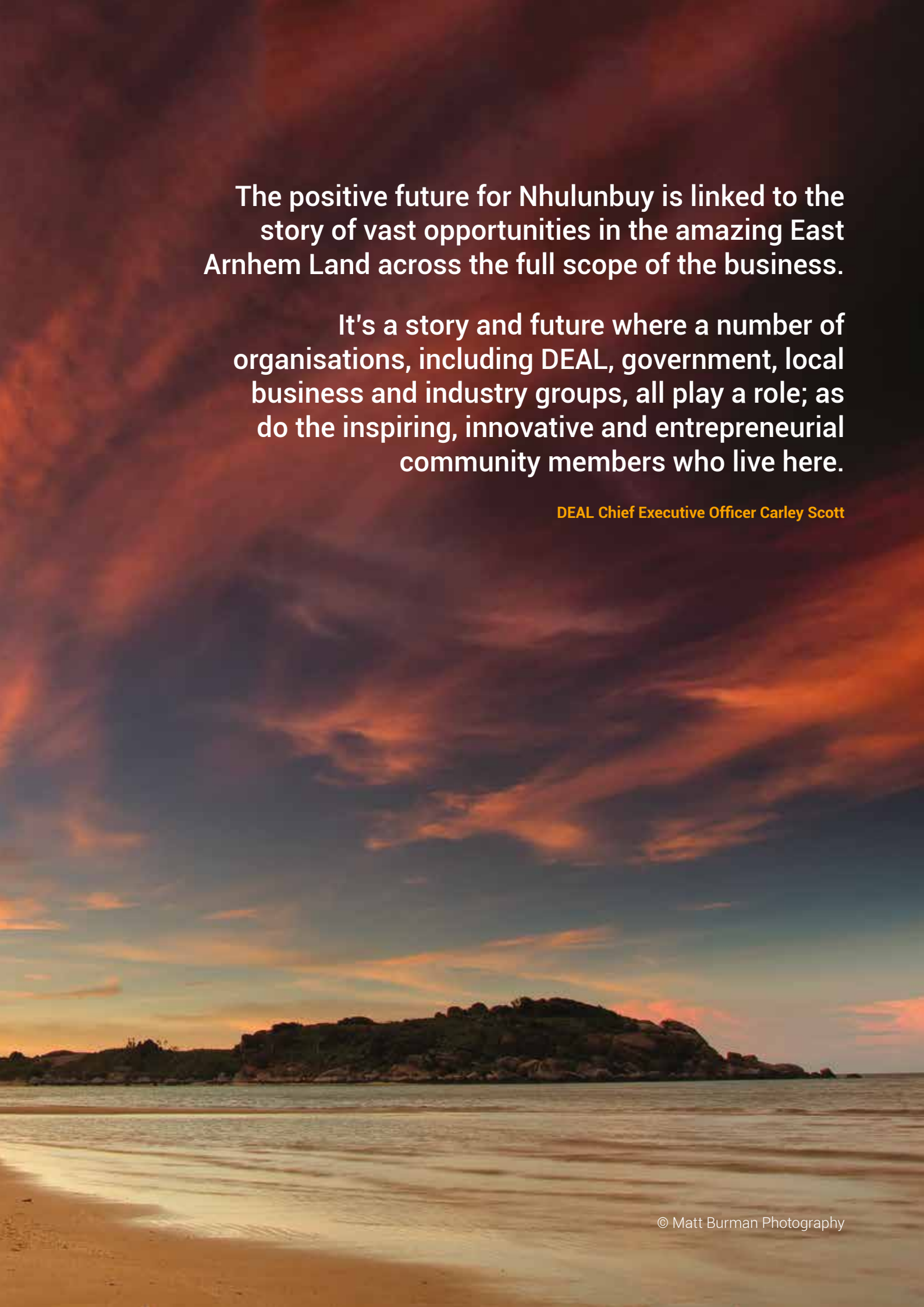
DEVELOPING

EAST ARNHEM

Annual Report 2014/15

Disclaimer
Indigenous viewers are respectfully advised that this document may contain images of people who have passed away.

