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The Parliament of the Commonwealth of Australia

# Visit to Timor-Leste and Indonesia

**7 to 11 November 2011**

**Report of the Delegation**

Joint Standing Committee on Foreign Affairs, Defence and Trade

June 2013  
Canberra

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## Foreword

Between 7 and 11 November 2011, I was pleased to lead a delegation of the Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade to Timor-Leste and Indonesia.

The principal purpose of the visit was to meet and conduct discussions with counterpart committees in the national parliaments of Indonesia and Timor-Leste. In doing so, the Committee sought to deepen the connection with counterparts in these parliaments and to help build Australia's relationship with Indonesia and Timor-Leste.

The visit followed the proposal made by the Presiding Officers in 2008 for an exchange program with the foreign affairs committee of the Indonesian Parliament, and first recommended in the Committee's report of its major inquiry into Australia's relationship with Indonesia, entitled *Near Neighbours – Good Neighbours*.

The *Near Neighbours* report noted that such meetings would represent a 'valuable connection' between the foreign affairs committees of the parliaments and would allow 'for both parties to air concerns, exchange viewpoints and, on occasion, to clarify misunderstandings.'

Following as it did the decision of the Australian Government to suspend the live cattle trade with Indonesia and the emergence of the issue of Indonesian minors being held in detention in Australia, the delegation's visit to Indonesia provided exactly this opportunity for concerns to be aired and viewpoints to be exchanged.

The delegation was pleased to note that despite these irritants, the relationship with Indonesia is now of such breadth and depth that the relationship can withstand such challenges.

Nevertheless, the delegation is of the view that Australian governments should at all times adopt a respectful mode of communication and dialogue with Indonesia and Timor-Leste. An element of this should be, wherever possible, a 'no surprises' approach towards our neighbours.

I am pleased to note that following its visit the Committee commenced an inquiry into Australia's relationship with Timor-Leste. This is timely as the United Nations mandate has now expired and the Australian-led International Stabilisation Force has departed the country. It is an appropriate time to be recasting the relationship in Timor-Leste's post-Independence era. Challenges continue to emerge in this relationship too and the inquiry represents an opportunity for the Committee to assist in helping navigate a way through.

A theme which emerged in both Timor-Leste and Indonesia was that Australia's trade relationship with both countries is significantly underdone, particularly given the significance of the broader relationship between our countries.

In addition to the acknowledgments listed in the report, I express particular thanks to the Embassy in Jakarta for arranging an opportunity for me to participate in an interview on a national television show in Indonesia. This gave me the opportunity to emphasise the value and importance Australian parliamentarians place on our relationship with Indonesia.

The delegation hopes that exchanges between the foreign affairs, defence and trade committees of the Australian, Indonesian and Timor-Leste parliaments will take place on a regular basis, and continue to assist with strengthening the bonds of friendship and facilitating greater understanding between our countries.

The Hon Michael Danby MP  
Delegation Leader



## Membership of the Committee

### Chair

Senator Michael Forshaw (to 30/06/11)

Mr Michael Danby MP (from 1/07/11 to 14/05/13)

Hon Joel Fitzgibbon MP (from 15/05/13)

**Deputy Chair** Mrs Joanna Gash MP

### Members

Senator Mark Bishop

Senator the Hon John Faulkner  
(from 30/09/10 to 14/02/11)

Senator David Fawcett (from 1/07/11)

Senator the Hon Alan Ferguson  
(to 30/06/11)

Senator Mark Furner

Senator Sarah Hanson-Young

Senator the Hon David Johnston

Senator Scott Ludlam

Senator the Hon Ian Macdonald

Senator Anne McEwen (from 1/07/11)

Senator Claire Moore

Senator Kerry O'Brien

(from 14/02/11 to 30/06/11)

Senator Stephen Parry (from 1/07/11)

Senator Marise Payne

Senator the Hon Ursula Stephens  
(from 1/07/11)

Senator Russell Trood (to 30/06/11)

Hon Dick Adams MP (from 24/03/11)

Hon Julie Bishop MP

Ms Gai Brodtmann MP

Hon Anthony Byrne MP

(to 14/03/12; from 19/09/12)

Mr Nick Champion MP

Hon Laurie Ferguson MP

Mr Steve Georganas MP (to 24/03/11)

Mr Steve Gibbons MP (to 7/02/12)

Hon Alan Griffin MP

Hon Harry Jenkins MP (from 7/02/12)

Dr Dennis Jensen MP

Hon Richard Marles MP (from 14/05/13)

Hon Robert McClelland MP

(from 14/03/12 to 19/09/12)

Mrs Sophie Mirabella MP

Hon John Murphy MP

Mr Ken O'Dowd MP (from 25/10/10)

Ms Melissa Parke MP (to 5/02/13)

Mr Stuart Robert MP

Hon Philip Ruddock MP


Ms Janelle Saffin MP

Hon Bruce Scott MP

Hon Peter Slipper MP (from 1/11/12)

Hon Dr Sharman Stone MP (from 25/10/10)

Ms Maria Vamvakinou MP



## Membership of the Delegation

Delegation Leader	Mr Michael Danby MP
Delegation Deputy Leader	Mrs Joanna Gash MP
Members	Mr Nick Champion MP The Hon Laurie Ferguson MP The Hon Philip Ruddock MP The Hon Dr Sharman Stone MP
Delegation Secretary	Mr Jerome Brown

## Committee Secretariat

Secretary	Mr Jerome Brown
Inquiry Secretaries	Dr John Carter
	Mr Robert Little
	Ms Julia Searle
	Mr Paul Zinkel
Senior Research Officer	Mr James Bunce
Defence Adviser	Commander James Crouch RAN
Administration Manager	Ms Lauren McDougall
Administration Officer	Ms Kane Moir







## List of abbreviations

AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
ADF	Australian Defence Force
AIFDR	Australia-Indonesia Facility for Disaster Reduction
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
BKSAP	<i>Badan Kerja Sama Antar Parlemen</i> (Committee for Inter-Parliamentary Cooperation of the People's Representative Council of the Parliament of the Republic of Indonesia)
DCP	(Australian Defence Force) Defence Cooperation Program
DFAT	Department of Foreign Affairs and Trade
DPD	<i>Dewan Perwakilan Daerah</i> (Regional Representative Council of the Parliament of the Republic of Indonesia)
DPR	<i>Dewan Perwakilan Rakyat</i> (People's Representative Council of the Parliament of the Republic of Indonesia, also referred to as the House of Representatives)
F-FDTL	<i>Falintil-Forças de Defesa de Timor Leste</i> (Timor-Leste Defence Force)

IA-CEPA	Indonesia-Australia Comprehensive Economic Partnership Agreement
IMF	International Monetary Fund
INTERFET	International Force for East Timor
ISF	International Stabilisation Force (for Timor-Leste)
MPR	<i>Majelis Permusyawaratan Rakyat</i> (People's Consultative Assembly – the Parliament of the Republic of Indonesia)
ODA	(Australia's) Official Development Assistance
PNTL	<i>Policia Nacional de Timor-Leste</i> (National Police Force of Timor-Leste)
TLPDP	Timor-Leste Police Development Program
UNMIT	United Nations Integrated Mission in Timor-Leste
UNPOL	United Nations Police
UN SRSG	Special Representative of the Secretary-General of the United Nations
UNTAET	United Nations Administration in East Timor

## Introduction

### Background to the delegation

- 1.1 In 2004 the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) presented the report of its major inquiry into Australia's relationship with Indonesia, entitled *Near Neighbours – Good Neighbours*. The report had as its first recommendation that there be an annual exchange of visits between the foreign affairs, defence and trade committees of the Indonesian and Australian Parliaments.<sup>1</sup>
- 1.2 That rationale for the recommendation was that regular meetings between the Australian parliamentary foreign affairs committees and their counterpart in the Indonesian Parliament, Komisi I (Commission I), would assist in building Australia's relationship with Indonesia. It was noted that such meetings would represent a 'valuable connection' and that it would allow 'for both parties to air concerns, exchange view points and, on occasion, to clarify misunderstandings.'<sup>2</sup> The report concluded that:

Regular meetings would provide the opportunity to develop this relationship. They would enable the type of communication to develop that is only achieved with regular contact over time – communication characterised by opening dialogue and mutual respect... Given the role both Commission I and the Australian parliamentary foreign affairs committees have in foreign policy

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1 Australia, Parliament 2004, *Near Neighbours – Good Neighbours: An inquiry into Australia's Relationship with Indonesia*, (D Jull, Chairman), Parl. Paper 113, Canberra, p. 16.

2 *ibid.*, p. 15.

and foreign relations, it is appropriate that they be enabled to take a direct role in building the relationship.<sup>3</sup>

- 1.3 The Presiding Officers of the Australian Parliament subsequently expressed their support for an exchange program between the JSCFADT and Commission I. The Presiding Officers wrote to the Prime Minister and the Minister for Foreign Affairs in 2008 proposing a government-sponsored visits program. Specifically, the Presiding Officers proposed that in 2009 Commission I be invited to visit Australia and that in 2010 the JSCFADT would visit Indonesia, with exchanges continuing in the following years on an alternating basis.
- 1.4 With the Australian Federal election held in 2010, no exchange of visits took place. In November 2011 a delegation of the JSCFADT undertook a visit to Indonesia and to Timor-Leste. This report is an account of the visit to these countries.

## **Aims and objectives of the delegation**

- 1.5 The principal purpose of the Committee's visit program was to meet and conduct discussions with counterpart committees in the national parliaments of Indonesia and Timor-Leste. In doing so, the JSCFADT sought to deepen the connection with counterparts in these parliaments and to strengthen Australia's relationship with Indonesia and Timor-Leste.
- 1.6 In its discussions in Indonesia, the delegation particularly sought Indonesian parliamentarians' views in relation to human rights and democracy (including people smuggling, counter-terrorism initiatives and development of the justice sector), economic issues (including the impact of the global financial crisis and the trade relationship with Australia), and the country's response to climate change.
- 1.7 In Timor-Leste, the delegation sought Timorese parliamentarians' views in relation to the forthcoming Presidential and Parliamentary elections, the expiry of the UN mandate, the relationship between Timor-Leste and Indonesia, and the country's development priorities and Australia's development assistance.

## Preparatory discussions with the Ambassadors of Indonesia and Timor-Leste

- 1.8 Prior to departure the Committee held preparatory discussions with the Ambassadors of Indonesia and Timor-Leste.
- 1.9 The then Ambassador of the Republic of Indonesia, His Excellency Primo Alui Joelianto, expressed his concern that Indonesian crew members of vessels bringing asylum seekers to Australia were being detained for excessively lengthy periods of time, sometimes greater than one year, before their court appearances. The Ambassador expressed particular concern for the status of juveniles in detention and the reliability of the use of x-rays to determine their age. He argued that juveniles should be held separately from adults and receive expeditious processing. The Ambassador noted the difficulty of accurately ascertaining the age of some crew members because birth details are not reliably documented in some parts of Indonesia.
- 1.10 In relation to the South China Sea dispute, Ambassador Joelianto noted that while Indonesia is not a claimant, the issue is of concern to the Indonesian Government. He noted that a workshop of the claimants had been convened to discuss how the resources in the Sea could be exploited and that the matter had also been considered within ASEAN. The Ambassador noted that the Declaration of Conduct of the Parties in the South China Sea remains extant.
- 1.11 Ambassador Joelianto noted that relations between Indonesia and Timor-Leste were generally harmonious and that the countries were now agreeing on an increasing number of memoranda of understanding, including for cooperation in education, tourism, infrastructure, marine and fisheries.
- 1.12 Concerning recent incidents involving protests and some loss of life in West Papua, the Ambassador noted that the President had recently made a statement on the situation. The Ambassador noted that there had been some failures in the Special Autonomy arrangements but that some elements in West Papua clearly did not wish to be part of Indonesia. The Ambassador affirmed that there is a requirement for Bahasa to be spoken at Government schools and argued that this was central to uniting the people of Indonesia.
- 1.13 On other matters, the Ambassador noted that a prisoner exchange agreement with Australia was still to be agreed because the Indonesian Parliament was yet to pass the relevant legislation.

- 1.14 The Ambassador of Timor-Leste, His Excellency Mr Abel Guterres, raised two matters concerning the bilateral relationship with Australia. First, the issue of the development and method of processing (onshore in Timor-Leste versus a floating facility) the Greater Sunrise gas fields resource, which lies 150 kilometres south-east of Timor-Leste. The Ambassador emphasised the strong preference of the Timorese Government for the construction of an on-shore processing facility which, it was argued, would provide employment for the Timorese people and see the development of much needed infrastructure. Second, the Ambassador noted that the Australian Government's announcement of its desire to see a refugee processing centre established in Timor-Leste was made without prior consultation and was seen as an imposition.
- 1.15 The Ambassador noted that Timor-Leste hopes to have observers attend the 2012 Parliamentary and Presidential elections. It was noted that some 160 Australians had already registered as volunteers through partnerships between Timor and Australian towns (e.g. Port Phillip in Victoria and Suai). The Ambassador indicated that he would welcome interest from towns in other states and from state and federal parliamentarians.
- 1.16 Commenting on the challenges facing the country, the Ambassador observed that Timor-Leste has a large youth population, with some 50 per cent of the population under 19 years of age. There is a need for new industries and private sector investment. The Government of Timor-Leste wishes to implement policies to encourage this development and investment. The Ambassador commented that the provision of additional vocational education scholarships and workplace traineeships for Timorese to study in Australia would be welcome.
- 1.17 Ambassador Guterres observed that the relationship between Timor-Leste and Indonesia is now very positive. Mention was made of the intermarriages that are occurring and the large numbers of Timorese people studying at Indonesian universities. It was noted that, following independence, some 1,000 Indonesians remained in Timor-Leste and have not been harmed. However, it was mentioned that some 15,000 of the Timorese people forcibly moved into western Timor as refugees have not been permitted to return to the country.

## **Acknowledgments**

- 1.18 The delegation expresses its appreciation to the staff of Australia's Embassies in Dili and Jakarta for facilitating the visits. Particular thanks

are extended to the Ambassador to Timor-Leste, His Excellency Mr Miles Armitage, and the then First Secretary (Political), Dr Francine Winnett, who coordinated the visit to Timor-Leste. For the program in Indonesia, the delegation extends its particular thanks to the Ambassador, His Excellency Mr Greg Moriarty, and to the then First Secretary (Political), Mr Jonathan Muir.

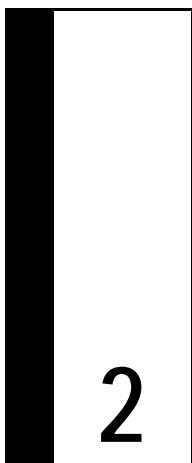
- 1.19 The delegation also appreciated the informative briefings and assistance provided by officers of AusAID and other Australian Government agencies in both Indonesia and Timor-Leste. The delegation was impressed by the capacity, dedication and enthusiasm of Australia's diplomatic and other agency officials in both countries.
- 1.20 The delegation was honoured to have been hosted at a dinner in Dili by the then President of the National Parliament of Timor-Leste, His Excellency Mr Fernando 'Lasama' de Araújo MP, and in Jakarta at a reception at the Ambassador's residence, hosted by the Ambassador and Mrs Moriarty. The delegation expresses its thanks to now Vice Prime Minister Lasama and to Ambassador Moriarty for their generosity.
- 1.21 The delegation was also deeply honoured to have had the opportunity to meet and receive a comprehensive briefing from the then President of Timor-Leste, His Excellency Dr José Ramos-Horta.
- 1.22 The delegation notes that the Indonesian Parliament was in recess at the time of its visit and expresses its appreciation that several Members of the Parliament made themselves available in Jakarta to meet the delegation.
- 1.23 The delegation expresses its thanks to the many individuals and organisations who generously gave their time to meet and share their views with members during the visit.
- 1.24 Above all, the delegation thanks the members of Indonesia's Commission I and Commission VI and Timor-Leste's Commission B, our counterpart committees in the parliaments of the respective countries, for their warm welcome and open engagement with the delegation.

## **Structure of the report**

- 1.25 Chapter two summarises the delegation's meetings, briefings and site visits in Timor-Leste, which was the first country visited, and chapter three summarises the visit to Indonesia.

- 1.26 Each chapter commences with a country overview which summarises the political, economic and development context in each country. This is followed by the delegation's observations on each meeting, summaries of the briefings received and descriptions of the various sites that were visited.
- 1.27 The full program is included at Appendix A and maps of the respective countries and the Timor Sea Area are at Appendix B.





