



**PT ETI FIRE SYSTEMS**  
Jl Magelang – Kopeng, KM 11  
Tegalrejo, Magelang 56192  
Central Java - Indonesia.

**20<sup>th</sup> December 2010**

**Free Trade Agreement Division  
Department of Foreign Affairs and Trade  
RG Casey Building  
John McEwen Crescent  
Barton ACT 0221**

**Submission – Australia Comprehensive Economic Partnership Agreement (IA-CEPA)**

Dear Sir,

We have taken this opportunity to prepare a comprehensive paper and submission. We are ideally positioned to do so as we are two Australians, operating a manufacturing company in Central Java, which exports product to Australia.

**BACKGROUND OF PT ETI FIRE SYSTEMS**

PT ETI Fire Systems had its beginning in 2003 when Leigh Waldon and Brian Ruffles decided to establish a business that would focus on the development of a manufacturing and technical facility that would supply fire suppression systems. These fire suppression systems would need to comply with the relevant Australian Standard that was then only in public draft form. Leigh Waldon had an extensive background in Fire System engineering and Brian Ruffles had extensive experience in managing business in the Indonesian environment. Our business plan was to establish manufacture to leading edge standards and focus on one market, which was the protection of mobile equipment. Essentially our fire system would be specialised for diesel engine machines. Our target market was the Australian Mining Industry and so compliance to the Australian Standard with credible listing would be paramount. Other markets would also be targeted, including Indonesia and other regional countries.

By 2004 we had established ourselves at Magelang, Central Java. Being outside Jakarta gave us lower operating costs and with easy access to the Yogyakarta International airport, giving us easy access to international and domestic business travel. Today our factory and technical facility is substantial, a total of 4000 metres of land with 1200 metres of manufacture and warehouse and 450metres of office. Our facility includes the ISB inspection and compliance body which acts independently of ETI, simply to verify compliance and conformance to the Australian Standard. A laboratory has recently been added to expand that capacity and co-operation arrangements exists between ISB and a major Indonesian University (Universitas Gajah Madah, Yogyakarta) who assist with a world class metallurgical lab to underpin the inspection performance. ETI also operates a full, life size, hot fire test facility. We are passionate that only fire systems tested in realistic fire simulations are fit to be listed by the ISB body. ETI has recently built a training facility that can handle up to 20 students so that we can offer the industry advanced training in risk management, fire system design, fire system maintenance all backed with hot fire demonstration that leave students confident that what they have learned is real world. We

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also have the most advanced computer aided design program in use today; developed and written in house at ETI Magelang using very skilled graduate staff.

ETI has worked co-operatively with a major university (UGM) to establish an electronics design, test and build capability. ETI is proud that we can design compliant fire alarms and build them from the circuit board up, including chip programming, to a product of leading standard, all here in Indonesia. This has been so successful that we have also built a new electronics wing to create the appropriate clean controlled environment for this activity. Recently, ETI was able to develop an advanced optical fire system control and successfully export it to the Barrick group in Africa. Barrick is the largest gold miner in the world and this is now leading edge technology.

Today ETI employs 65 people including a team of engineers and admin people with high level tertiary education, together with people of basic school education and those who receive training on the job. Most of our foundation staff is still with us. ETI employees receive job security, higher than average salaries, and safe working conditions. We operate a medical support policy to staff and their families. We are currently planning a superannuation scheme to benefit them for their career with ETI. We also have a programme for assisting local students from poor families to meet education costs. This is apart from many personal activities that Leigh and Brian individually fund to assist local people.

ETI's products are now sold to many blue chip companies including the Barrick group, BHP Billiton, Mt Isa Mines, Xstrata, Thiess contractors and a host of others. Enclosed is a recent PR release at Barrick's Buzwagi Gold mine acknowledging ETI's successful implementation of the high technology optical system.

#### **AUSTRALIA INDONESIA CO-OPERATION**

In summary from above, we are proud of our achievements and we see ourselves as important ambassadors for good relations between Australia and Indonesia. We have shown that we can bring Australian technology to Indonesia and use it to create:-

- Secure jobs for people in Indonesia who desperately need security.
- Education opportunities for all staff.
- Demand on high level education in Indonesia to develop a greater technical capability.
- First world standard manufacture in Indonesian Industry. In our case we can now claim a leading standard. Something that is rather unique in Indonesia!
- Great regional relations with Australia's largest neighbour - Indonesia. We are not major in size, but we believe our achievements are exemplary. We are sure this is exactly the type of co-operative endeavour that the leaders of both countries want to see to foster good relations.