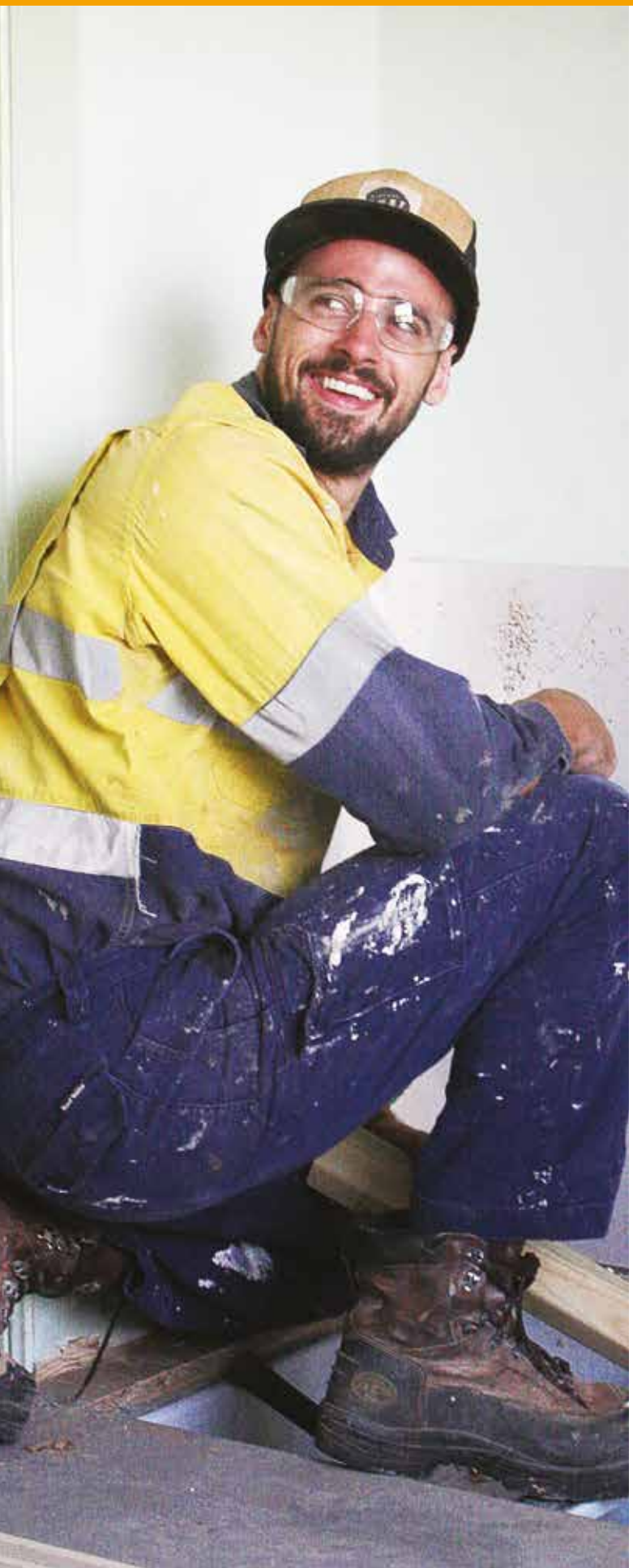


The positive future for Nhulunbuy is linked to the story of vast opportunities in the amazing East Arnhem Land across the full scope of the business.

It's a story and future where a number of organisations, including DEAL, government, local business and industry groups, all play a role; as do the inspiring, innovative and entrepreneurial community members who live here.

DEAL Chief Executive Officer Carley Scott

About this Annual Report



Welcome to the inaugural Annual Report for Developing East Arnhem Limited (DEAL).

DEAL's purpose is to undertake economic development activities across East Arnhem Land in the Northern Territory to encourage the growth, diversification and sustainability of businesses.

This Annual Report outlines achievements and challenges in 2014/15, bearing in mind that DEAL was operational for seven months of the financial year, having been established in November 2014.