## Timor-Leste

### Country overview

2.1 The Democratic Republic of Timor-Leste (formerly known as East Timor) is located in Southeast Asia, northwest of Australia in the Lesser Sunda Islands at the eastern end of the Indonesian archipelago. Timor-Leste includes the eastern half of the island of Timor, the Oecussi exclave on the northwest portion of the island of Timor, and the islands of Ataúro and Jaco. A map of Timor-Leste is at Appendix B.

### Political overview

2.2 In a United Nations-sponsored referendum held on 30 August 1999, an overwhelming majority (78.5 per cent) of the people of Timor-Leste voted for independence from Indonesia, which had incorporated East Timor as the province of Timor-Timur in July 1976 following its military occupation of the country in December 1975.

2.3 Immediately following the referendum, anti-independence militias commenced a large-scale 'scorched-earth' campaign of retribution. Most of the country's infrastructure – the World Bank estimates 70 per cent – including homes, schools, the electrical grid, irrigation and water supply systems were destroyed, and 75 per cent of the population was displaced.<sup>1</sup> Militias killed approximately 1,400 Timorese and forcibly pushed 300,000 people into western Timor as refugees. On 20 September 1999 an

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1 The World Bank, *Timor-Leste Overview*, viewed 20 January 2013, <[www.worldbank.org/en/country/timor-leste/overview](http://www.worldbank.org/en/country/timor-leste/overview)>.

Australian-led International Force for East Timor (INTERFET) deployed to the country and the violence ceased.

- 2.4 Following a transitional period administered by the United Nations under the UN Administration in East Timor (UNTAET), Timor-Leste gained formal independence on 20 May 2002. The country became formally known as the Democratic Republic of Timor-Leste. Mr Kay Rala Xanana Gusmão became the first President and Mr Mari Alkatiri was appointed Prime Minister.
- 2.5 In April and May 2006 there was a rapid deterioration in security following a strike by military personnel. In April, riots broke out in the capital (Dili) among rival groups within the military and the police. Renewed fighting between the pro-government troops and disaffected Falentil troops (the military wing of the Fretilin party) broke out in May. Forty people were reported killed and some 150,000 people were displaced and moved to camps outside of Dili and Baucau. In July 2006, following calls for his resignation, Prime Minister Alkatiri stepped down and was replaced by Dr José Ramos-Horta.
- 2.6 The Government of Timor-Leste requested that an Australian-led International Stabilisation Force (ISF) be deployed to the country.<sup>2</sup> Also at Timor-Leste's request, the UN Security Council established the United Nations Integrated Mission in Timor-Leste (UNMIT) to provide interim law enforcement and public security until the national police could be reconstituted. A police presence of over 1,600 personnel were deployed to Timor-Leste. The ISF and UNMIT restored stability, which allowed for largely peaceful Presidential and Parliamentary elections to be held in 2007.<sup>3</sup>
- 2.7 In February 2008 a rebel group staged an unsuccessful attack against the President and Prime Minister. The then President, His Excellency Dr José Ramos-Horta, was critically wounded in an assassination attempt and was evacuated to Australia for medical treatment. However, since the attack, Timor-Leste has enjoyed a period of stability.
- 2.8 UNMIT's mandate expired on 31 December 2012 and the UN's peacekeeping mission in Timor-Leste came to an end. The ISF ceased security operations on 22 November 2012 and Australian troops started to

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2 Operation ASTUTE was the military codename for the Australian contingent of the ISF.

3 Central Intelligence Agency, *World Fact Book: Timor-Leste*, viewed 20 January 2013, <[www.cia.gov/library/publications/the-world-factbook/geos/tt.html](http://www.cia.gov/library/publications/the-world-factbook/geos/tt.html)>.

depart Timor-Leste in late November. The ISF withdrawal was completed in April 2013.<sup>4</sup>

- 2.9 Timor-Leste's Constitution, which was approved by a Constituent Assembly held in March 2002, provides for an elected President as head of state and a Prime Minister, appointed by the President, from the political party, or coalition of parties, with a majority in the unicameral National Parliament. The President is elected by absolute majority vote through a two-round system to serve a five-year term. Timor-Leste has a universal franchise for citizens over the age of 17. Voting is not compulsory.
- 2.10 The National Parliament has between 52 and 65 seats with its members elected through a closed-list proportional representation system and serving five year terms. One in three candidates put forward on a party list must be a woman. There is one nationwide constituency and a three per cent threshold for entering Parliament. Ministers are appointed by the Prime Minister and may be drawn from within or outside the Parliament.
- 2.11 At the time of the Committee's visit in November 2011, Fretilin held 21 seats in the Parliament and the National Congress for the Reconstruction of Timor (CNRT) held 18 seats. Following the Parliamentary elections in 2007, the CNRT combined with four minor parties to form the Alliance for a Parliamentary Majority (AMP) coalition Government, with Mr Xanana Gusmão appointed Prime Minister.<sup>5</sup> At the time of the visit, the President of Timor-Leste was His Excellency Dr José Ramos-Horta.
- 2.12 Presidential elections were held on 17 March 2012 with the run-off held on 16 April 2012. Former Chief of the Armed Forces and CNRT candidate José Maria Vasconcelos, more commonly known by his nom-de-guerre Taur Matan Ruak, was elected with 61.23 per cent of the vote.
- 2.13 Parliamentary elections were held on 7 July 2012 with 75 per cent voter participation. The CNRT, led by Prime Minister Xanana Gusmão, received the highest percentage share of the vote (36.68 per cent), followed by Fretilin (29.89 per cent), the Democratic Party (PD) (10.30 per cent) and Frenti Mudansa (3.11 per cent). The seats by party are currently: CNRT 30, Fretilin 25, PD eight and Frenti Mudansa two.<sup>6</sup> The CNRT subsequently

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4 Department of Defence, 'Mission complete for ANZAC diggers', *Media Release*, issued 3 January 2013, viewed 23 January 2013, <[www.defence.gov.au/defencenews/stories/2013/jan/0103.htm](http://www.defence.gov.au/defencenews/stories/2013/jan/0103.htm)>.

5 The other parties in the AMP coalition Government were the Social Democratic Party (PSD), Democratic Party (PD), Timorese Social Democratic Association (ASDT) and the National Democratic Union of the Timorese Resistance (UNDERTIM).

6 Department of Foreign Affairs and Trade, *Timor-Leste country brief*, viewed 23 January 2013, <<http://dfat.gov.au/geo/timor-leste/timor-leste-brief.html>>.

formed a coalition Government with the PD and Fretilin. Supporters of Fretilin held protests in Dili and some localised violence occurred. However, the national police were able to restore order quickly.

- 2.14 Noting the previous experience of violence and social disruption, the delegation was very impressed at how generally peaceful the period was following the 2012 election and how the outcome was, in the main, well received by the people.

## Economic overview

- 2.15 In 2012 Timor-Leste's Gross Domestic Product (GDP) was estimated to be US\$4.173 billion, with GDP per capita of approximately \$3,730.<sup>7</sup>
- 2.16 Timor-Leste has experienced strong economic growth since the events of 2006, with the country's real GDP growing by an average of 11.9 per cent per year since 2007. The growth has been underpinned by public spending. The International Monetary Fund (IMF) forecasts that Timor-Leste will continue to experience annual growth rates of around 10 per cent over the next five years.<sup>8</sup> However, strong economic growth has been accompanied by very high inflation, which reached nearly 18 per cent in January 2012 and has since stabilised at approximately 11 per cent. Timor-Leste's 2013 Budget documents state that the Government is determined to ensure that inflation further declines and recognises that controlling growth in total expenditure will be important in achieving this goal.<sup>9</sup>
- 2.17 Timor-Leste's 2013 Budget, which was approved by the Parliament on 18 February, proposes total expenditure of US\$1.65 billion (\$150 million less than originally proposed). Overseas development assistance will contribute some \$203.4 million to the country's combined sources Budget total.<sup>10</sup> While there has been a trend of increasing budget expenditure

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7 International Monetary Fund, *World Economic Outlook Database*, April 2013, viewed 28 May 2013, <[www.imf.org/external/pubs/ft/weo/2013/01/weodata/index.aspx](http://www.imf.org/external/pubs/ft/weo/2013/01/weodata/index.aspx)>; UN Statistics Department, *World Statistics Pocketbook*, viewed 27 May 2013, <<http://unstats.un.org/unsd/pocketbook/PDF/2011/Timor-Leste.pdf>>.

8 IMF, *World Economic Outlook: Coping with High Debt and Sluggish Growth*, IMF, Washington DC, October 2012, p. 194.

9 Ministry of Finance, Government of the Democratic Republic of Timor-Leste, *2013 State Budget, Book 1*, p. 6, viewed 20 January 2013, <[www.mof.gov.tl/](http://www.mof.gov.tl/)>.

10 Minister of State, Government of the Democratic Republic of Timor-Leste, *2013 State Budget of Timor-Leste unanimously approved*, viewed 16 April 2013, <<http://timor-leste.gov.tl/>>; Ministry of Finance, Government of the Democratic Republic of Timor-Leste, *2013 State Budget, Book 5*, p. 5, viewed 16 April 2013, <[www.mof.gov.tl/](http://www.mof.gov.tl/)>. Development Partners will provide a further US\$12.9 million in loans for two on-going projects, bringing total Official Development Assistance in 2013 to US\$216.3 million.

since 2007, expansionary fiscal policy has been credited with decreasing extreme poverty levels in Timor-Leste and with funding vital investments in basic infrastructure, building human capacity and sectoral development.<sup>11</sup>

2.18 Government expenditures are allocated to three funds as follows:

- Core Fund of the Government of Timor-Leste, which funds all Ministries' budgets and includes five appropriation categories (salaries, goods and services, public transfers, minor capital, and capital and development), accounts for 55.8 per cent of total Government expenditure (US\$1 billion in 2013);
- Infrastructure Fund, which funds a range of core infrastructure projects to underpin higher growth (e.g. electricity, the Tasi Mane south coast petroleum infrastructure project and roads), accounts for 41.9 per cent of total Government expenditure (US\$604 million in 2013<sup>12</sup>); and
- Human Capital Development Fund, which supports the development of human capital in Timor-Leste (e.g. scholarships and vocational training) accounts for 2.4 per cent of total Government expenditure (\$US42 million in 2013).<sup>13</sup>

2.19 The petroleum (oil and gas) sector accounts for some 78.5 per cent of Timor-Leste's GDP (in 2011), rendering the economy the most heavily petroleum dependent in the world. Oil and gas revenue derives principally from the Bayu-Undan field, operated by ConocoPhillips, in the Joint Petroleum Development Area (JPDA), which is shared by Australia and Timor-Leste and was established by the Timor Sea Treaty entered into by Australia and Timor-Leste in April 2003. Under the terms of the Treaty, Timor-Leste receives 90 per cent of the revenue from petroleum production in the JPDA, and Australia receives the remaining 10 per cent.<sup>14</sup> A map of the Timor Sea Area is at Appendix B.

2.20 In June 2005 Timor-Leste established a Petroleum Fund to manage its petroleum revenues transparently and sustainably. As at 31 May 2012, the

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11 Secretary of State for the Council of Ministers of the Democratic Republic of Timor-Leste, *Timor-Leste predicted to be one of the top ten fastest growing economies for 2011*, Statement issued 20 January 2011, viewed 18 January 2013, <[www.timor-leste.gov.tl](http://www.timor-leste.gov.tl)>.

12 The final amount allocated to the Infrastructure Fund was reduced by \$150 million to \$604.4 million.

13 Ministry of Finance, Government of the Democratic Republic of Timor-Leste, *2013 State Budget, Book 1*, pp. 22–31, viewed 20 January 2013, <[www.mof.gov.tl/](http://www.mof.gov.tl/)>.

14 Department of Foreign Affairs and Trade, *Australia – Timor-Leste Maritime Arrangements*, Fact Sheet, viewed 21 January 2013, <[http://dfat.gov.au/geo/timor-leste/fs\\_maritime\\_arrangements.html](http://dfat.gov.au/geo/timor-leste/fs_maritime_arrangements.html)>.

Fund's balance was US\$10.35 billion and is projected to be \$12.37 billion by the end of 2013.<sup>15</sup>

- 2.21 Withdrawals from the Petroleum Fund account for the overwhelming share of revenues expended by the Government – withdrawals accounted for over 82 per cent of public spending in 2012 and will account for some 66 per cent in 2013. Withdrawals have exceeded the Estimated Sustainable Income (ESI) level of the Fund (i.e. the approximate level at which funds can be withdrawn while maintaining long-term capital value) since 2009, although withdrawals are budgeted to be reduced in line with the ESI and amount to US\$787 million in 2013.<sup>16</sup>
- 2.22 The Petroleum Fund Law permits the Government to withdraw an amount from the Fund in excess of ESI provided that a justification that it is in the long-term interest of Timor-Leste to do so is submitted to, and approved by, the National Parliament.

## Development context

- 2.23 Timor-Leste ranked 134 out of 186 countries in the United Nations 2013 Human Development Index.<sup>17</sup> Thirty seven per cent of Timorese – almost 450,000 people – live below the global poverty line of US\$1.25 per day.<sup>18</sup>
- 2.24 Various development indices illustrate the dimensions of poverty in Timor-Leste, such as (with comparisons to Australia in brackets):
- life expectancy at birth is 62 years (Australia: 82 years);
  - the infant (under one year of age) mortality rate is 46 deaths per 1,000 live births (Australia: four deaths per 1,000 live births), while the mortality rate for children under five years of age is 55 deaths per 1,000 live births (Australia: five deaths per 1,000 live births);
  - the adjusted maternal mortality ratio (in 2008) was 370 deaths per 100,000 live births (Australia: eight deaths per 100,000 live births);

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15 Ministry of Finance, Government of the Democratic Republic of Timor-Leste, *2013 State Budget, Book 1*, p. 7, viewed 20 January 2013, <[www.mof.gov.tl/](http://www.mof.gov.tl/)>.

16 Minister of State, Government of the Democratic Republic of Timor-Leste, 2013 State Budget of Timor-Leste unanimously approved, viewed 16 April 2013, <<http://timor-leste.gov.tl/>>; Ministry of Finance, Government of the Democratic Republic of Timor-Leste, *2013 State Budget, Book 1*, p. 5, viewed 20 January 2013, <[www.mof.gov.tl/](http://www.mof.gov.tl/)>.

17 United Nations Development Program (UNDP), *Human Development Report 2013*, UNDP, New York, 2011, p. 15, viewed 27 May 2013, <[http://hdr.undp.org/en/media/HDR2013\\_EN\\_Summary.pdf](http://hdr.undp.org/en/media/HDR2013_EN_Summary.pdf)>.

18 AusAID submission to the JSCFADT inquiry into Australia's relationship with Timor-Leste (*Submission No. 22*, p. 6).

- 45 per cent of children under the age of five are moderately to severely underweight, while 56 per cent of children under the age of five suffer from stunting; and
  - average years of schooling is 2.8 (Australia: 12 years) and the rate of adult literacy is 50.6 per cent (Australia: 99 per cent).<sup>19</sup>
- 2.25 Nevertheless, the UN reports that poverty in Timor-Leste is decreasing. For instance, since 2005 life expectancy at birth has increased by two years, primary school enrolment has jumped from 63 per cent to 90 per cent and the country is forecast to virtually eliminate adult illiteracy by 2015.<sup>20</sup>
- 2.26 As at July 2012 Timor-Leste had a population of approximately 1.2 million, with the population forecast to grow at an average annual rate of 2.9 per cent between 2010 and 2015.<sup>21</sup> In 2011 the median age in Timor-Leste was 16.6 (in comparison, the median age in Australia was 36.9).
- 2.27 While the official unemployment rate is only 3.6 per cent, almost 70 per cent of the working population (176,000 people) were classified as being in ‘vulnerable employment’ in 2009–10; that is, working for themselves or in subsistence agriculture. These people are considered unlikely to have any guaranteed salary and will probably not have any job security. The *Timor-Leste Labour Force Survey 2010* states that the level of vulnerable employment is a more useful indicator than the unemployment rate.<sup>22</sup>
- 2.28 The official languages of Timor-Leste are Tetum and Portuguese, while Indonesian and English are working languages. In addition, there are some 16 Indigenous languages spoken across Timor-Leste.