#### **AUSTRALIA - INDONESIA APLAC AGREEMENT**

When we first established our business (2004), we immediately consulted the National Association of Testing Authorities Australia (NATA) who was the nominated authority in the

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then draft standard for recognising testing bodies for standards compliance. NATA referred us to the Komite Akreditasi Nasional of Indonesia (KAN). Australia and Indonesia and other Pacific countries have a Mutual Recognition Agreement known as the "Asia Pacific Laboratory Accreditation Co-operation Mutual Agreement (APLAC) (MRA)". Both Indonesia (KAN) and Australia (NATA) are signatories to that agreement. The body (ISB) assessing our product is certified by KAN and absolutely recognised by NATA.

After three and a half years of work, we received certification from KAN in Feb 2009, giving our ISB body certification as an inspection body working under ISO17020. This is recognised by NATA under the MRA, I enclose a letter from NATA and you will note that it states that certification from bodies bearing the mark of KAN are equivalent to those bearing the mark of NATA.

#### DISCUSSION TOPIC 1) FREE TRADE ACCESS IN AUSTRALIA

In summary, we have been the victim of misconduct by competitors in Australia who have used Indonesia's "Developing Nation" position to cast doubt over the quality and compliance of our product. These individuals have also used very high profile organisations to disseminate misinformation and simple lies. There is even one incident from a high profile organisation that reports an investigation into ETI that never actually took place. It even reported that a major Australian Government body was suing us and this was just fiction. Customers need very little persuasion to not trust a relatively new company from Indonesia, amongst a sea of lies, regardless of the fact that we really do have top shelf certification.

The ACCC in Australia has been very helpful, however I believe, they like all organisations have resource limits and must target their opportunities according to their current charter. They have had correspondence with these organisations and that has helped blunt the misconduct; however we would like to see litigation occur. We are an unusual complainant as we are complaining from overseas.

We have provided a detailed version as "commercial – in confidence", of this letter that names individuals and organisations to assist your commission understand the problem in more detail.

#### OUR SUGGESTIONS TO THE DEPARTMENT OF FOREIGN AFFAIRS

- 1) I A-CEPA should formally recognise APLAC and actively promote acceptance of APLAC in Australia as it was intended to be in the existing charter.
- 2) The ACCC in Australia should be further resourced to aggressively act against companies, organisations and individuals who are actively undermining and misleading the market, in contravention of these agreements and the Australian Trade Practices Act.

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**DISCUSSION TOPIC 2) BETTER VISAS FOR LONG TERM INVESTORS IN INDONESIA.**  
One of the drawbacks to foreign investors like ourselves, in Indonesia, is the restricted rights of Foreigners investing in Indonesia.

Both of us are married to Indonesian spouses, and we are both committed to long term business in Indonesia, albeit that we remain Australian citizens. The first frustration is visas. As we are directors of this company, we are in fact visitors to Indonesia. Because we are married to Indonesians, there is a tendency for us to want stay in Indonesia for extended periods of time. As business visitors, the correct visa is a business visa which on a multi entry only allows 60 days per visit.

#### **OUR SUGGESTIONS**

As investors like ourselves genuinely contribute to the productive improvement of industry in Indonesia, and to better trade relations with Australia, we suggest that a special visa category be created under I A-CEPA that allows unlimited visitation from significant business investors, perhaps similar to Australian permanent Resident Status!

#### **DISCUSSION TOPIC 3) BETTER FOREIGN INVESTMENT OWNERSHIP LAWS IN INDONESIA.**

Another drawback in foreign investment in Indonesia is the restrictive laws on foreign ownership of land. We know that a lot more investment could be attracted if Indonesia allowed foreigners to buy and own property. Currently, the law even prevents ones wife from owning property in Indonesia, if she is married to a foreigner.

#### **OUR SUGGESTIONS**

I A-CEPA should recognise investors like ourselves in Indonesia and allow Australian investors to purchase commercial and residential property with no restriction on ownership rights, like an Indonesian 'hak milik'. By also allowing investors to purchase private property, this also will attract more people like us to become stable long term investors in Indonesia to enhance trade with Australia and the region.



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**DISCUSSION TOPIC 4) BETTER AUSTRALIAN POLICIES FOR THE OLD AGE PENSION**

Another concern is that after spending a substantial part of one's life assisting the development of Australian - Indonesian relations, one may be disadvantaged by being ineligible for the aged pension if one is deemed to be living in Indonesia. Current policy with Centrelink can give exceptions to people who are working say as a volunteer with a worthwhile organisation. Australians who retire in Indonesia after making a worthwhile contribution to joint relations continue to act as good ambassadors to the program and often contribute to many community and educational programs that support the objectives of (I A-CEPA).

**OUR SUGGESTION**

Have Centrelink and or the department of Foreign Affairs recognise people who have made a substantial contribution with this program (IE-CEPA) by allowing them to be eligible for the aged pension payable even if deemed living in Indonesia.

We thank you for the opportunity to make constructive suggestions. Please do not hesitate to contact us if we can assist further, or be involved productively in your program.

Leigh Waldon  
Chairman

Brian Ruffles  
President Director

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