was established to serve its members and to support business activity and relations between Indonesia and Australia. It is not in the business of making a profit. Each year there is the challenge of managing IABC activities as cost effectively as possible consistent with our best efforts to maintain the quality which IABC is recognized for.

The 2015 Result was an Increase of net assets or surplus of Rupiah 452 million, double than the 2013 surplus of Rp 271 million due primarily to a successful conference in 2015. Overall this is a satisfactory result particularly in view of the tightening and challenging economic situation.

2015 saw a decline of about 10 percent in revenue and membership numbers. We increased subscriptions in 2016 for the first time since 2012. There will be no increase for 2017.

There was a modest increase in Corporate Sponsorships and contributions from functions.

As a non-profit organization, we remain dependent on our membership and our sponsors in order to operate.

The Monthly Members Gatherings are one of the most visible and regular features of the IABC calendar. These are still well attended considering the somewhat restrained economic and investment environment. As developed in the President's report there is considerable activity conducted by IABC in promoting investment and trade

relations between Indonesia and Australia as well as improving the investment environment as a whole.

An important and never ending role is played by the Secretariat in terms of balancing cost and quality of functions and event, working with the sponsors, “running” the desk and ensuring the best possible outcome for each event be it our regular events (members gatherings, business lunches and breakfast briefings) or the biannual conference.

We greatly appreciate the role of the Hotels, Event Sponsors and Corporate Sponsors for their partnership with the IABC throughout the year.

The current business and investment environment has been challenging for the past few years and will continue to be with the significant decline in the oil/gas sector, the continuing pressures on the mining sector, uncertainty as to the level of new foreign investment into in Indonesia and the tight economic times generally

I would like to thank Vic and his team at the IABC Secretariat as a whole for their support during the past two years. They deserve our commendation and appreciation for their sustained and successful efforts in serving our members and supporting the Board.

And to our Sponsors and Members – thank you again for your support and participation in our events. The IABC looks forward to your continued support and your input and ideas for any improvements we can make in serving our members.

Finally, let me also take this opportunity to thank the outgoing Board under Kris’ leadership and the Advisors to the Board, who have been a pleasure to work with and to wish the new Board the very best for its new Term of Office.

Thank you!

**Philip J. Shah**  
**IABC Treasurer (2014 – 2016)**