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19 See: United Nations International Children’s Emergency Fund, *Country statistics*, viewed 20 January 2013, <[www.unicef.org/statistics/index\\_countrystats.html](http://www.unicef.org/statistics/index_countrystats.html)>; ICF Macro, *Timor-Leste Demographic and Health Survey 2009-10*, Ministry of Finance, Democratic Republic of Timor-Leste, Calverton, Maryland, December 2010.

20 UNMIT, *Timor-Leste and the United Nations: Building on stability*, 2012, viewed 23 January 2013, <<http://unmit.unmissions.org/>>.

21 UNDP, *Human Development Report 2011 – Sustainability and Equity: A Better Future for All*, UNDP, New York, 2011, p. 164, viewed 20 January 2013, <<http://hdr.undp.org/en/reports/global/hdr2011/>>.

22 Secretariat of State for Vocational Training and Employment and the National Statistics Directorate, Government of the Democratic Republic of Timor-Leste, *Timor-Leste Labour Force Survey 2010*, p.viii, viewed 21 January 2013, <<http://dne.mof.gov.tl/publications/index.htm>>.

## Visits and issues discussed in Timor-Leste

2.29 The formal program commenced with a briefing by the Ambassador, His Excellency Mr Miles Armitage, Defence Attaché, Commander of the ISF, AusAID Head and the Head of the Timor-Leste Police Development Program. Issues canvassed included the 2012 Budget debate set to commence shortly after the visit, capacity building among the Timorese civil service, scholarships for the Timorese to work in Australia and the need for English language training, and the desire of Timor-Leste to become a member of ASEAN.

## Defence support and cooperation

2.30 Accompanied by the Head of the ADF Defence Cooperation Program (DCP) in Timor-Leste, Lieutenant Colonel Ron Baumgart, the delegation visited the Timor-Leste Defence Force (F-FDTL) Training Facility at Metinaro, which was constructed with funding provided under the DCP.

2.31 The DCP in Timor-Leste, which commenced in 2001 and currently involves 24 ADF personnel, aims to assist with the development of the F-FDTL through military training, advice and support. The Program is conducted independently of the ADF military commitment to the UN's mission in Timor-Leste. The Program conducts a range of activities and projects with the F-FDTL, embracing training and advisory roles such as:

- English language instruction to prepare military personnel for further military education and training opportunities;
- Leadership training, development and skills enhancement for junior military personnel;
- Higher-level staff training in the areas of command, leadership and discipline and military planning, logistics and administration;
- Communications, equipment and management training to support the military command network; and
- Senior level Ministry of Defence and military advice, including capability and force development, military doctrine, financial, communications and finance and budget coordination advice.<sup>23</sup>

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23 Department of Defence, *Defence Support to Timor-Leste*, viewed 17 April 2013, <<http://www.defence.gov.au/opspire/>>.



- 2.32 The 26 courses being provided to the F-FDTL at the Training Facility include Engineering, Construction, Vocational Mathematics, HF / VHF Communications, Combat Medic first aid techniques, Logistics and Small Arms Instructor training.
- 2.33 The value of the English language training provided under the DCP was emphasised to the delegation. The training program typically takes two years and is conducted by four contract ESL teachers. Following the training, two Timorese officers are admitted to Australia's Royal Military College for each intake. Army officers are also sent for further training to New Zealand, Portugal, Japan and intermittently to the United States of America. Portugal provides the F-FDTL with all basic military training.
- 2.34 It was explained that the Metinaro Facility needs resourcing in order to continue its work and that despite the F-FDTL being offered support from a range of donors, the training provided by the ADF in Timor-Leste is unique.
- 2.35 It was explained that the F-FDTL is comprised of approximately 1,800 personnel. This includes some 400 officers and approximately 200 naval personnel. The remuneration for F-FDTL personnel was said to be good relative to the private sector, with officers of Captain rank earning some A\$300 per month. A recent intake received some 17,000 applicants, from which 700 recruits were selected.
- 2.36 The delegation noted that ADF engagement with Timor-Leste will continue following the conclusion of ISF operations through the DCP.
- 2.37 The visit to Metinaro was followed by a tour of Port Hera, where the delegation was briefed by Lieutenant Commander Derek Robinson on Timor-Leste's maritime security issues and the assistance provided by the ADF. This has included the preparation of a master plan for the possible redevelopment of Port Hera. The delegation also had the pleasure of having lunch with Australian and New Zealand military personnel at Camp Phoenix.

### Australian-funded aid projects

- 2.38 Australia is Timor-Leste's largest bilateral aid donor, contributing A\$104.2 million in 2011-12. In the period from 1999 to June 2011, Australia donated \$1.04 billion in emergency and development aid to Timor-Leste.
- 2.39 Australia expects to provide \$116.7 million in Official Development Assistance (ODA) to Timor-Leste in 2012-13, comprising \$84.3 million in AusAID funding and \$32.4 million in funding by other Australian

Government departments, virtually all of which will be provided via the Australian Federal Police.

- 2.40 Development assistance is delivered under a *Strategic Planning Agreement for Development between the Government of Timor-Leste and the Government of Australia* (2011) and is based on priorities and targets identified by the Government of Timor-Leste in its *Strategic Development Plan 2012–2030*.

Figure 2.1 The delegation visiting Timor-Leste's naval facilities and patrol boats at Port Hera



- 2.41 Australian aid funding is mainly provided for projects in the following priority areas, with the percentage of the total ODA for 2012-13 shown in brackets:

- *Saving lives* (18 per cent)

Examples: Rural Water Supply and Sanitation Program ('BESIK') and the Australia Timor-Leste Program of Assistance for Specialised (medical) Services (ATLASS) which is intended to develop a cohort of Timorese doctors with the ability to provide a basic range of medical, surgical, and maternity services.

- *Promoting opportunities for all* (14 per cent)

Example: Education Sector Support Program to improve the education system of Timor-Leste so that the Government can deliver better education services to its people. In particular, the Program aims to help the Ministry of Education to improve its budgeting, planning and reporting.

- *Sustainable economic development* (12 per cent)

Example: 'Seeds of Life', run in partnership with the Australian Council for International Agricultural Research, aims to improve food security and reduce hunger in Timor-Leste.

- *Effective governance* (45 per cent)

Example: Electoral Capacity Building Program aimed at helping Timor-Leste's citizens to better participate in their democracy. The program is delivered by the Australian Electoral Commission.

- 2.42 Following the Australian Government's announcement on 17 December 2012 to reprioritise resources within the aid budget, the 2012-13 budget estimate for the Timor-Leste country program was reduced by \$8.3 million. This comprises deferral of payments to 2013-14 from the health program (\$3.0 million) and the rural roads program (\$5.3 million).
- 2.43 The delegation visited a range of aid projects in Dili and the districts. These visits highlighted the breadth of the development assistance being provided and the challenges being encountered.
- 2.44 Given the levels of malnutrition in Timor-Leste, the delegation was inspired to hear of the nutritional benefits that Timorese children and pregnant and lactating women are receiving from fortified blended food that a company, Timor Global, is producing for the Timorese Government's Supplementary Feeding Programme. Timor Global is supported by the World Food Programme, AusAID and the governments of Japan and Spain.
- 2.45 Accompanied by Mr Alberto Mendes, Country Director for the World Food Program, the delegation visited Timor Global's factory at Railaco in the Ermera district where the food, known as Timor-Vita, is produced.
- 2.46 The Timor-Vita product is intended to be of high quality and locally produced. It is meant to increase food security and address malnutrition. Being pre-mixed and packaged, the food is straight forward to distribute and use. The composition of the food has been adjusted to meet the taste of Timorese women and children, and to meet their nutritional needs as a

supplementary food. At the time of the delegation's visit, monthly production of Timor-Vita was some 200 tonnes which was sufficient to supply 35,000 people (35 per cent of the total estimated beneficiaries).

- 2.47 The delegation noted that, in addition to its ease of use, apparent acceptability amongst the population and the nutritional benefits, Timor-Vita is also intended to replace imports of foreign produced food and provide a market for Timorese farmers using local agricultural products.

Figure 2.2 Mr Nick Champion MP discussing the Timor-Vita fortified blended food product with Mr Bobby Lay Ni Sing of Timor Global



- 2.48 Also at Railaco the delegation received briefings from representatives of a number of NGOs supported by AusAID, including BESIK (water, sanitation and hygiene), Seeds of Life (agriculture), Health Alliance International (maternal and child health) and Marie Stopes (contraception). The delegation also met with Australian volunteers working in Ermera.



Figure 2.3 Timor-Vita fortified blended food which is being produced with AusAID support



- 2.49 The Seeds of Life program, which is supported jointly by AusAID and the Australian Council for International Agricultural Research, is intended to improve food security in Timor-Leste through increased productivity of major food crops (maize, rice, sweet potato, cassava and peanuts) under usual farming practices. A key goal of the program is to ensure that the Timorese people have sufficient carbohydrates, which some 100,000 families currently lack at key times of the year. Specific objectives of the program, which is now in its third five-year phase since it commenced in 2000, include ensuring that 107,000 farmers (some 70 per cent of all farmers in Timor-Leste) are planting improved varieties of food crop. It is intended that the majority of farming families will increase their food

production by around 50 per cent each year, accessing hundreds of tonnes of maize, rice and peanut seed and tens of millions of cuttings of improved varieties of sweet potato and cassava crops via a national seed system.

- 2.50 Two members of the delegation, Mrs Joanna Gash MP and the Hon Dr Sharman Stone MP, travelled to Remexio in the district of Aileu to view a solar lighting system project funded by an Australian friendship group from Kangaroo Valley in NSW (the Kangaroo Valley-Remexio Partnership). The project had provided power to some 860 homes in the district at the time of the visit and the KVRP had raised \$180,000 since 2009 towards the Village Lighting Scheme.
- 2.51 In Dili, the delegation visited the National Hospital and Eye Clinic and received briefings from Dr Eric Vreede of ATLASS and Ms Mandy Whyte from Fred Hollows New Zealand, both of which are funded by AusAID. Dr Vreede informed members that ATLASS supports the Royal Australasian College of Surgeons teams which travel to Timor-Leste for short periods to provide specialist services (such as cataract or cleft palate surgery), primarily in the districts. The program also supports three Timor-Leste-based international specialists in anaesthesia, general, and orthopaedic surgery. Dr Vreede and Ms Whyte conducted members on a visit of the National Eye Centre which was nearing completion at the time of the visit.
- 2.52 The delegation visited the Alola Foundation, a local NGO supported by AusAID which facilitates a range of programs for women and children, and were briefed by the Chair of the Foundation, Ms Kirsty Sword-Gusmao, and the Chief Executive Officer, Ms Alita Verdial.
- 2.53 Ms Sword-Gusmao and Ms Verdial explained that Alola was created in 2001 to raise awareness of the widespread sexual violence against women and girls in Timor-Leste during the militia attacks of September 1999. Since its founding, Alola has expanded its mission to develop women leaders and advocate more generally for the rights of women. In addition to the original focus on gender-based violence, Alola now focuses on four other areas: maternal and child health; education and literacy; economic development; and advocacy for women's rights. It was explained that Alola now has 148 staff and is represented in all districts of Timor-Leste.
- 2.54 Ms Sword-Gusmao described Alola's participation in the development of a Mother Tongue-Based Multilingual Education Policy for Timor-Leste which has now been finalised. It was explained that there are 32 Indigenous languages spoken in Timor-Leste, some of which are listed as endangered by UNESCO.

2.55 This led to a discussion with members concerning the languages taught to Timorese children, the utility of Portuguese and Tetum as the country's two official languages and whether there ought to be greater use of English. The delegation identified the problem associated with teachers and students being required to mostly learn in the national language of Portuguese, particularly given how few of the younger generation now speak this language fluently or at all.

## Police support

- 2.56 The delegation received a briefing from the Head of the Timor-Leste Police Development Program (TLPDP), Commander Charmaine Quade, and other members of the Australian Federal Police who form the Executive of the TLPDP.
- 2.57 Commencing in 2004, the TLPDP is a capacity building program of assistance to the Policia Nacional de Timor-Leste (PNTL). The overarching objectives of the TLPDP are to assist the Government of Timor-Leste in building the foundations of an effective and accountable police service, and to establish a policing capability which supports and strengthens the rule of law.
- 2.58 Capacity building priorities are focussed on the areas of investigations, training and governance. The TLPDP does not possess executive policing authority and as such does not engage in any aspect of operational policing activities in Timor-Leste.
- 2.59 The TLPDP comprises 33 AFP members, 10 civilian specialists and seven locally engaged staff. Funding for the Program is budgeted to continue to 2014 and is delivered solely by the AFP.
- 2.60 Following the briefing, the delegation was conducted on a tour of the Police Training Centre (PTC) in Comoro by the PTC's Commandant, Chief Superintendent Carlos Jerónimo. In May 2010 the TLPDP commenced a three-year \$6 million design, building and refurbishment of the PTC, which was largely completed at the time of the delegation's visit.
- 2.61 The training component of the TLPDP, which is provided at the PTC, has two main elements:
- developing and delivering diploma and certificate training in Executive Police Management to over 250 Police Executive Officers; and
  - investigations training for the PNTL Criminal Investigations Service.

- 2.62 At the time of the delegation's visit, the AFP also had 50 members deployed to UNMIT, working under the command of the UN. Since July 1999, over 800 AFP members have been deployed to UN missions within Timor-Leste. With the expiry of its mandate in December 2012, the remaining AFP members deployed to UNMIT were withdrawn. The AFP's presence in Timor-Leste continues with the TLPDP.

Figure 2.4 The delegation visiting the Police Training Centre, accompanied by Chief Superintendent Carlos Jerónimo, Australia's Ambassador His Excellency Mr Miles Armitage and Australian Federal Police Commander Charmaine Quade



## Vice-Minister for Foreign Affairs

- 2.63 The delegation held discussions with the Vice-Minister for Foreign Affairs, His Excellency Mr Alberto Carlos. The Vice-Minister expressed the Government of Timor-Leste's gratitude for Australia's efforts during its struggle for independence and with development assistance since.
- 2.64 The Vice-Minister requested Australia's support for Timor-Leste's application to join the Association of Southeast Asian Nations (ASEAN). He noted the impediments to Timor-Leste's application that are



sometimes cited. These include the size of the Timorese economy, the level of development, uncertainty as to Timor-Leste's readiness for economic integration with the other ASEAN countries, and that a significant UN presence remains in the country. The positions of various regional countries on Timor-Leste's application were discussed.

2.65 Issued canvassed by members included:

- The status of the relationship between Timor-Leste and Indonesia. The Minister responded that the relationship was now very constructive. It was remarked that Timor-Leste 'needs friends' and simply must foster good relations with Indonesia. The delegation was encouraged by these sentiments.
- Employment for the people of Timor-Leste and, specifically, youth employment. Minister Carlos stated his belief that the quality of education and public health needs to improve and that assistance is needed from neighbouring countries, especially in education and infrastructure. He would like to see more scholarships for Timorese students to study in Australia but also hopes that, in time, Timor-Leste could establish one or two good universities of its own. The Minister noted that there is some \$25 million in the Budget for human capital development, which includes funding to study abroad.
- Foreign investment. The delegation enquired how Australia might assist in meeting what is a major challenge for the Government of Timor-Leste in developing new industries which can provide employment. The Minister responded that Timor-Leste clearly needs to attract more foreign investment, but that some potential investors remain concerned about political stability in the country. He noted that the Chinese have a couple of projects underway, but would welcome more interest from Indonesia, Australia and New Zealand. Noting that Timor-Leste is a picturesque country with a scenic coast line and mountains nearby, the delegation enquired whether a tourism and hospitality sector could be developed in the country. The Minister agreed, noting that some students are going abroad, including to Australia, to gain experience in the tourism industry. However, he noted that more needs to be done to develop facilities and places for tourists to visit.

2.66 Members of the delegation expressed their hope that the various AusAID funded projects they had seen would succeed for the people of Timor-Leste, noting in particular the Timor-Vita, Seeds of Life and BESIK initiatives helping to combat malnutrition and improve rural water supplies.