Included in this report is an outline of the organisation's future directions, which have been outlined in DEAL's first Strategic Plan 2015–20, completed in 2014/15.

The governance structure of DEAL is set out on page 14 and a summarised Financial Report is available from page 15.

Vision

East Arnhem Land is a self-sustaining, resilient and prosperous region renowned for its dynamic economic opportunities, culturally diverse and creative community, and spectacular natural settings.

Mission

Developing East Arnhem Limited works to improve economic development in East Arnhem Land by supporting strong, sustainable, diverse business and industry.

Principles

Developing East Arnhem Limited's values include:

- Respect
- Collaboration
- Diversity
- Integrity
- Innovation
- Quality results

Goals

Developing East Arnhem Limited's goals are to:

- Promote East Arnhem Land as a business and visitor destination
- Support growth through advocacy and planning, particularly for Indigenous enterprise
- Connect business to industry and financial support
- Maintain a high standard of governance.

DEAL plans to deliver these goals efficiently through the development of strong, targeted initiatives and partnerships.

Contents

Chairman's Report

John Cossons

It is my pleasure to present the first report of Developing East Arnhem Limited's achievements and operations.

Economic development requires dynamic action that is based on good planning, and an understanding of the competitive advantages a region can offer.

Promoting these competitive advantages and seeing existing and new business grow in the region is something that takes time, but we have already seen some great results since our establishment in November 2014.

It has been a pleasure to work with such a strong Board, supported by our committed management team.

Establishing the company in November was followed by another significant achievement, the appointment of our inaugural CEO Ms Carley Scott. With a strong background in strategic planning, communications, stakeholder management, investment attraction and business facilitation, Carley has brought a wealth of experience to DEAL.

Publishing the DEAL Investment Guide was another achievement, highlighting the opportunities for growth in East Arnhem Land.

The key to being successful in developing any economy, in any region of any country, is the ability to tell a positive story with proactive business and industry partners. One organisation working in isolation will have limited success, but together great results can come.

We have formed a number of working relationships in our inaugural year with organisations in the region. We have built relationships with local people and businesses to better understand the types of support that the people of East Arnhem Land require from our organisation, and built programs that will deliver this support.

An example is the new partnership with Many Rivers that will help DEAL deliver increased start-up and micro-enterprise support in the region.

Presenting the region positively to external organisations is important too. Carley attended the launch of the Australian Government's White Paper on Developing Northern Australia in June, and was subsequently invited to present at a Major Projects Conference to highlight East Arnhem Land.

> “By working together with the community, we will continue to support industry growth and develop a positive regional image for East Arnhem Land, now and into the future.

East Arnhem Land is filled with huge potential and an abundance of resources. It is a great place to invest and, surrounded by unsurpassed natural beauty, it is a wonderful place to live and work.

By working together with the community, we will continue to support industry growth and develop a positive regional image for East Arnhem Land, now and into the future.

The work we undertake will continue to be guided by careful and strategic planning to support economic development in the region for many years to come.

We look forward to working with local industry, partner organisations and the community over the next 12 months.

CEO's Report

Carley Scott

It has been an exciting seven months for Developing East Arnhem Limited (DEAL), and a privilege for me to be working for this organisation since moving to Nhulunbuy in February 2015.

The curtailment of the Rio Tinto Alcan alumina refinery in Gove has inspired a focus on the future and how the region can work together to keep the local economy strong.

Since our establishment in November 2014, we have begun adding to this story by delivering meaningful results. We knew we were on the map in the first few months when we experienced a significant number of hits on our new website from people interested to learn more about what we were doing and what we could do for the region going forward.

> “ It was important for us to take the time to plan in order for the work we embark on to align with existing activities, and support long-term sustainable economic outcomes for the region.

Our Investment Guide was completed this year and generated interest with DEAL welcoming a number of investor visits to the region.

We formalised a partnership with Many Rivers to identify a local program of micro and start-up business support, and we made all the necessary preparations for our East Arnhem Economic Development Fund to open in July 2015.

These two projects responded to local feedback with practical initiatives that will support ongoing innovation and business development within the region.