## President of the National Parliament

- 2.67 The delegation held discussions with the then President of the National Parliament, His Excellency Mr Fernando 'Lasama' de Araujo MP.<sup>24</sup>
- 2.68 President Araújo was born in Ainaro in 1963. It is reported that, at the age of 12, he witnessed 18 members of his family massacred by the Indonesian Army.<sup>25</sup> Later, he studied literature in Bali and was selected as the first secretary general of the East Timor Students' National Resistance (RENETIL), which he founded. As a result of his student activism, he was arrested in 1991 and taken to Jakarta where he was tried for subversion and incarcerated by the Indonesian authorities from 1991 to 1998.
- 2.69 After his release, Araújo studied and taught at the University of Melbourne from 1999 to 2001. In 2001 he formed the Democratic Party, which became the second-largest party represented in the National Parliament following independence in 2002.
- 2.70 In the June 2007 Parliamentary election, the Democratic Party joined a four-party coalition government headed by Prime Minister (and former President) Xanana Gusmão. At the first session of the new Parliament, Araújo was elected President of the National Parliament.
- 2.71 Following the attack which seriously wounded President José Ramos-Horta in February 2008, Araújo became acting President, serving for two months until President Ramos-Horta resumed his official duties.
- 2.72 President Araújo welcomed the delegation to Timor-Leste and responded to a number of questions from the delegation about the challenges facing the country. Committee members enquired about Timor-Leste's wish to join ASEAN, freedom of movement across the border with Indonesia, tariff levels, the levels of government and their responsibilities in Timor-Leste, women in the Parliament, policies to address unemployment and the likely priorities for the government following the 2012 elections.
- 2.73 The President remarked that the Timorese people expect the post-2012 government to accelerate infrastructure development and improve the education sector. The public had hoped that change would be more rapid than it has proven to be. He commented that a smaller coalition of perhaps three or four parties would be preferable to the current coalition which

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24 Following the Parliamentary elections held in 2012, Araújo was appointed Vice Prime Minister and Coordinator of Social Affairs. Vicente da Silva Guterres was elected President of the National Parliament.

25 Biographical information obtained from *The Freedom Collection*, George W. Bush Institute, viewed 3 May 2013, <[www.freedomcollection.org/](http://www.freedomcollection.org/)>.

involves five parties. The President noted that the CNRT and his own Democratic Party have a similar vision and are likely to remain in coalition.

Figure 2.5 Mr Michael Danby MP with the President of the National Parliament of Timor-Leste, His Excellency Mr Fernando 'Lasama' de Araújo MP



- 2.74 In regards to women in the National Parliament, the President noted that at least one third of parliamentarians must be women and that there are currently 23 women Members. He also noted that the women parliamentarians meet together regularly and have their own caucus.
- 2.75 The President commented that the biggest threat to Timor-Leste is unemployment. He specifically mentioned the importance of inculcating a work ethic among the East Timorese people and felt that sending workers to Japan, Korea, Australia and Malaysia may be a way of gaining this ethic, which would be characterised by what he termed a 'salaried' versus a 'subsistence' mentality.
- 2.76 It was noted that a small number of East Timorese will be travelling to Broome in February 2012 to work for a six month period in the pearling industry as part of Australia's Seasonal Worker Program. The President commented that developing tourism and hospitality industry skills was very important for the country.
- 2.77 In regards to the development of infrastructure, the President commented that hitherto the land law has been a significant challenge, for example in resolving land title issues and giving investors certainty. However, he noted that legislation to resolve these difficulties is now before the Parliament and was expected to be passed in January 2012.<sup>26</sup> This should assist, he remarked, in establishing a climate more favourable for investment. It was also noted that a project is now underway, with US and Australian assistance, to establish a comprehensive land title register.
- 2.78 President Araújo identified illegal fishing as a major challenge and conceded that Timor-Leste's patrol boats, which the delegation observed at Port Hera, were not suitable for patrolling the south coast. He noted that a key problem is the maintenance of the boats, which currently go to Surabaya in Indonesia for repairs. Options could include obtaining a floating dock from Australia. The President estimated the value of stolen fish at some \$40 million per year, which he felt would likely exceed the cost of addressing the maintenance challenge for the vessels.
- 2.79 The delegation expressed its admiration for Timor-Leste's establishment of a Petroleum Fund to preserve and best utilise the wealth obtained from the country's petroleum resources. The President pointed to the on-going challenge of ensuring that funds are accumulated while also investing in vital infrastructure to aid the country's development.

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26 The delegation understands that the Land Ownership Bill, which passed the Parliament, was vetoed by the President. A new proposal is intended to be presented to the Cabinet.

## Commission B of the National Parliament

- 2.80 The delegation held discussions with the President and members of Commission B, which is the Timorese Parliament's Committee on Foreign Affairs, Defence and National Security.
- 2.81 The responsibilities of Commission B include analysing draft legislation and petitions, conducting research, drafting reports and holding consultations with members of civil society in the policy areas of foreign affairs, defence and national security. The Commission is comprised of 10 members.
- 2.82 The members of Commission B present for the discussion with the delegation were:
- Mr Duarte Nunes MP (CNRT) (President of Commission B)
  - Mr Paulo de Fatima Martins MP (CNRT) (Vice President of Commission B)
  - Mr David Ximenes MP (Fretilin)
  - Mr José Teixeira MP (Fretilin)
  - Mr Domingos Mesquita MP (PUN<sup>27</sup>)
  - Mr Adriano Nascimento MP (PD)
  - Mr Cornelio 'L7' Gama MP (UNDERTIM<sup>28</sup>)
- 2.83 President Nunes was born in Lospalos in 1953. He is the Second Vice-Secretary General of CNRT, of which he was a founding member. Mr Nunes was a sergeant in the Portuguese army from 1973 to 1975 and became a member of the Armed Forces for the National Liberation of East Timor (FALINTIL) during the resistance from 1975 to 1979. He was imprisoned by the Indonesians from 1979 to 1982. Mr Nunes was elected to the National Parliament in 2007 and was President of Commission B until 2012.<sup>29</sup>
- 2.84 President Nunes noted the strong bilateral relations that exist with Australia and requested ongoing Australian assistance to support the development of Timor-Leste. The President specifically sought Australia's continued support for maritime security, especially in relation to illegal
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27 PUN (National Unity Party).

28 UNDERTIM (National Democratic Union of the Timorese Resistance)

29 Following the Parliamentary elections held in 2012, Mr Nunes became Vice President of Commission B and Ms Maria Lurdes Martins de Sousa Bessa MP was elected its first woman President.



fishing in Timorese waters. He noted that an agreement is in place with Indonesia for maritime security arrangements and progress has also been made concerning the land border.

Figure 2.6 The delegation in discussion with members of Commission B of the National Parliament



- 2.85 Mr José Teixeira MP, a member of the major opposition party Fretilin, explained that his party was committed to maximising outcomes from the Greater Sunrise development for the benefit of Timor-Leste and Australia consistent with the framework of the treaties (see map of the Timor Sea Area at Appendix B).
- 2.86 Mr Teixeira noted shared interests such as addressing irregular people movement and said Timor-Leste wants to play a constructive role in international affairs as a responsible nation. He noted that both CNRT and Fretilin wish to see Timor-Leste admitted to membership of ASEAN. Mr Teixeira suggested that Australia has been a positive role model for Timor-Leste in a number of areas including Australia's commitment to the rule of law, its strong justice sector and community policing model. He sought further assistance to strengthen the F-FDTL and suggested civil-

military cooperation was another area that would benefit from increased Australian support.

- 2.87 Mr Teixeira identified economic and trade relations as an area where the two countries had not yet done enough and called for an Austrade presence in Timor-Leste. He called for improved access to Australian markets for Timorese goods. Finally, Mr Teixeira noted that while there may be times when Australia and Timor-Leste differ in their positions on issues, he believes that the two nations can do so as good friends.
- 2.88 Mr Adriano Nascimento MP also emphasised Timor-Leste's strong desire for onshore processing via a pipeline (as opposed to a floating facility) of the Greater Sunrise gas and condensate resource, which he argued would be a way to stimulate economic development and thereby contribute to stability in Timor-Leste.
- 2.89 The delegation further explored the issues of maritime security, the link between economic development and political stability and the development of the Greater Sunrise fields.
- 2.90 Members of Commission B explained that Timor-Leste has nine boats at present, but these cannot be berthed and Port Hera has problems with silting and flooding. Australia has assisted with a blueprint to resolve these issues. It was explained that maritime security is crucial to Timor-Leste, particularly because of the illegal fishing issue. As also mentioned by the President of the Parliament, Commission B members remarked that illegal fishing costs the country some \$40 million per year. Redevelopment of Port Hera would cost in the order of \$50 million and so it was argued that this would be a good investment. Redevelopment of the Port would involve moving the mouth of the adjacent river and building a substantial rock wall.
- 2.91 In relation to the question of whether development of the Greater Sunrise fields should be on or offshore, delegation members expressed the view that while there is tremendous good will for the people of Timor-Leste in Australia, the mode of development is ultimately a business decision for the Joint Venture Partners and not the respective parliaments. It was also remarked that while LNG projects can generate considerable income and employment during the construction phase, they tend not to provide large numbers of jobs in the operational phase. Consequently, the delegation members suggested that it may be prudent for the Timorese to focus on other projects as well.



Figure 2.7 Mr Michael Danby MP with the President of Commission B, Mr Duarte Nunes MP



## United Nations Integrated Mission in Timor-Leste

2.92 The delegation was briefed by the UN Secretary-General's Special Representative (UN SRSG) for East Timor, Ms Ameerah Haq, and her senior leadership team, including Mr Shigeru Mochida (Deputy SRSG for the Security Sector), Mr Finn Reske-Nielsen (Deputy SRSG for



Governance, Support, Development and Humanitarian Coordination), Mr Luis Carrilho (Police Commissioner) and Mr Toby Lanzer (Chief of Staff to the SRSG).

- 2.93 The UN SRSG and her team briefed members on the security environment in Timor-Leste, preparations for the country's elections in 2012, the development challenges in Timor-Leste, and the United Nations Integrated Mission in Timor-Leste's (UNMIT) priorities and transition planning.
- 2.94 Ms Haq expressed her appreciation for Australia's support for Timor-Leste and UNMIT. Ms Haq said Timor-Leste's political leaders appeared to be committed to free, fair and non-violent elections. She described herself as cautiously optimistic about Timor-Leste's prospects but noted a range of ongoing challenges including violence between martial arts groups (MAGs), high levels of youth unemployment and weak governance.
- 2.95 It was noted that small incidents can escalate rapidly in Timor-Leste. For example, a stabbing which recently took place in Zumalai during a fight between MAGs led to a large number of houses being destroyed.
- 2.96 Ms Haq noted that the Bishop of Baucau, Basílio do Nascimento Martins, had brought representatives of all political parties together for two rounds of talks, most recently on 20 July 2011. All parties committed to non-violence.
- 2.97 UNMIT handed over policing responsibilities to the PNTL in March and there has been no spike in crime since that time, which Ms Haq commented bodes well for the security situation. UN assistance with the conduct of elections has decreased overtime and in 2012 will be limited to technical assistance to the Timorese only.
- 2.98 Commenting on the level of maturity now evident in Parliamentary processes and debate, Ms Haq felt that the 10<sup>th</sup> anniversary of independence in 2012 would be an appropriate time for the UN to depart the country, assuming the positive trends continue. As noted above, UNMIT's mandate expired on 31 December 2012 and the UN's peacekeeping mission in Timor-Leste came to an end.
- 2.99 It was explained that UNMIT will have three priorities during its final year:
- Continued, intensified work with the PNTL to build their operational and logistical capacity. There are currently 1,280 staff in the United Nations Police (UNPOL) in Timor-Leste, of which 257 are specialised

advisors. UNPOL are deployed at the sub-district level across the country.

- Support for the conduct of the 2012 Presidential and Parliamentary elections. The UN will engage in voter education and particularly reach out to women to ensure that women are well represented in each party.
- The UN's own transition. Ms Haq explained that she had signed a joint transition plan with the President and Prime Minister. The plan sets out the (129) activities to be undertaken by UNMIT to 31 December 2012, what UN presence will remain following the expiry of UNMIT's mandate, and what work may be picked up by the bilateral partners, including Australia (e.g. police training). At the time of the delegation's visit, the form of on-going link to the UN Security Council had not been determined. Ms Haq explained that it was possible there could be a small ongoing UN police presence but that Prime Minister Gusmão had expressed a preference for maintaining a UN political presence only.

- 2.100 Ms Haq remarked that, overall, UNMIT has arguably been the UN's most successful mission.
- 2.101 The delegation raised the possible impact of UNMIT's departure on the locally engaged support staff and on the hospitality sector in Dili. Ms Haq responded that UNMIT was conscious of these issues, noting that there are some 1,000 locally engaged staff that will not have employment following the UN's departure. The local staff will have to be equipped and prepared for the UN's departure. Commenting on the unemployment situation, Ms Haq observed that the private sector is not sufficient to absorb the surplus labour, so public sector employment will be necessary.
- 2.102 Committee members raised the issue of the hidden costs of doing business in Timor-Leste and of anecdotal comment on the presence of corruption in the country. Ms Haq responded that Timor-Leste is listed among the hardest countries in the world to do business in, but that some investors may be waiting until after the elections have been held in order to gauge the level of stability before making investment decisions.
- 2.103 Mr Reske-Nielsen advised that the UN supports the country's Anti-Corruption Commission but that he himself has not witnessed any significant corruption in Timor-Leste. It was remarked that 'Timor-Leste is not Papua New Guinea' but that corruption may be occurring at a middle management level in certain areas of the public service. Timor-Leste's Anti-Corruption Commission now has 18 cases before the courts and the District Commissioner in Dili was recently sentenced to 4.5 years in prison. Nevertheless, it was argued that bilateral partners need to be

realistic about the capacity of the legal institutions in Timor-Leste. An important achievement by the Timorese is that the Petroleum Fund is widely considered to be well managed and this is acknowledged by the opposition parties in Timor-Leste.

- 2.104 On the matter of Timorese forced into western Timor, the UN estimates that there may be between 50,000 and 100,000 Timorese across the border. A trickle of these people are returning. Border passes have been instituted. It was observed that the Government of Timor-Leste is in a quandary on this issue because the return of large numbers of people all at once could pose stability and reintegration challenges, but smaller returns at a village level could possibly be accommodated.
- 2.105 Finally, the delegation enquired as to whether the UN will assess its performance in Timor-Leste following its departure. The Committee was informed that the UN is tracking its activities and achievements, and a review will take place following the expiry of UNMIT's mandate.
- 2.106 As noted in the political overview above, UNMIT's mandate expired on 31 December 2012 and the UN's peacekeeping mission in Timor-Leste came to an end.<sup>30</sup>

## President of Timor-Leste

- 2.107 As its final activity in Timor-Leste, the delegation had the honour of meeting and holding a discussion with the then President of Timor-Leste, His Excellency Dr José Ramos-Horta.<sup>31</sup>
- 2.108 The President made candid and highly informative comments on a range of issues. These included an assessment of Timor-Leste's progress since achieving independence, the mixed success of foreign aid programs over the decade since 2002, Timor-Leste's budgetary situation and the imperative as he saw it for fiscal restraint, issues that required addressing in the lead up to the departure of the UN, and the prospects for fair and peaceful elections in 2012.
- 2.109 Reflecting on Timor-Leste's progress since independence and the effectiveness of the aid provided to the country, the President felt that while much has been achieved more could have been done, both by the Timorese themselves and bilateral partners. For example, in 2002 it had

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30 The UN has published a Fact Sheet summarising UNMIT's achievements, viewed 12 May 2013, <[www.un.org/en/peacekeeping/missions/past/unmit/](http://www.un.org/en/peacekeeping/missions/past/unmit/)>.

31 On 16 April 2012 Taur Matan-Ruak (Major General José Maria Vasconcelos) was elected President of Timor-Leste.

been hoped that electrification of the country would have been completed with some \$3 billion in development assistance by 2011, but is now only being completed with revenues drawn from the Petroleum Fund. He stated that the country was far behind where it was hoped Timor-Leste would be in terms of education infrastructure, and queried why more aid funds had not been spent in this area.

- 2.110 Nevertheless, the President noted that Timor-Leste ranks above most African countries in the Human Development Index. For example, with Cuban assistance, Timor-Leste has a relatively high number of doctors per capita, with some 400 doctors graduating in 2012. School enrolment is now at 90 per cent and the country is aiming for 100 per cent in the next few years.

Figure 2.8 The delegation with the President of Timor-Leste, His Excellency Dr José Ramos-Horta



- 2.111 Turning to the budgetary situation, the President commented that he would like to see the Government begin to exercise fiscal restraint as he believed that government expenditure was unsustainable.
- 2.112 In terms of private sector employment opportunities, the President indicated that he had hoped to see two major hotels under construction in

Timor-Leste by now, but felt that the Timorese bureaucracy had been needlessly obstructionist.

- 2.113 The President expressed confidence that the elections due in 2012 would be peaceful and fair, but felt that with some 22 political parties registered to contest the election an issue could be that no party obtains a clear majority.
- 2.114 Confirming the assessment made by the UN SRSG, the President stated that the UN mission in Timor has been its most successful. He felt that the UN staff had conducted themselves very well to date, there having been no incidents of abusive behaviour.
- 2.115 Commenting on the approach taken to ensure security immediately following the Indonesian withdrawal, the President remarked that a bilateral rather than a UN approach was the right course to have taken. The President expressed his thanks and appreciation for Australia's role in ensuring the security of Timor-Leste following the independence referendum.
- 2.116 Asked what he would prefer to see Australia contributing to at this time, the President emphasised that the approximately \$100 million in development assistance that Australia provides per year is very welcome and noted, as an example, the Seeds of Life program. He felt that an increase in access for vocational training for Timorese people in Australia, greater access to the Seasonal Worker Program and additional assistance for infrastructure would be welcomed.<sup>32</sup> He also expressed the view that less should be spent on consultants associated with the aid program.
- 2.117 The President explained that access to Australia's Seasonal Worker Program has three major benefits for the Timorese people: a source of income, which can be shared with family members in Timor; the fostering of a strong work ethic; and educational and training benefits.
- 2.118 On military training, the President expressed appreciation and support for Australia's Metinaro facility and the English language training it provides. He hoped that more officers could receive advanced training in Australia in the future.

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32 In 2011, 31 Timorese received scholarships to study in Australia through the Australian aid program. In June 2011, 15 Timorese commenced working on a pearl farm near Broome as part of a hospitality pilot program for a possible expansion of the Pacific Seasonal Worker Program. Since then a memorandum of understanding has been agreed with the Government of Timor-Leste and Australia is now receiving Timor-Leste's seasonal workers in the hospitality and horticulture industries.

- 2.119 The President concluded his observations by noting that it was important that Timor-Leste be admitted to membership of ASEAN and he expressed appreciation for Australia and Indonesia's support.
- 2.120 The delegation was honoured to have completed its brief visit to Timor-Leste with such an open and comprehensive discussion with President Ramos-Horta.

## **Concluding comments**

- 2.121 The Committee's delegation was pleased to make what was a brief but enlightening visit to Timor-Leste.
- 2.122 While poverty in Timor-Leste is evident and the development challenges considerable, the delegation noted the determination and quiet optimism of the Timorese people.
- 2.123 The delegation was pleased to observe the many laudable development projects to which Australia is contributing – whether funded through AusAID, the AFP or the efforts of non-government Australian friendship groups with partner communities in Timor-Leste. The delegation was particularly pleased to observe Australian Government support for agriculture (Seeds for Life), water and sanitation (BESIK), and fortified food (Timor-Vita) initiatives.
- 2.124 The delegation notes that several of the Members of the Timorese National Parliament that they held discussions with suffered imprisonment during the period of occupation. The delegation was edified to meet counterparts who were willing to make such sacrifices for their country. Remarkable also was the apparent lack of rancour on the part of the Timorese. Indeed, the Timorese parliamentarians expressed an admirable desire to foster the closest possible relations with Indonesia. Great strides have evidently already been taken in this direction which the delegation applauds.
- 2.125 While noting that Australia's development assistance is provided in accordance with a Planning Agreement with Timor-Leste and is based on priorities identified by the Timorese themselves in their Strategic Development Plan, it became apparent to the delegation that assistance would be welcome in the following areas:
- increased access to vocational training in Australia and to the Seasonal Worker Program;

- on-going defence support and, in particular, for the F-FDTL Training Facility at Metinaro, civil-military cooperation, increased opportunities for Timorese officers to train in Australia, support for the redevelopment of Port Hera and the maintenance of the Timorese naval vessels;
- on-going support for police training and for the wider justice sector; and
- assistance to encourage private sector investment, particularly in the tourism and hospitality industries, establishment of an Austrade presence in Timor-Leste and greater access to Australian markets.

2.126 In February 2013 the Committee commenced an inquiry into all aspects of Australia's relationship with Timor-Leste. The delegation intends that the various issues canvassed in this visit summary will be examined in the course of that inquiry.

2.127 The delegation notes that while it made only a brief visit to the Embassy in Dili, members observed that the fabric of the Embassy seemed in poor condition. Staff and those requiring access to services also appeared to have to work in cramped conditions.





## Indonesia

### Country overview

- 3.1 The Republic of Indonesia is an archipelago located in South-East Asia, straddling the equator and comprising 17,508 islands (6,000 of which are inhabited), which cover 1.9 million square kilometres and three time zones. Indonesia occupies a strategic location astride or along major sea lanes from the Indian Ocean to the Pacific Ocean. A map of Indonesia is at Appendix B.
- 3.2 Indonesia is the world's fourth most populous country with 242 million people, and is the largest Muslim-majority nation (over 86 per cent of the population are adherents of Islam).

### Political overview

- 3.3 Indonesia is a unitary state, headed by a President and Vice President who are directly elected for a five-year term by popular vote. The President and Vice President govern with the assistance of an appointed Cabinet.<sup>1</sup>
- 3.4 Indonesia's 692-member People's Consultative Assembly (*Majelis Permusyawaratan Rakyat* or MPR) is the primary national representative body and is comprised of two houses:
- a 560-member House of Representatives (*Dewan Perwakilan Rakyat* or DPR), elected by proportional representation for five-year terms, with

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1 DFAT, *Indonesia country brief*, viewed 28 May 2013, <[http://dfat.gov.au/geo/indonesia/indonesia\\_brief.html](http://dfat.gov.au/geo/indonesia/indonesia_brief.html)>.

the authority to make legislation, determine the budget and oversee the implementation of legislation by the Cabinet; and

- a 132-member Regional Representative Council (*Dewan Perwakilan Daerah* or DPD), with four representatives from each of Indonesia's 33 provinces, and responsibility for the oversight of regional matters.

- 3.5 Indonesia is the third most populous democracy in the world, after India and the United States. A robust media and civil society, combined with direct and fair elections, are at the heart of Indonesia's maturing political institutions. Since Indonesia's transition to democracy began in 1998, more than 600 direct popular elections have been held in 450 provincial and local governments. Direct elections are now held at all levels of government – sub-district, district, provincial and national levels. Indonesia has also undergone a process of decentralisation since 1999, which has seen control of large amounts of public expenditure and service delivery transferred from the central government to provincial and local governments.
- 3.6 The President, His Excellency Dr Susilo Bambang Yudhoyono, was elected to a second and final five-year term in presidential elections held in July 2009. Receiving around 61 per cent of the national vote and winning ballots in 28 of 33 provinces, President Yudhoyono was the first Indonesian president to be re-elected to office in free and fair elections.
- 3.7 Indonesia held parliamentary elections on 9 April 2009 for the DPR, DPD, provincial legislatures and district councils. President Yudhoyono's Democrat Party received the largest share of the vote, with approximately 21 per cent of the national vote, and secured 26 per cent (148) of DPR seats. The Golkar Party and the Democratic Party of Struggle (PDI-P) each won around 15 per cent of the popular vote – 107 and 94 seats respectively. Islamic-oriented parties, though their overall share of the national vote continued to decline, took the next four places, with the Prosperous Justice Party (PKS) winning around eight per cent (57 seats). New parties, Gerindra and Hanura, led respectively by former generals Prabowo Subianto and Wiranto, won approximately 5 per cent (26 seats) and 4 per cent (17 seats) each.<sup>2</sup>
- 3.8 Voting in Indonesia is non-compulsory but voter participation is among the highest in the world. Democratic elections would seem to be ushering in generational change, with 63 per cent of Indonesian parliamentarians

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2 Secretariat General of the House of Representatives of the Republic of Indonesia, *A Point of View: The House of Representatives Work's Mechanism*, Jakarta, 2010, p. 29.

now under the age of 50, and some 18 per cent of parliamentarians are women, up from 10 per cent in 2004.

- 3.9 The 2009 elections took place on a vast scale. There were 171,068,667 registered voters from 33 provinces, 489 districts and 77 electoral districts. The elections were widely judged to be free and fair, and were largely free of violence. The elections are said to have marked another important milestone in Indonesia's successful transition to a vibrant, open democracy. The next round of national and presidential elections will be held in 2014.

## Economic overview

- 3.10 In 2012 Indonesia's Gross Domestic Product (GDP) was estimated to be US\$878 billion. Indonesia's GDP per capita rose from \$922 in 2002 to \$3,563 in 2012. Indonesia grew by more than six per cent annually over 2010-13 and is forecast by the World Bank to grow by 6.5 per cent in 2014. The inflation rate in 2012 was 4.3 per cent.<sup>3</sup>
- 3.11 The Indonesian Government plays a significant role in the economy. There are some 139 state-owned enterprises and the Government administers prices for several basic goods, including rice, fuel and electricity.
- 3.12 Indonesia's main industries include petroleum and natural gas, textiles, automotive, electrical appliances, apparel, footwear, mining, cement, medical instruments and appliances, handicrafts, chemical fertilizers, plywood, rubber, processed food, jewellery and tourism.
- 3.13 Indonesia's main exports include oil and gas, electrical appliances, plywood, textiles and rubber. Imports include machinery and equipment, chemicals, fuels and foodstuffs.
- 3.14 Indonesia's principal export destinations in 2011 were Japan, China, Singapore, the US, South Korea, India and Malaysia. The principal import sources were China, Singapore, Japan, South Korea, the US, Thailand and Malaysia.<sup>4</sup> In 2012, Indonesia experienced a current account deficit of 2.7 per cent of GDP or US\$24.2 billion. This compared with a 0.2 per cent surplus in 2011.

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3 The World Bank, *Indonesia Economic Quarterly: Pressures mounting*, Washington DC, March 2013, <[www.worldbank.org/content/dam/Worldbank/document/EAP/Indonesia/IEQ-MARCH-2013-English.pdf](http://www.worldbank.org/content/dam/Worldbank/document/EAP/Indonesia/IEQ-MARCH-2013-English.pdf)>, viewed 28 May 2013.

4 Central Intelligence Agency, *World Fact Book: Indonesia*, viewed 29 May 2013, <[www.cia.gov/library/publications/the-world-factbook/geos/id.html](http://www.cia.gov/library/publications/the-world-factbook/geos/id.html)>.

- 3.15 The 2013 Budget, which was passed by the Parliament in October 2012, committed to expenditure of US\$181 billion, an increase of 13.5 per cent on 2012. A budget deficit of 1.7 per cent of GDP was forecast and Government debt was predicted to be 25 per cent of GDP. The Budget featured a significant increase in infrastructure spending, to US\$23.2 billion. However, fuel subsidies (petrol, diesel, and LPG) accounted for \$20.8 billion, or 11.5 per cent, of the Budget.<sup>5</sup>
- 3.16 President Yudhoyono's Administration has managed to achieve many of its fiscal targets. These include a significant drop in debt-to-GDP from 61 per cent in 2003 to 24 per cent in 2012, a budget deficit below three per cent of GDP, and historically low rates of inflation.
- 3.17 During the global financial crisis Indonesia outperformed other regional countries and, in 2009, was the third fastest growing economy in the G20. Fitch and Moody's upgraded Indonesia's credit rating to investment grade in December 2011.
- 3.18 The Government has developed a *Master Plan for the Acceleration and Expansion of Indonesia's Economic Development 2011-2025*, which aims for levels of growth that will allow Indonesia to become one of the ten largest global economies by 2025. The Master Plan, which envisions the creation of a 'self-sufficient, advanced, just, and prosperous Indonesia', targets investments of \$468 billion over the period to 2025, of which 45 per cent is intended to be in infrastructure. One-fifth of the total investment is expected to come from Government, with the rest funded through private investment or by foreign direct investment through public private partnerships.<sup>6</sup>
- 3.19 The Master Plan consists of three principle strategies, listed below, and requires sustained annual growth rates of between seven and nine per cent in order to achieve the overarching objective:
- developing the regional economic potential in six Indonesia Economic Corridors: Sumatra Economic Corridor, Java Economic Corridor, Kalimantan Economic Corridor, Sulawesi Economic Corridor, Bali –

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5 The World Bank, *Indonesia Economic Quarterly: Pressures mounting*, Washington DC, March 2013, p. 19, viewed 28 May 2013, <[www.worldbank.org/content/dam/Worldbank/document/EAP/Indonesia/IEQ-MARCH-2013-English.pdf](http://www.worldbank.org/content/dam/Worldbank/document/EAP/Indonesia/IEQ-MARCH-2013-English.pdf)>.

6 Coordinating Ministry For Economic Affairs, Republic of Indonesia, *Master Plan for the Acceleration and Expansion of Indonesia's Economic Development 2011-2025*, Jakarta, 2011, <[www.depkeu.go.id/ind/others/bakohumas/bakohumaskemenko/PDFCompleteToPrint\(24 Mei\).pdf](http://www.depkeu.go.id/ind/others/bakohumas/bakohumaskemenko/PDFCompleteToPrint(24%20Mei).pdf)>, viewed 29 May 2013.

Nusa Tenggara Economic Corridor, and Papua – Kepulauan Maluku Economic Corridor;

- strengthening national connectivity locally and internationally; and
  - strengthening human resource capacity and national science and technology to support the development of main programs in every economic corridor.
- 3.20 The Plan will seek to encourage large scale investments in 22 main economic activities, which include transportation equipment, shipping, ICT, tourism, fisheries, steel, coal, defence equipment and timber.
- 3.21 Impediments to the Plan's achievement that have been identified include the following: there are currently only a limited number of domestic industries which focus on products with added value; significant regional inequalities; the provision of adequate infrastructure across the archipelago; and the challenges presented by rapid urbanisation.
- 3.22 In addition to imbalances in the economic performance of the regions and the need for improved infrastructure, two other significant economic challenges include:
- continuing Government spending on fuel subsidies, which as noted above consume some 12 per cent of the Budget; and
  - poor standards of governance and continuing corruption which inhibit the climate for domestic and foreign investment and thus limit growth.

## Australia–Indonesia trade relationship

- 3.23 Two-way trade in goods and services between Australia and Indonesia was valued at \$14.8 billion in 2011, making Indonesia the 12th largest trading partner for Australia and 11th largest export market. Australian investment in Indonesia was worth an estimated \$5.4 billion in 2011. Austrade estimates that there are more than 400 Australian companies operating in Indonesia, in sectors including mining, agriculture, construction, infrastructure, finance, health care, food and beverage and transport.
- 3.24 Australia's major exports to Indonesia include wheat (\$1.1 billion in 2010-11), live animals (\$291 million) and aluminium (\$288 million). Major imports from Indonesia include crude petroleum (\$2.9 billion), gold (\$433 million) and wood (\$149 million). Australia's major services export is education-related travel (\$604 million in 2010) and the major services import is personal travel (\$1.5 billion in 2010).

- 3.25 In November 2010 the Australian and Indonesia Governments announced that negotiations would commence on an Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA). This followed the release of a Joint Feasibility Study on an Indonesia-Australia Free Trade Agreement in April 2009 and the entry into force of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). It is expected that the IA-CEPA, which is still under negotiation, will build on the outcomes of the AANZFTA.
- 3.26 The IA-CEPA is intended to address impediments to bilateral trade, impediments to increasing Australian investment in Indonesia and Indonesian investment in Australia, and ways to enhance economic cooperation in specific sectors identified as key drivers of economic growth. The first round of negotiations took place in September 2012.<sup>7</sup>

## Development context

- 3.27 Notwithstanding its significant economic growth and progress in reducing poverty, Indonesia has a range of significant development challenges. These include inadequate infrastructure, corruption, a complex regulatory environment and disparities in human development across the regions.
- 3.28 Indonesia ranked 121 out of 186 countries in the United Nations 2013 Human Development Index.<sup>8</sup> Twenty-nine million people (12 per cent of the population) live below the national poverty line, which was 249,000 rupiahs (A\$27) per month in 2012, and some 120 million Indonesians live on less than \$2 per day.<sup>9</sup> Indonesia aims to bring the poverty rate down to 7.6 per cent by 2015, in line with the UN Millennium Development Goals.
- 3.29 Various indices illustrate the development challenges in Indonesia. More than 61 per cent of the total population experiences undernourishment. The maternal mortality rate is 228 deaths per 100,000 live births, which is some 30 times the equivalent rate in Australia. One in three children in Indonesia under the age of five suffers from stunting, caused by malnutrition. About 120 million Indonesians do not have access to safe

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7 DFAT, *About the IA-CEPA negotiations*, viewed 30 May 2013, <<http://www.dfat.gov.au/fta/iacepa/>>.