A large body of work was undertaken in partnership with EconomyID to increase access to information by building interactive economic data that would be ready for publication on our website in July.

We also leased over 80 residential properties to businesses to support jobs in the region.

Developing our inaugural Strategic Plan 2015–2020 was a significant piece of strategic work undertaken in our establishment year. It was important for us to take the time to plan in order for the work we embark on to align with existing activities, and support long-term sustainable economic outcomes for the region.

In 2015/16, this plan will see us focus our work on business support, promotion, planning and analysis, advocacy, networking, and delivering dynamic local projects. While future industries are highlighted in the plan, we will remain flexible and open to all projects that offer economic opportunities for the region.

Outside of our work, there are strong initiatives already underway in the region including more than $90m of construction projects. From post-cyclone recovery work, to transport access upgrades, investment in health, and investment in new education facilities. These projects offer great opportunity for the region. For our part, we will continue to encourage local industry engagement on these projects.

I would like to thank the Board for its focus and ongoing commitment to supporting sustainable economic development in East Arnhem Land. I would also like to thank our Business Office Manager, Kristy Prowse, for her ongoing support.

We are a lean team at DEAL, working hard and playing many roles in order to achieve our goals.

Finally, I would like to extend my thanks to local industry groups for sharing our vision, local businesses for working with us, and the broader community for recognising and talking about the great potential that lies ahead for East Arnhem Land.

I know that every success for DEAL will be one we will share with all of you, and we look forward to celebrating these successes together.

Our Region

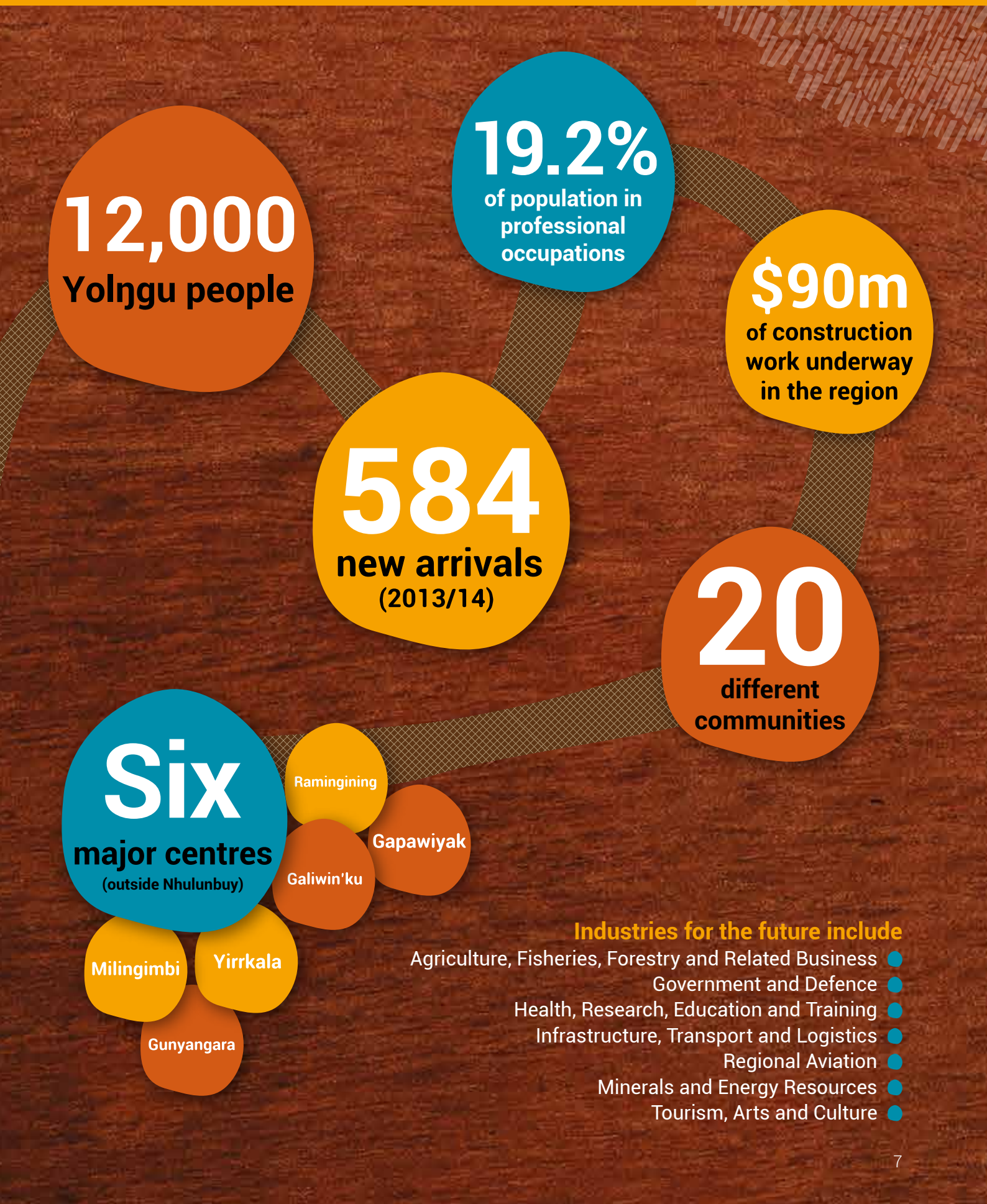
East Arnhem covers
33,371 km²

$0.93B
Gross Regional Product (GRP) per annum
(source: ABS)

6,201 jobs
(source: NIEIR*)
*National Institute of Economic and Industry Research

10,845 population
(source: ABS 2014)

214 local businesses
(source: Business Register 2014)


12,000
Yolŋgu people
19.2%
of population in professional occupations
$90m
of construction work underway in the region
584
new arrivals
(2013/14)
20
different communities
Six
major centres
(outside Nhulunbuy)
Ramingining
Gapawiyak
Galiwin'ku
Milingimbi
Yirrkala
Gunyangara
Industries for the future include
Agriculture, Fisheries, Forestry and Related Business
Government and Defence
Health, Research, Education and Training
Infrastructure, Transport and Logistics
Regional Aviation
Minerals and Energy Resources
Tourism, Arts and Culture