8 United Nations Development Program (UNDP), *Human Development Report 2013*, UNDP, New York, 2011, p. 15, viewed 27 May 2013, <[http://hdr.undp.org/en/media/HDR2013\\_EN\\_Summary.pdf](http://hdr.undp.org/en/media/HDR2013_EN_Summary.pdf)>.

9 The World Bank, *Indonesia Economic Quarterly: Pressures mounting*, Washington DC, March 2013, p. 49, viewed 28 May 2013, <[www.worldbank.org/content/dam/Worldbank/document/EAP/Indonesia/IEQ-MARCH-2013-English.pdf](http://www.worldbank.org/content/dam/Worldbank/document/EAP/Indonesia/IEQ-MARCH-2013-English.pdf)>.

drinking water while about 110 million do not have adequate sanitation. About half of all workers in Indonesia only have a primary school education.<sup>10</sup>

- 3.30 Although classified as a middle-income developing country, many of Indonesia's provinces and districts are on par with low-income developing countries. Economic and human development disparities remain across the archipelago between provinces, between districts within provinces, and between rural and urban areas. For example, per capita incomes are three to four times higher in resource-rich regions such as Kalimantan, Sumatra and Papua compared to resource-poor areas like Nusa Tenggara and Maluku.

### Australian development assistance

- 3.31 Australia's development assistance to Indonesia is the largest bilateral program for the Australian Government and Australia is Indonesia's largest grant-based donor.
- 3.32 Australia will provide \$2.5 billion in development assistance to Indonesia over the period 2008 to 2013, including an estimated \$541.6 million in 2012–13. Estimated funding for 2013–14 will be \$646.8 million. Most of Australia's Official Development Assistance is provided by AusAID (\$508 million in 2012–13), with the remainder (\$32 million) provided by a range of other Government Departments and agencies including Immigration and Citizenship, Foreign Affairs and Trade, the Australian Centre for International Agricultural Research, Infrastructure and Transport, Customs and Border Protection and the Australian Federal Police.
- 3.33 Australia's aid program in Indonesia has been guided by an *Australia Indonesia Partnership Country Strategy 2008–13*.<sup>11</sup> The Australian and Indonesian governments have agreed to extend the country strategy until the end of 2014. This will allow the next strategy to align with Indonesia's *Medium Term Development Plan*. The Strategy's outcomes are consistent with the targets set under the Millennium Development Goals.

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10 AusAID, *Why we give aid to Indonesia*, viewed 27 May 2013, <[www.ausaid.gov.au/countries/eastasia/indonesia/Pages/why-aid.aspx](http://www.ausaid.gov.au/countries/eastasia/indonesia/Pages/why-aid.aspx)>; AusAID, *Demographic and development statistics for Indonesia*, viewed 27 May 2013, <[www.ausaid.gov.au/countries/eastasia/indonesia/Pages/statistics-indonesia.aspx](http://www.ausaid.gov.au/countries/eastasia/indonesia/Pages/statistics-indonesia.aspx)>.

11 AusAID, *Australia Indonesia Partnership Country Strategy 2008-13*, viewed 27 May 2013, <[www.ausaid.gov.au/Publications/Documents/aip\\_strat\\_2008-13\\_english.pdf](http://www.ausaid.gov.au/Publications/Documents/aip_strat_2008-13_english.pdf)>.

3.34 Some highlights of the program include:

- a \$500 million *Education Partnership with Indonesia* program, which is detailed further below;
- some 300 scholarships a year (rising to 500 per year by 2014) for Indonesians to study in Australia;
- a \$328 million project to improve the national road network and bridges in eastern Indonesia;
- the provision of \$215 million to support the Indonesian Government's *National Program for Community Empowerment*, which is aimed at reducing poverty by providing grants to communities for high priority local projects;
- \$180 million over the next four years towards improving water and sanitation, which is detailed further below; and
- initiatives to foster people-to-people links and technical support to the Indonesian Government.

3.35 Among the achievements of the development assistance that has been provided to date, AusAID lists the following:

- approximately 510,000 people have been provided with increased access to safe water, and around 110,000 additional people have been provided with access to basic sanitation or a public toilet;
- more than 330,000 new school places have been created by building or extending 2,000 junior secondary schools; and
- access to agricultural technologies has been provided to over 46,000 poor women and men.

## **Jakarta — Meetings and issues discussed**

3.36 The delegation's program commenced with a comprehensive briefing provided by the Ambassador, His Excellency Mr Greg Moriarty, the Deputy Head of Mission, Mr Paul Robilliard, Minister Counsellor (Political Economic), Mr Michael Bliss, and Minister Counsellor (Development), Ms Jacqui De Lacy.

3.37 Issues discussed included Indonesia's impressive record of economic growth, the country's development challenges, Australia's aid program, climate change, the Indonesian Government's attitude towards various



foreign and domestic policy issues, negotiations for the Comprehensive Economic Partnership Agreement and a possible prisoner exchange agreement, and the irritants which currently exist in the relationship. Current challenges in the bilateral relationship were said to include certain consular matters, people smuggling and the number of Indonesian minors detained in Australia.

- 3.38 It was emphasised that Australia and Indonesia now enjoy a historically strong and productive relationship. Comment was made on the highly constructive role played by President Yudhoyono and Foreign Affairs Minister Natalegawa in particular.
- 3.39 It was noted that Australia has a very substantial diplomatic presence in Indonesia, with some 150 Australian and 450 locally engaged staff. Some 15 Australian Government departments and agencies are represented in the country. It was pointed out that Australia makes a conscious effort to be a genuine partner with Indonesia rather than to give 'lectures'.

### Committee for Inter-Parliamentary Cooperation

- 3.40 The delegation's engagement with Indonesian parliamentarians commenced with a discussion with the Committee for Inter-Parliamentary Cooperation (BKSAP) of the DPR, which was chaired by Dr Muhammad Hidayat Nur Wahid. Dr H. Atte Sugandi, a member of the BKSAP, also participated.
- 3.41 The functions of the BKSAP are to promote and develop friendly relations between the DPR and parliaments of other countries, and the DPRs engagement with multilateral institutions.
- 3.42 Dr Wahid commented that, while located in Asia, Australia can bring valuable Western perspectives on issues and help show how the West and East can work together. He complimented the Australian Parliament on its legislative productivity.
- 3.43 Dr Wahid noted that consular matters were the issue in the foreign affairs portfolio that most concerned Members of the DPR at present. It was explained that this issue had traditionally been associated with Indonesian unskilled workers overseas and Indonesians under sentence of death, particularly in Saudi Arabia and Malaysia. The delegation was advised that, more recently, Indonesian minors in detention in Australia had become a sensitive issue among Indonesian parliamentarians.

- 3.44 The delegation expressed the view that the bilateral trade relationship should be expanded and welcomed the views of Indonesian interlocutors on the matter of Indonesians in detention in Australia.
- 3.45 The delegation noted that some improvements had been made to expedite the processing of minors in detention, but that the Australian Government was in discussions with the Indonesian Government to improve the process further. It was suggested that Indonesia could assist by improving processes for sourcing detainees' identity documents.
- 3.46 The delegation offered to assist Indonesia by lobbying countries in which Indonesians were on death row, to impose a moratorium on the death penalty. It was argued that this could be in both countries interests. Dr Wahid suggested that the delegation's proposal be put through the Speaker and the Inter-Parliamentary Friendship Group.

Figure 3.1 The delegation and Australia's Ambassador, His Excellency Mr Greg Moriarty, with the Chairman and members of the Committee for Inter-Parliamentary Cooperation



## Commission VI

- 3.47 The delegation held discussions with the Chairman and members of Commission VI, the Indonesian Parliament's Committee on Trade, Investment and Industry.

- 3.48 The members of Commission VI present for the discussion with the delegation were:
- Mr Airlangga Hartarto, Chairman of Commission VI (Golkar)
  - Mr Ferrari Roemawi (Democrat)
  - Mr Emil Abeng (Golkar)
  - Dr Ir. H. Atte Sugandi (Democrat)
- 3.49 Commission VI is one of 11 such commissions in the DPR and, as with the others, its responsibilities include preparing the draft Budget in its portfolio area in conjunction with the Government, determining the allocation of the Budget for programs and activities for relevant departments and institutions, and conducting inquiries and hearings.
- 3.50 Chairman Hartarto commenced his remarks by noting that Australia and Indonesia were complementary economies and were not in direct competition. He noted that Indonesia is resource rich and that economic growth is driven primarily by domestic consumption. The Chairman noted that the pattern of spending in Indonesia is quite different to other countries in that domestic consumption doesn't change markedly depending on the level of employment. It was also noted that some 90 per cent of economic activity in Indonesia is classed as non-formal.
- 3.51 The Chairman observed that the Indonesian economy had major infrastructure challenges, required foreign investment and was facing competition from Chinese products that had flooded the Indonesian market after the signing of the China-ASEAN Free Trade Agreement (CAFTA). He remarked that Indonesia had benefitted from economic instability in the United States and Europe because investors were looking for opportunities in other markets, including in Indonesia.
- 3.52 Mr Emil Abeng noted that several major Australian companies were investing in Indonesia, particularly in the resources and finance sectors, but small and medium sized enterprises (SMEs) less so. He noted that SMEs were the backbone of the Indonesian economy, with almost 54 million non-formal businesses in operation in Indonesia.
- 3.53 Mr Abeng explained that a focus for Commission VI was to enhance the productivity of SMEs in order to fight poverty through entrepreneurship. He hoped more Australian SMEs would look to invest in Indonesia, noting that Indonesia is a large market for consumer goods, but acknowledged that legal certainty and investment protection were essential for attracting investment.

Figure 3.2 The delegation with the Chairman and members of Commission VI



Figure 3.3 Mrs Joanna Gash MP with a member of Commission VI, Dr H Atte Sugandi





- 3.54 The delegation agreed with the sentiment expressed by Commission members, noting that the bilateral trade relationship appears to be significantly underdone. Chairman Hartarto responded that once the AANZFTA was complete, negotiation could commence on the Comprehensive Economic Partnership Agreement with Australia which he hoped would facilitate knowledge and technical transfers.
- 3.55 Mr Abeng noted that state-owned enterprises (SOEs) comprised 28 per cent of GDP but need further reform to compete with the private sector. The delegation was advised that Indonesia was focussed on 'profitising' its SOEs through restructuring ahead of possible further privatisations.
- 3.56 Responding to the delegation's question as to whether corruption and legal uncertainty was deterring investment, Chairman Hartarto said perception-based indices that rate Indonesia poorly on corruption and ease-of-doing-business were misleading and do not reflect reality. He acknowledged that corruption was an important issue for Indonesia to overcome, but was not of such magnitude as to deter investors. The Chairman said the proof of this was that many Australian companies that had invested in Indonesia were doing well. He encouraged the delegation to speak to Australian businesses operating in Indonesia, such as Newcrest Mining, Rio Tinto, Elders and the ANZ Bank, on the realities of doing business in Indonesia. Chairman Hartarto stated that Indonesia was committed to establishing a one-stop service for investors to shorten investment lead times and to assist with overcoming government red tape. He encouraged the delegation to promote investment in Indonesia among the Australian public.
- 3.57 Delegation members indicated that while there is bipartisan support in Australia for the live cattle trade to Indonesia, there is also a significant level of public opposition to the trade and widely held concerns about animal welfare. Members expressed the view that it was in both countries' interests to improve practices and standards at Indonesian abattoirs so as to ensure the trade could continue. The Chairman remarked that he was glad that both governments had cooperated to ensure the live cattle trade resumed quickly. The delegation also noted that there clearly needs to be better communication and dialogue by Australia with Indonesia in the future on such vital and sensitive matters.
- 3.58 Chairman Hartarto said that Indonesia has a policy of attaining food self-sufficiency, with sugar and rice being priorities, but noted that this was not realistic for all products. The Chairman remarked that Indonesia understands that food security and food self-sufficiency are two separate issues. He noted that the Government is working to prevent agricultural

land from being built-out by factories and townships and was also seeking to establish locations outside of Java for food production.

- 3.59 The Chairman noted that limited domestic salt production had become a difficult issue for Indonesia. While there are many local suppliers, production levels were low and they could not compete with large industrial producers mainly in Australia. This was said to have negatively affected poor coastal communities in East Nusa Tenggara (NTT) and East Java provinces. Staff from Australian Embassy advised that a major Australian company was close to finalising a salt mine in the NTT which, once established, would provide opportunities for technology transfer and would increase domestic production of salt.
- 3.60 It was noted that Australia and Indonesia would have an opportunity to use capacity building efforts under the IA-CEPA to pursue the type of assistance requested by Indonesia, particularly in the agriculture sector.

## Commission I

- 3.61 The delegation held discussions with the Chairman and members of Commission I, the Indonesian Parliament's Committee on Foreign Affairs, Defence and Information.
- 3.62 The members of Commission I present for the discussion with the delegation were:
- Dr H Mahfudz Siddiq, Chairman (PKS)
  - Mr H Hayono Isman, Vice Chairman (Democrat)
  - Mr Muhammad Najib (PAN)
- 3.63 Chairman Siddiq stated that while Indonesia's democratic transition was ongoing, the country was proud of its 'journey of democracy'. He indicated that although the elections in 2014, in which President Yudhoyono could not stand again, may be more of a test for Indonesia's nascent democracy than other recent elections, there was 'no road back' to the authoritarian past. The Chairman remarked that Indonesia's democratic transition was still a work in progress, noting that the country is still searching for the right balance on the extent of freedom of expression, arguing that this issue has implications for the integrity of the Indonesian state.
- 3.64 Chairman Siddiq observed that the recently passed State Intelligence Law would support democratisation in Indonesia and help confront radicalisation. The Law had been designed to make Indonesia's

intelligence agencies more accountable and professional. Under the Law, Commission I would play a critical oversight role of agencies' activities and budgets. The Commission will establish a select committee of 13 members to monitor and evaluate the performance of the agencies. The select committee will have the power to summons any person to account for their activities.

- 3.65 Comment was made on terrorist groups operating within Indonesia and across the region that were radicalising followers, including in Indonesian gaols. The Chairman stated that the Intelligence Law will enhance Indonesia's ability to counter terrorism, particularly through de-radicalisation. Chairman Siddiq stated that mitigating the spread of terrorist ideology was a key component of any sensible counter-terrorism strategy.

Figure 3.4 The delegation with the Chairman and members of Commission I



- 3.66 The delegation enquired about Indonesia's position on Myanmar and its leadership in ASEAN. Chairman Siddiq responded that Myanmar had indeed been a significant foreign policy challenge for Indonesia, particularly in its year as ASEAN Chair.



Figure 3.5 Mr Michael Danby MP with a member of Commission I, Mr Muhammad Najib



Figure 3.6 The Hon Laurie Ferguson MP with the Chairman of Commission I, Dr H Mahfudz Siddiq





- 3.67 Indonesia believes there has been significant and genuine change in Myanmar. Foreign Affairs Minister Dr Marty Natalegawa visited Myanmar recently and had provided Commission I with a positive assessment of developments in the country. Indonesia hoped that Myanmar's turn to host ASEAN in 2014 could be an opportunity to consolidate reforms. Chairman Siddiq noted that Myanmar's transition was not for ASEAN alone to manage. In particular, China had a critical role to play. Other regional countries, including Australia, could also play an important role in encouraging further progress and this would be welcomed by Indonesia.
- 3.68 Mr Najib stated that Indonesia aspired to play a positive role in developments in the Middle East by providing an example of a successful political transition to democracy. He noted that Indonesia's links with Middle-Eastern countries were reasonably strong, particularly with Egypt, where many Indonesians had studied over the years. The delegation was informed that the Indonesian Parliament has established a caucus of members interested in the 'Arab Spring'. Indonesia was aware that its involvement in the political transition in that region was less sensitive than that of Western countries, which are often distrusted.