Year in Review

200
individuals met face-to-face

21
meetings with local groups

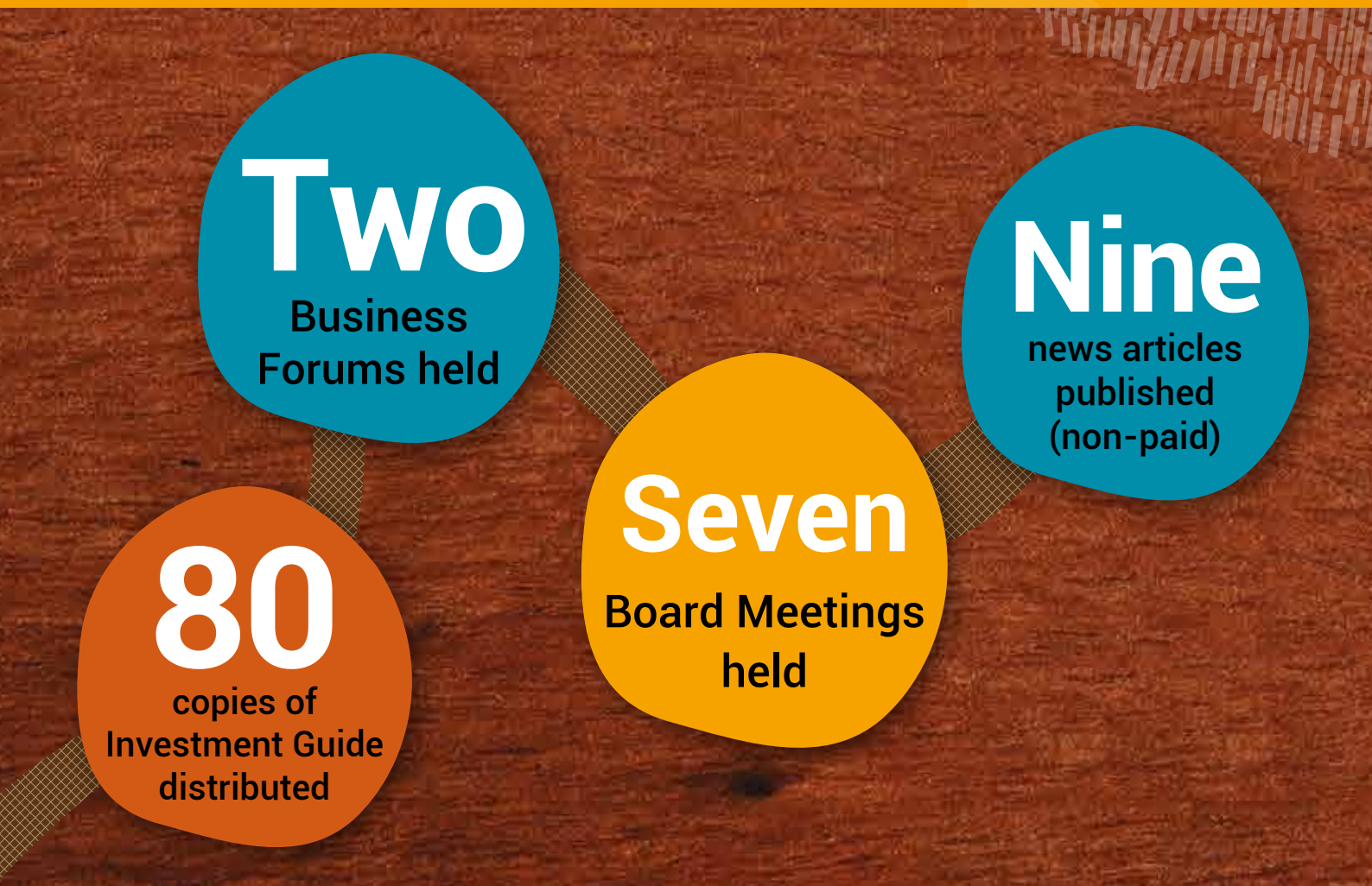
Four
meetings in Canberra

83
properties leased to employees of local businesses
- supporting jobs in the area
(as at 30 June 2015)

100,000
more people reached in partnership with Federation Square (Melbourne, Victoria) and The Mulka Project to promote Yolŋgu culture and the region

200
followers through social media channels - Facebook and Twitter

10,000
hits to new website



- Meetings with local businesses was a focus during the year, and an important step toward shaping DEAL's first Strategic Plan. The five-year Strategic Plan will underpin an agile and efficient approach to DEAL's work, supporting economic development in the region.
- Developing a partnership with Many Rivers this year will lead to a three-year Field Officer position in the DEAL team. This will significantly increase face-to-face interactions with locals that are starting a new business.
- The groundwork for DEAL's $200,000 Economic Development Fund was laid this year ready to be rolled-out in 2015/16. This fund will ensure that local projects with sustainable job and development outcomes have greater opportunities to succeed.
- The establishment of a partnership with idConsulting will enable business and industry to gain access to accurate and reliable economic data. DEAL will also use this data to model the impacts of proposed local projects.
- The new DEAL website was launched in 2014/15 with information for locals, investors and visitors to the region.
- In June, the Board met in Canberra and lobbied appropriate Australian Government representatives to support the region, while promoting new opportunities the East Arnhem Land can offer.

Our Organisation

“$4M in seed funding was provided by the NT Government and Rio Tinto Alcan

Developing East Arnhem Limited (DEAL) is a not-for-profit organisation that was established in November 2014 in response to calls from regional businesses and leaders for a dedicated body to drive economic diversification and new opportunities in the region.

To achieve this, the Northern Territory Government and Rio Tinto Alcan each provided seed funding of $2m. In addition to funding, Rio Tinto Alcan has committed to providing around 250 housing assets to support economic development, which are managed by an independent property manager.

DEAL's primary role is to facilitate connections between private enterprise, industry, community and government agencies to support economic diversification and growth across East Arnhem Land for the benefit of the regional population.

It supports economic development by:

- Promoting East Arnhem Land as a business and visitor destination
- Supporting growth through advocacy and planning, particularly for Indigenous enterprise
- Connecting business to industry and funding support
- Maintaining a high standard of governance.

Developing East Arnhem Limited assists businesses with:

- Feasibility assessments and business cases
- Undertaking site identification and visits
- Introductions to local industry and regional partners
- Economic information, business regulations and project approvals relevant to specific projects
- Facilitating access to infrastructure and housing
- Building networks with key agencies such as government
- Assisting with access to grant programs including the East Arnhem Economic Development Fund.

Our People

Developing East Arnhem Limited (DEAL) is managed by a Board, which consists of a Chair and two Directors. It is staffed by one full-time Chief Executive Officer, and a part-time Business Office Manager.

Board

John Cossons
Chair

John is a proud Territorian who serves on a number of boards across the state. He is currently Chair of the People's Choice Credit Union and acts as the independent chair on several advisory boards providing advice in the education sector.

Andy Lloyd
Director

Andy is an independent mining consultant with over 25 years' experience in the uranium, coal, copper, and aluminium sectors. Andy is a Fellow of the Australian Institute of Company Directors and is the Chair of the Energy Policy Institute of Australia. He has a strong affinity with the East Arnhem region, having lived in the area in the 1990s.

Ian Smith
Director

Ian is the founding partner of Bespoke Approach, a leading corporate advisory firm that offers tailored solutions on regulatory, strategic communications and political issues to major domestic and international businesses. Ian was appointed in April 2013 to the Northern Territory Government's economic development panel. He sits on several boards, including those involved in medical research and Indigenous affairs.

Staff

Carley Scott
Chief Executive Officer

Carley was appointed to the role of Developing East Arnhem Limited's inaugural Chief Executive Officer in February 2015. She has a strong background in strategic planning, communications, stakeholder management, investment attraction and business facilitation. Carley has held a number of leadership roles in city strategy and economic development, including Melbourne's West Economic Taskforce, and Board positions with Economic Development Australia and Western Melbourne Tourism.

Kristy Prowse
Business Office Manager

Kristy has qualifications and experience in project management, small business management, training, mentoring and engineering in the resource sector. She has lived in Nhulunbuy since March 2011 and has an established network in East Arnhem Land.

Industry Groups

Developing East Arnhem Limited works closely with regional, government and business groups to support economic activity in East Arnhem Land.

In 2014/15 these groups included:

- Chamber of Commerce Northern Territory
- East Arnhem Land Tourist Association
- East Arnhem Regional Council
- Nhulunbuy Corporation Limited
- Northern Land Council
- Northern Territory Government
- Regional Economic Development Committee

Feedback from businesses in the region also played an important role in shaping DEAL's understanding of its strategic goals, and the role that we can play in the region going forward.

Challenges

The economic landscape of East Arnhem Land changed significantly in 2014/15, providing some known challenges to the newly formed Developing East Arnhem Limited.

Among these was the change in Rio Tinto Alcan's (RTA) operations at Gove, which was the impetus for establishing Developing East Arnhem Limited. After a phased suspension of alumina production was finalised in July 2015, RTA's bauxite mine and alumina refinery moved to a 'care and maintenance' operation from August 2014, significantly reducing the local workforce.

In addition to the curtailment of the RTA refinery, the increasing population of East Arnhem Land beyond Nhulunbuy's boundaries continues to provide its own set of challenges with more East Arnhem Land residents needing work, and new and existing businesses requiring support.

Access to housing has been identified as an impediment to business and economic development in the region. DEAL is working in a careful and considered way to address this challenge and use housing assets to support local jobs and business development within the region.

Ongoing discussion about the proposed acquisition of Toll Marine Logistics Australia by Sea Swift Pty Ltd is of interest to the local community, who are looking for a solution that will deliver reliable and cost effective barge services through the region.