### **Australia-Indonesia Facility for Disaster Reduction**

- 3.69 The delegation visited the Australia-Indonesia Facility for Disaster Reduction (AIFDR), which was announced by former Prime Minister Rudd and President Yudhoyono in 2008. The AIFDR is a \$67 million five-year initiative and represents Australia's largest bilateral investment in disaster mitigation and preparedness, and compliments Australia's humanitarian response commitments.
- 3.70 The AIFDR is co-managed with the Indonesian Disaster Management Agency and focuses on enhancing Indonesia's capacity to identify, mitigate and respond to natural disasters.
- 3.71 As one of the most hazard-prone and densely populated countries in the world, and with high levels of poverty, Indonesia faces a significant risk of loss of life and economic impact from natural disasters. For these reasons disaster risk reduction has been recognised by the Indonesian Government as one of its top 11 priorities in the country's Medium-Term Development Plan (2010-14).

- 3.72 The delegation was informed that the AIFDR has four work streams:
- Training and outreach – developing and delivering training materials to build the capacity of national and sub-national governments to manage disaster risks;
  - Risk and vulnerability – facilitating partnerships between Australian and Indonesian scientists to develop and demonstrate risk assessment methods, tools and information for a range of natural hazards;
  - Partnerships – supporting key risk reduction partners of Indonesia and the Southeast Asian region; and
  - AIFDR grants – promoting a culture of disaster risk reduction research and innovation in Indonesia and the region.

Figure 3.7 The delegation and Australia's Ambassador, His Excellency Mr Greg Moriarty, with staff of the Australia-Indonesia Facility for Disaster Reduction



## Muhammadiyah

- 3.73 The delegation met Professor Din Syamsuddin, the President of Muhammadiyah, which was established in 1912 in Yogyakarta as a reformist religious movement and has grown to become Indonesia's

second largest Muslim mass-based organisation, now claiming 35 million members.

- 3.74 Professor Syamsuddin highlighted Muhammadiyah's historic role as an important part of the fabric of Indonesian society. He explained that Muhammadiyah remains a key voice for moderate Islam and is a regional leader in interfaith dialogue. Muhammadiyah has branches in 18 countries, including Australia, and sister organisations in five countries. Professor Syamsuddin said that Muhammadiyah has been granted official observer status by the United Nation's Economic and Social Council.
- 3.75 It was explained that Muhammadiyah is active in providing social services in education, health and disaster relief. The organisation operates 14,000 schools, 8,000 kindergartens, 132 tertiary education institutions, 180 hospitals and 60 midwifery clinics across Indonesia. Funding is provided predominantly by members through almsgiving. The Government donates some funds but this was said to be irregular.
- 3.76 The President explained to the delegation that although Muhammadiyah does not have structural links to political parties, more than 100 Members of Parliament claimed Muhammadiyah heritage and, in the previous Parliament, 161 Members across all parties belonged to Muhammadiyah.
- 3.77 The delegation explored with Professor Syamsuddin the differences between Islam as it is practised in Indonesia and Middle Eastern countries. It was explained that while there is 'one Islam', there are many cultural manifestations and interpretations of the faith, and that Islam in Indonesia tends to be quite liberal.
- 3.78 Professor Syamsuddin commented that Indonesia is an example to countries of the Middle East. He stated his belief that modern and moderate Islam will continue to dominate in Indonesia while Muhammadiyah and Nahdlatul Ulama (NU) continue their work. He noted that Muhammadiyah and the United States Embassy will jointly fund a conference to be held in December on the lessons learned from the Arab Spring. Muhammadiyah will fund Muslims from Middle Eastern countries to attend.
- 3.79 The delegation raised the attacks on Ahmadiyah adherents and Christians in recent years. Professor Syamsuddin responded that the recent attacks were a law enforcement issue more than a social issue. He stated his belief that Indonesia remained at heart a moderate society and that Muhammadiyah would continue to be at the forefront of advocating tolerance and inter-religious dialogue in Indonesia and the region. He noted, for example, that Muhammadiyah works with World Vision,

Catholic Relief Services and the Catholic Bishops Conference in Indonesia, and that it participates in an annual inter-faith dialogue conference involving representatives from Indonesia, New Zealand, Australia and the Philippines. Professor Syamsuddin noted that he is the Moderator of the Asian Conference of Religions for Peace.

- 3.80 On the issue of corruption, Professor Syamsuddin said that corruption was tantamount to a crime against humanity and that it had proliferated in the post-Soeharto era. He made some critical observations on the Anti-Corruption Commission but also noted that Muhammadiyah and NU had established an anti-corruption movement among their memberships, which had now extended to other faith leaders.
- 3.81 Professor Syamsuddin said Muhammadiyah was proud of the Memorandum of Understanding (MOU) entered into with Australia in 2008, which is a unique agreement between a key civil society organisation and a government.

Figure 3.8 The delegation with the President of Muhammadiyah, Professor Din Syamsuddin



- 3.82 The MOU was signed by then Prime Minister Rudd and Professor Syamsuddin and covers cooperation on disaster management, education, strengthening democracy and cultural activities. The President noted that some work had taken place, particularly in disaster management, but

hoped more could be done. Professor Syamsuddin indicated that one area for possible further cooperation is education. He noted that Muhammadiyah is a major education provider, operating as it does some 14,000 schools across Indonesia, and poorer Indonesians tend to enrol at Islamic schools.

- 3.83 Noting the existence of academic centres in Australia such as the Centre for Arab and Islamic Studies at the ANU, the President indicated that additional scholarships for Indonesians to study in Australia would be welcome.

### **Economic, political and human rights commentators**

- 3.84 The delegation had the pleasure of holding discussions with a group of esteemed Indonesian economic and political commentators. The experts who attended a lunch event with the delegation included:

- Mr Meidyatama Suryodiningrat, Chief Editor, Jakarta Post
- Professor Juwono Sudarsono, Former Defence Minister
- Ms Retno Ruwyastuti, General Manager News, MetroTV
- Dr Jamhari Makruf, Vice Rector (Academic), State Islamic University
- Dr Clara Juwono, Centre for Strategic and International Studies
- Ms Retno Shanti Ruwyastuti, Assistant to the President Director, MetroTV
- Dr Siti Zuhoro, Senior Researcher, Indonesian Institute of Sciences
- Ms Ima Abdurahim, Executive Director, Habibie Centre
- Mr Goenawan Mohammed, Founder of Tempo



Figure 3.9 Mr Nick Champion MP with Dr Jamhari Makruf of the State Islamic University at an event with Indonesian economic and political commentators



Figure 3.10 The Hon Philip Ruddock MP with the Chief Editor of the Jakarta Post, Mr Meidyatama Suryodiningrat



Figure 3.11 Delegation members with (L to R) Ms Rahimah Abdulrahim (Executive Director, Habibie Centre), Dr Clara Juwono (Centre for Strategic and International Studies) and Professor Juwono Sudarsono (former Indonesian Minister for Defence)



3.85 The delegation completed its engagements in Jakarta with a roundtable meeting with commentators on human rights and religious tolerance issues, listed below. The candour and dynamism of the commentators impressed the delegation:

- Ms Poengky Indarti, Executive Director, Imparsial
- Ms Indria Fernida, Deputy Coordinator, KontraS
- Ms Erna Ratnaningsih, Chairperson, Indonesian Legal Aid Foundation
- Mr Fajar Riza Ul Haq, Executive Director, Ma'arif Institute for Culture and Humanity

## Surabaya — Briefings and site visits

- 3.86 In East Java, the delegation had the pleasure of having dinner with leading Surabaya-based Alumni of Australian universities and other educational institutions.
- 3.87 The delegation also observed Australian development projects on Madura Island, including clean water supplies to villages provided under a \$25 million Water and Sanitation Hibah scheme that has benefited more than 77,000 households across Indonesia, and an Islamic school funded under the \$395 million Basic Education Program.
- 3.88 These inspections were followed by a visit to attend the launch of the Deteksi 2011 Convention, which is Indonesia's largest youth convention, and a lunch hosted by Mr Azrul Ananda, the President Director of Jawa Pos, the largest newspaper group by circulation in Indonesia and hosts of the annual Deteksi convention.

## Indonesian-based Alumni

- 3.89 The Surabaya-based Alumni who attended the dinner with the delegation included:
- Mr Doddy Kosasih, Advocate, H K Kosasih and Associates;
  - Mr Peter Sheehan, Business Development Director, PT Padma Graha Eksotika;
  - Ms Nany Wijaya, Director, Jawa Pos;
  - Ms Herlina Yoka Roida, Lecturer, Universitas Katolik Widya Mandala; and
  - Ms Inge Christanti, Researcher, Human Rights Study Centre, University of Surabaya.
- 3.90 The delegation was grateful for the attendance by the Alumni and impressed by their abilities and achievements. The delegation was pleased to note the evident good will they displayed towards Australia.
- 3.91 The delegation was informed that, since 2000, 509 people from East Java have received scholarships for postgraduate study in Australia. The delegation noted how important it is for Australia to maintain and foster the links with Alumni on their return to Indonesia. It was a concern for the delegation to learn that there may be some inadequacies in the



coordination of Alumni in East Java, which members were informed is primarily an Austrade responsibility.

- 3.92 Some Alumni pointed out to the delegation that Australia does not have a consular presence in Surabaya and that for a number of reasons, not least that the city is the second largest in Indonesia, establishing such a presence might be justified. The Committee subsequently recommended that a diplomatic post be established in Surabaya in the report of its Inquiry into Australia's Overseas Representation.<sup>12</sup>

### Australian-funded aid projects

- 3.93 The delegation received a briefing from Embassy and AusAID officials on Australian development projects in East Java. This was followed by a visit to development projects on Madura Island, which is linked to Java by the recently opened Suramadu Bridge and is a short distance from Surabaya. The briefing covered education, water and sanitation, disaster risk reduction, poverty reduction and health initiatives.

### Support for water and sanitation

- 3.94 The delegation was advised that access to improved water and sanitation in Indonesia is low compared to other South-East Asian countries:
- less than one third of Indonesia's urban households have a water connection;
  - only 11 cities have piped sewerage systems, representing just over one per cent of the urban population; and
  - only 12 per cent of rural households have piped water.
- 3.95 The proportion of households with piped water systems in cities and towns has also declined since 1998 due to reduced investment and rapid urbanisation. Currently, most households provide their own sanitation facilities. In urban areas, households and commercial and institutional buildings often use septic tanks.
- 3.96 At the current rate of investment, Indonesia cannot achieve the Millennium Development Goal of halving the number of people who do not have safe water and basic sanitation.

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12 JSCFADT, *Australia's Overseas Representation – Punching below our weight?*, Report of the Inquiry into Australia's Overseas Representation, 2012, p. 45.

- 3.97 The delegation was advised that, at the time of its visit, Australia had invested \$86.5 million towards improving water and sanitation in Indonesia. It is estimated that this support will give nearly two million Indonesians better access to clean water and sanitation.
- 3.98 Since the 1980s, Australia has assisted to improve Indonesia's water and sanitation sector through a number of bilateral and multilateral programs, as follows.
- The three principle bilateral programs have been:
    - ⇒ *Indonesia Infrastructure Initiative* (\$153 million, 2008–15) supports a range of infrastructure investments, including some \$50 million devoted to water and sanitation projects;
    - ⇒ *Australia-Indonesia Infrastructure Grants Program* (\$190 million, 2012–15) will provide support to local government to undertake improved water and sanitation management and infrastructure; and
    - ⇒ *Water and Sanitation Hibah Program* (\$25 million, 2008–11) which used an innovative output-based approach to increase the number of poor households with access to water and sanitation connections boosting local government investment in these utilities (a grant is provided to local governments after independent verification that each new connection made by the water and sanitation utility has functioned for at least three months). Thirty-seven local governments have participated in the program to date. By the end of its first phase, the Hibah scheme had provided 77,000 water and 5,000 sewerage connections in mainly poor households, benefiting approximately 410,000 people.
  - In multilateral initiatives, Australia has worked with the World Bank to improve access and policy for water supply and improved sanitation (\$42.5 million over four years). This support has benefitted 400 villages and approximately 220,000 people with improved water and 200,000 people with improved sanitation across Indonesia.
- 3.99 The delegation had the opportunity to see Australia's assistance to improve Indonesia's water and sanitation sector in East Java during an inspection of the Water and Sanitation Hibah (which translates as 'grant' in Bahasa Indonesia) Program in Dekok Kluangan Village of Bangkalan district on Madura Island.
- 3.100 Bangkalan is one of four districts in East Java province that has participated in the Hibah program. The other districts are Malang, Sidoarjo and Jombang. In Bangkalan district, Australia has supported 1,100 household piped water connections for local residents. Across the

four districts in East Java, the program has connected approximately 11,300 households to piped water, which equates to some 56,000 people.

- 3.101 The delegation was pleased to see first-hand how access to piped water is easing the daily burdens on residents, saving time for villagers in accessing and treating water, and improving the cost and quality of the water. It was also pleasing to see how delighted the residents were with their piped water access and with Australia's assistance. The deputy leader of the delegation, Mrs Joanna Gash MP, spoke to the assembled community leaders and government officials at a ceremony to welcome the delegation.

Figure 3.12 Mrs Joanna Gash MP addressing community leaders at an Australian-funded water project in Dekok Kluangan Village of the Bangkalan district, Madura



- 3.102 The delegation was informed that Australia will continue to build on the successes achieved in the water and sanitation sectors over the coming years.
- 3.103 AusAID plans to increase its support for water and sanitation improvements by at least \$180 million over the next four years, through a range of bilateral grants in urban and rural water and sanitation and a



Figure 3.13 A resident showing delegation members the piped water for households



Figure 3.14 Mrs Joanna Gash MP and the Hon Dr Sharman Stone MP meeting local residents



continuing co-financing of rural water and sanitation projects with the World Bank and the Asian Development Bank:

- up to \$95 million to the water and sanitation sectors using the Hibah mechanism;
- up to \$40 million in grants to encourage district governments to invest in community sanitation infrastructure and services; and
- up to \$46 million in project preparation assistance for the Indonesian Government to access bank loans, include preparing detailed engineering designs and undertaking social safeguard and environmental impact assessments for major infrastructure projects (such as wastewater systems, treatment plants and solid waste transfer stations).

## Support for education

3.104 The delegation was informed that Australia's engagement with Indonesia's education sector has extended from improving access to and the quality of basic education to improving tertiary-level qualifications and providing scholarships. The principle initiatives are as follows.

- *Australia Indonesia Basic Education Program* (\$395 million, 2006–11) was intended to improve access to and the quality of junior secondary education services in the poorest and most remote areas of Indonesia. The Program operated in 20 of Indonesia's 33 provinces. Schools were financed by Australia and constructed by local communities using locally-procured materials and equipment, under the direction of the Indonesian Ministry of National Education (for general schools) and the Indonesian Ministry of Religious Affairs (for Islamic junior secondary schools). The Program helped build or extend 2,074 schools (including 504 madrasahs or Islamic schools), creating around 330,000 new school places.
- *Australia's Education Partnership* (\$500 million, 2011–16) builds on the Basic Education Program and includes:
  - ⇒ the building or expansion of up to 2,000 junior secondary schools, creating around 300,000 new school places in disadvantaged districts;
  - ⇒ developing and rolling out a national system for strengthening the capacity of all 293,000 school principals, school supervisors and district government officials; and

- ⇒ assisting some 1,500 Islamic schools to reach accreditation and to meet national minimum service standards.
- Awards and scholarships, such as the *Australia Awards Program* and the *Australian Leadership Awards*. The Australia Awards are the largest and longest running international scholarship program in Indonesia and 636 were provided in 2011. Under the Program, the Australian Development Scholarships offered over 400 postgraduate awards to Indonesian students for masters or doctoral study in Australia in 2012. These will be increased to around 500 scholarships per year by 2014. The delegation was informed that many scholarship alumni have gone on to hold positions of influence in Indonesia, strengthening the people-to-people links between Indonesia and Australia. High-profile Alumni include Vice President Boediono and the Minister for Foreign Affairs, Dr Marty Natalegawa.
  - *Learning Assistance Program for Islamic Schools* (\$35.3 million, 2004–11) supported the 91 per cent of Islamic schools that are private and the various non-government organisations that support and operate them. The program trained junior secondary teachers in English language skills and strengthened their English teaching capacity, provided text books, built school libraries and promoted equal learning outcomes for girls and boys. Around 161,000 students and 15,200 teachers benefitted from activities run in 983 Islamic schools.
  - *Building Relations through Intercultural Dialogue and Growing Engagement* project (\$3.6 million, 2011–16) builds networks between Australian and Indonesian teachers and students. Around 90,000 students in Australia and Indonesia have participated in the project.
- 3.105 The delegation had the pleasure of visiting the Madrasah Tsanawiyah Darul Munir, a private Islamic junior secondary school located in Separah Village, Bangkalan and built in 2010 with Australian funding under the Basic Education Program. As noted, Madrasah Tsanawiyah is one of 504 Islamic schools that were built under the Program and one of 144 built across East Java, creating an estimated 21,800 school places and significantly increasing access to education.
- 3.106 The construction of Madrasah Tsanawiyah was financed through a block grant equivalent to \$77,449. In addition, Australian funding provided engineering support, school furniture and some supplementary reading materials, and training in school management to the principal and school committee. The Madrasah is equipped with three classrooms, a resource room, a science laboratory, a library and toilet block.