Other challenges to economic development in the region, and therefore to the first seven months of Developing East Arnhem Limited's operation, included:

- Limited access to information about the economic elements of the region
- Business confidence levels
- Access and tenure to land, and infrastructure
- Growing training needs
- Business diversity and market access
- Amenity and connectivity.

Developing East Arnhem Limited is committed to working on these challenges, however, the organisation recognises that this will take time and requires multiple agencies working in partnership together.

In 2014/15, Developing East Arnhem Limited completed its first Strategic Plan for 2015–20. This plan identifies directions and initiatives that will assist in overcoming some of these challenges. More detail on future directions is outlined on the next page.

Future Directions

In 2014/15, Developing East Arnhem Limited (DEAL) produced a five-year Strategic Plan.

This plan provides a clear, dynamic, and diverse approach to how DEAL will support economic development in the region. It identifies future industries for the region, and allows DEAL flexibility to look at any positive investment that may work well for the community.

The plan sets out objectives, directions and initiatives under each of the organisation's four goals:

- Promote East Arnhem Land as a business and visitor destination
- Support growth through advocacy and planning, particularly for Indigenous enterprise
- Connect business to industry and financial support
- Maintain a high standard of governance.

Future initiatives include:

- Undertaking start-up, micro and small business activities
- Investigating tourism and technology projects
- Publishing information to help businesses and investors to make informed decisions
- Promoting the region through media opportunities and at events
- Delivering projects funded through our $200,000 Economic Development Fund
- Supporting business information sessions
- Inviting potential investors to site visits and meetings in East Arnhem Land
- Appointing a Field Officer to join the DEAL team, which will significantly increase face-to-face interactions with locals starting a new business
- Model the impacts of proposed local projects through a partnership with idConsulting.

Governance

Developing East Arnhem Limited (DEAL) is a public not-for-profit company limited by guarantee registered with the Australian Securities and Investments Commission.

Governance Structure

Constitution

Operational Structure

Developing East Arnhem Ltd

Board of Directors

Staff

Meetings

In 2014/15, seven Board meetings were held as the company progressed through its initial starting phase. This included two meetings in Nhulunbuy, one in November 2014, and another in March 2015.

Typical items considered at Board meetings included reports on key projects, governance, finance and housing items. Minutes to these meetings were provided to members for information.

After each Nhulunbuy meeting, a public event was held to invite the community to discuss their visions and hopes for the future, and highlight the work being undertaken by DEAL.

In 2016, regular Board meetings will occur quarterly.

Reports

An Annual Report is produced each year. The report is made available on the DEAL website and includes a summary of our financial position, and a statement completed by an independent auditor to verify the accuracy of DEAL's financial record keeping.

Purpose and Principal Objects

DEAL is established to provide social and economic benefits to the population of the remote East Arnhem region of the Northern Territory. This is done particularly through activities that encourage and facilitate the creation, diversification and sustainability of businesses, employment and investment in the region.

Key Regional Agencies

DEAL acknowledges that any success it achieves will be shared with the community and key regional agencies that are all important factors in the continued positive story for East Arnhem Land.

Financial Report

Financial Report

Our final operating position as at 30 June 2015

Income	
Seed Funding	$4,000,000
Gross Profit	**$4,000,000**
Plus Other Income	
Interest Income	$20,009
Total Other Income	**$20,009**
Less Operating Expenses	
Bookkeeping and Accounting	$9,683
Consultancy	$32,600
Insurances	$3,543
Interest Expense	$6,765
Legal Expenses	$9,277
Marketing and Promotions	$29,530
Software	$1,229
Wages, Salaries and Superannuation	$80,554
Hire and Equipment	$3,162
Recruitment	$46,955
Other	$26,364
Total Operating Expenses	**$249,662**
Operating Position	**$3,770,347**

Note: Housing related income to be listed following transfer of assets.

"For those keen to explore the potential on offer in East Arnhem or make the move into the region, Developing East Arnhem is your front door to expert advice, dedicated support, and established networks. On behalf of Developing East Arnhem's Board of Directors, I encourage you to make contact and discuss how we can assist."

DEAL Chairman John Cossons

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