Figure 3.15 Students at an Australian-funded school, Madrasah Tsanawiyah Darul Munir, greeting delegation members on their arrival



- 3.107 There are currently 169 students enrolled at the school, consisting of 104 boys and 65 girls, but demand has exceeded capacity at the school.
- 3.108 The delegation was informed that construction of the Madrasah has made junior secondary education more accessible for the local community. Sixty per cent of the Madrasah's students come from the local community, where families are typically farmers, agricultural or construction workers who cannot afford the cost of transport to send their children to the nearest school, which is around 15 kilometres away from the village.

Many of the Madrasah's third grade students had previously stopped schooling for two or three years after graduating from elementary schools. Before the construction of the Madrasah, it was common that after graduating from elementary school, children were put to work or married.

- 3.109 The delegation was pleased to note that despite being relatively poor, the local community has demonstrated a strong engagement with the Madrasah, providing funding and in-kind contributions so that additional facilities could be built, such as a mosque and a dormitory for the students.
- 3.110 As with the visit to Dekok Kluangan Village, the delegation received a warm welcome from the school community, which was clearly deeply appreciative of Australia's financial support for the construction of Madrasah Tsanawiyah Darul Munir.

Figure 3.16 The Hon Laurie Ferguson MP meeting students at the Madrasah Tsanawiyah Darul Munir



- 3.111 Delegation members were presented with scarves and treated to a display of traditional dancing by the students on their arrival. The delegation then had the opportunity to meet and speak to students in their classrooms and to speak with the School principal, Mr Fandy Wijaya, the Head of the Darul Munir Foundation, Mr Nurus Sholeh, parents, teachers and



Figure 3.17 The delegation visiting a classroom at the Madrasah Tsanawiyah Darul Munir



Figure 3.18 Delegation members presenting students with soccer balls and books



representatives of local authorities. Students presented delegation members with handicrafts which they had made.

## Education links — Deteksi Convention

- 3.112 The delegation completed its visit to East Java and to Indonesia by attending a lunch hosted by Mr Azrul Ananda, President Director of the Jawa Pos media group. Jawa Pos is Indonesia's largest newspaper group by circulation and revenue. Mr Ananda's father, Mr Dahlan Iksan, the founder of Jawa Pos, was recently appointed to Cabinet as the Minister for State-owned enterprises.
- 3.113 Following the lunch, the delegation attended the launch of the Deteksi 2011 Convention, including the opening speech by Ambassador Moriarty, the 'Oz Deteksi Challenge' and the Ambassador's Awards. The deputy leader of the delegation, Mrs Gash, also spoke at the launch.

Figure 3.19 The delegation, Ambassador Moriarty and representatives of the ANZ Bank and Commonwealth Bank at the Deteksi Convention with the President Director of the Jawa Pos Group, Mr Azrul Ananda





Figure 3.20 The Hon Dr Sharman Stone MP and Mrs Joanna Gash MP with students at the Deteksi Convention



Figure 3.21 Mr Nick Champion MP with students at the Deteksi Convention



- 3.114 Deteksi is the largest youth convention in Indonesia, and is hosted annually by the Jawa Pos Group and supported by the Australian Embassy. The 2011 convention was sponsored by the ANZ and Commonwealth banks. The delegation was pleased to meet the banks' representatives, Mr Ian Phillip Whitehead, Director of Retail and Business Banking, Commonwealth Bank Indonesia, and Ms Leonie Lethbridge, Chief Operating Officer, PT Bank ANZ Indonesia.
- 3.115 The delegation had the pleasure of meeting groups of high school students competing for the opportunity to participate in homestay programs in Australia, supported by Queensland University of Technology (QUT), UNSW and other educational institutions.
- 3.116 Since the delegation's visit, Australia's Embassy in Jakarta has continued to support the Deteksi Convention by facilitating homestay programs for competition winners. The Embassy, however, no longer offers financial support as a sponsor of the Deteksi Convention because of funding constraints and other priorities. Regrettably, the ANZ and Commonwealth banks no longer sponsor the event either. The QUT has been involved in funding homestay prizes and providing awards to several competition winners. However, QUT are currently assessing their ongoing support for the Deteksi Convention.

## **Concluding comments**

- 3.117 The delegation was pleased to see that the bilateral relationship with Indonesia appears to be sufficiently robust and amicable as to withstand what are at times quite serious challenges to the relationship. Irritants such as the sudden suspension of the live cattle trade, the detention of minors from Indonesian boat crews and various consular issues are handled without the relationship being derailed. Nevertheless, the delegation is of the view that Australian governments should at all times adopt a respectful mode of communication and dialogue with Indonesia. An element of this should be, wherever possible, a 'no surprises' approach towards our most important neighbour.
- 3.118 Of the themes which emerged in discussions in Indonesia it became clear to the delegation that the bilateral trade relationship is widely considered to be underdeveloped, and certainly doesn't reflect the significance or maturity of the broader relationship between our countries. It is hoped that negotiations for the Indonesia-Australia Comprehensive Economic

Partnership Agreement can be expedited and additional steps taken to promote Australian investment in Indonesia and vice versa.

- 3.119 As recommended in the Committee's report for its inquiry into Australia's overseas representation, the delegation sees value in the establishment of a consular presence in East Java, not least because Surabaya is Indonesia's second largest city and a significant economic and education centre for Indonesia.
- 3.120 Surabaya is also the home of several hundred Alumni of Australian educational institutions. The good will of the Alumni towards Australia was pleasing to see. The delegation hopes that more can be done to coordinate the Indonesian-based Alumni as a means of fostering the people-to-people links between Australia and Indonesia.
- 3.121 While the principal purpose for the delegation's visit was to hold discussions with its counterpart committees in the DPR, the delegation was grateful for the opportunity to visit Australian-funded aid projects in disaster reduction, education and water and sanitation. These projects are manifestly assisting Indonesia's development and improving the lives of the Indonesian people.
- 3.122 The delegation was very impressed by the Deteksi youth convention and Australia's involvement with the event. Members note the profile it gives to Australia and the good will it evidently creates among large numbers of students and their schools. The delegation urges that the Embassy and the Australian Government to continue to sponsor the convention.
- 3.123 In addition to its meetings with parliamentarians and visits to Australian-funded aid projects, the delegation appreciated the candour of other interlocutors, particularly the human rights commentators, that members had the opportunity to meet. These encounters underscored for the delegation the truly vibrant democracy which is now emerging in Indonesia.

**The Hon Michael Danby MP**

**Delegation Leader**





## Appendix A – Delegation Program

### 7 November 2011

0545 Depart Darwin

0630 Arrive Dili, Timor-Leste. Delegation met by His Excellency Mr Miles Armitage, Ambassador

0730 Embassy briefing given by:

- Ambassador Armitage
- Dr Francine Winnett, First Secretary (Political)
- Colonel Luke Foster, Commander, International Stabilisation Force
- Mr Vincent Ashcroft, Country Head, Minister Counsellor (Development), AusAID
- Commander Charmaine Quade, Head, Timor-Leste Police Development Program
- Colonel Andrew Duff, Defence Attaché

0945 Arrive Metinaro. Visit to defence training facility and briefing by Lieutenant Colonel Ron Baumgart, Head of the Australian Defence Force Defence Cooperation Program

1115 Arrive Port Hera. Tour of facilities by Lieutenant Commander Derek Robinson

1230 Arrive Camp Phoenix for lunch with Australian and New Zealand troops

1415 Arrive Railaco for tour of Timor Vita facility with Mr Alberto Mendes, World Food Program Country Director, Mr Bobby Lay Ni Sing and Mr Bill Tan Tjo Tek, Timor Global

- 1515 Meeting with representatives from AusAID-funded programs, including:
- Ms Beth Elson, Country Director, Health Alliance International
  - Ms Mary Larkin, Country Director, Marie Stopes
  - Mr John Dalton, Australian Team Leader, Seeds of Life
  - Ms Keryn Clark, Program Team Leader, Besik
  - Mr Dan and Ms Beth Gilfillan, Australian Volunteers for International Development Program, Ermera Library Project
- 1830 Informal dinner hosted by the President of the National Parliament of Timor-Leste, His Excellency Mr Fernando La Sama de Araújo MP, with members of Commission B:
- Mr Duarte Nunes MP, President of Commission B
  - Mr Paulo Martins MP
  - Mr David Ximenes MP
  - Mr José Teixeira MP

## 8 November 2011

- 0830 Meeting with the President of the National Parliament of Timor-Leste, His Excellency Mr Fernando La Sama de Araújo MP
- 0915 Meeting with Vice Minister for Foreign Affairs, the Hon Mr Alberto Carlos MP
- 1000 Tour of the National Parliament and meeting with members of Commission B:
- Mr Duarte Nunes MP, President of Commission B
  - Mr Paulo Martins MP
  - Mr David Ximenes MP
  - Mr José Teixeira MP
  - Mr Domingos Mesquita MP
  - Mr Adriano Nascimento MP
  - Mr Cornelio 'L7' Gama MP



- 1115 Meeting with Ms Ameerah Haq, Special Representative of the United Nations Secretary General (SRSG), United Nations Integrated Mission in Timor-Leste (UNMIT), Odrigado Barracks. Also in attendance:
- Mr Shigeru Mochida, Deputy SRSG for the Security Sector, Support and the Rule of Law
  - Mr Finn Reske-Nielsen, Deputy SRSG for Governance, Support, Development and Humanitarian Coordination
  - Mr Luis Carrilho, Police Commissioner
  - Mr Toby Lanzer, Chief of Staff
- 1215 Tour of Police Training Centre and briefing on the Australian Federal Police's Timor-Leste Police Development Program by Commander Charmaine Quade and Chief Superintendent Carlos Jeromino
- 1315 Lunch with Timor-Leste Police Development Program Executive
- 1400 Tour of National Hospital and Eye Clinic. Briefings given by:
- Dr Eric Vreede, Australia Timor-Leste Program of Assistance for Specialist Services
  - Ms Mandy Whyte, Fred Hollows Foundation New Zealand
  - Dr Marcelino Correira, Timorese Head of the Eye Care Unit
- 1500 Visit to Alola Foundation and meeting with Ms Kirsty Sword Gusmao, Chair, and Ms Alita Verdial, Chief Executive Officer
- 1630 Meeting with His Excellency Dr José Ramos-Horta, President of Timor-Leste
- 1800 Depart Dili
- 1900 Arrive Jakarta, Indonesia. Delegation met by His Excellency Mr Greg Moriarty, Ambassador

## 9 November 2011

- 0830 Embassy briefing given by:
- Ambassador Moriarty
  - Mr Paul Robilliard, Deputy Head of Mission
  - Mr Leith Doody, Senior Trade Commissioner
  - Mr Michael Bliss, Minister Counsellor (Political and Economic)

- Ms Jacqui De Lacy, Minister Counsellor (Development)
  - Brigadier Gary Hogan, Head of Defence Section
  - Mr Ray Marcelo, Counsellor (Public Affairs)
  - Mr Laurie Hampton, First Secretary (Security)
  - Mr Jonathan Muir, First Secretary (Political)
- 1000 Meet with Dr Muhammad Hidayat Nur Wahid, Chairman, Committee for Inter-Parliamentary Cooperation (BKSAP), People's Representative Council, and Dr Ir. H. Atte Sugandi, Member of the BKSAP
- 1145 Wreath laying ceremony at Commonwealth War Graves, Jakarta War Cemetery. Service led by Padre Jon Cox and Brigadier Gary Hogan
- 1230 Roundtable lunch with political and economic commentators, including:
- Mr Meidyatama Suryodiningrat, Chief Editor, Jakarta Post
  - Ms Retno Ruwyastuti, General Manager News, MetroTV
  - Dr Jamhari Makruf, Vice Rector (Academic), State Islamic University
  - Prof. Juwono Sudarsono, Former Defence Minister
  - Dr Clara Juwono, Centre for Strategic and International Studies
  - Ms Retno Shanti Ruwyastuti, Assistant to the President Director, MetroTV
  - Dr Siti Zuhoro, Senior Researcher, Indonesian Institute of Sciences
  - Ms Ima Abdurahim, Executive Director, Habibie Centre
  - Mr Goenawan Mohammed, Founder of Tempo
- 1445 Tour of the Australia-Indonesia Facility for Disaster Reduction (AIFDR). Briefing by Dr Matt Hayne, Co-Director of AIFDR
- 1600 Meeting with Prof. Din Syamsuddin, President, Muhammadiyah
- 1900 Reception at Ambassador's Residence

## 10 November 2011

- 0730 Embassy briefing on climate change and deforestation issues by:
- Ms Sara Moriarty, Counsellor, AusAID
  - Ms Skye Glenday, Department of Climate Change

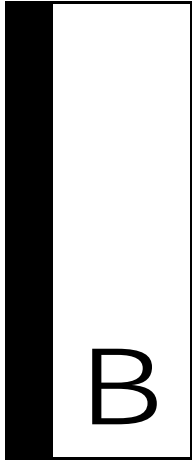
- Ms Cassandra Eadie, Third Secretary (Economic)
- 0930 Meeting with members of Commission VI (Trade, Investment and Industry), People’s Representative Council:
- Mr Airlangga Hartarto, Chairman of Commission VI
  - Mr Ferrari Roemawi
  - Mr Emil Abeng
  - Dr Ir. H. Atte Sugandi
- 1030 Meeting with members of Commission I (Foreign Affairs, Defence and Information), People’s Representative Council:
- Dr H. Mahfudz Siddiq, Chairman of Commission I
  - Mr H. Hayono Isman, Vice Chairman of Commission I
  - Mr Muhammad Najb
- 1215 Lunch with commentators on human rights and religious tolerance issues, including:
- Ms Poengky Indarti, Executive Director, Imparsial
  - Ms Indria Fernida, Deputy Coordinator, KontraS
  - Ms Erna Ratnaningsih, Chairperson, Indonesian Legal Aid Foundation
  - Mr Fajar Riza Ul Haq, Executive Director, Ma’arif Institute
- 1530 Depart Jakarta
- 1655 Arrive Surabaya
- 1900 Dinner with leading Surabaya-based Australian alumni, including:
- Mr Doddy Kosasih, Advocate, H K Kosasih and Associates
  - Mr Peter Sheehan, Business Development Director, PT Padma Graha Eksotika
  - Ms Nany Wijaya, Director, Jawa Pos
  - Ms Herlina Yoka Roida, Lecturer, Universitas Katolik Widya Mandala
  - Ms Inge Christanti, Researcher, Human Rights Study Centre, University of Surabaya

## 11 November 2011

- 0700 Embassy briefing on Australian development projects in the Surabaya region by:
- Dr Elizabeth St George, First Secretary (Democratic Governance)
  - Ms Christiana Dewi, Water Program Manager
  - Ms Diastika Rahwidiati, A/g Counsellor (Education)
  - Mr Jim Coucouvinis, Technical Director of Water and Sanitation Program
- 0820 Visit to an Australian-funded water hibah project, Dekok Kluangan Village, Tanah Merah Sub-District, Bangkalan District, Madura
- 0935 Visit to an Australian-funded school, Madrasah Tsanawiyah Darul Munir, in Separah Village, Bangkalan District, Madura
- 1200 Lunch hosted by Mr Azrul Ananda, President Director of the Jawa Pos Group. Also in attendance:
- Mr Ian Phillip Whitehead, Director of Retail and Business Banking, Commonwealth Bank Indonesia
  - Ms Leonie Lethbridge, Chief Operating Officer, PT Bank ANZ Indonesia
- 1300 Attendance at the launch of the Deteksi 2011 Convention
- 1640 Depart Surabaya
- 1800 Arrive Jakarta
- 2040 Depart Jakarta

## 12 November 2011

- 0735 Arrive Sydney

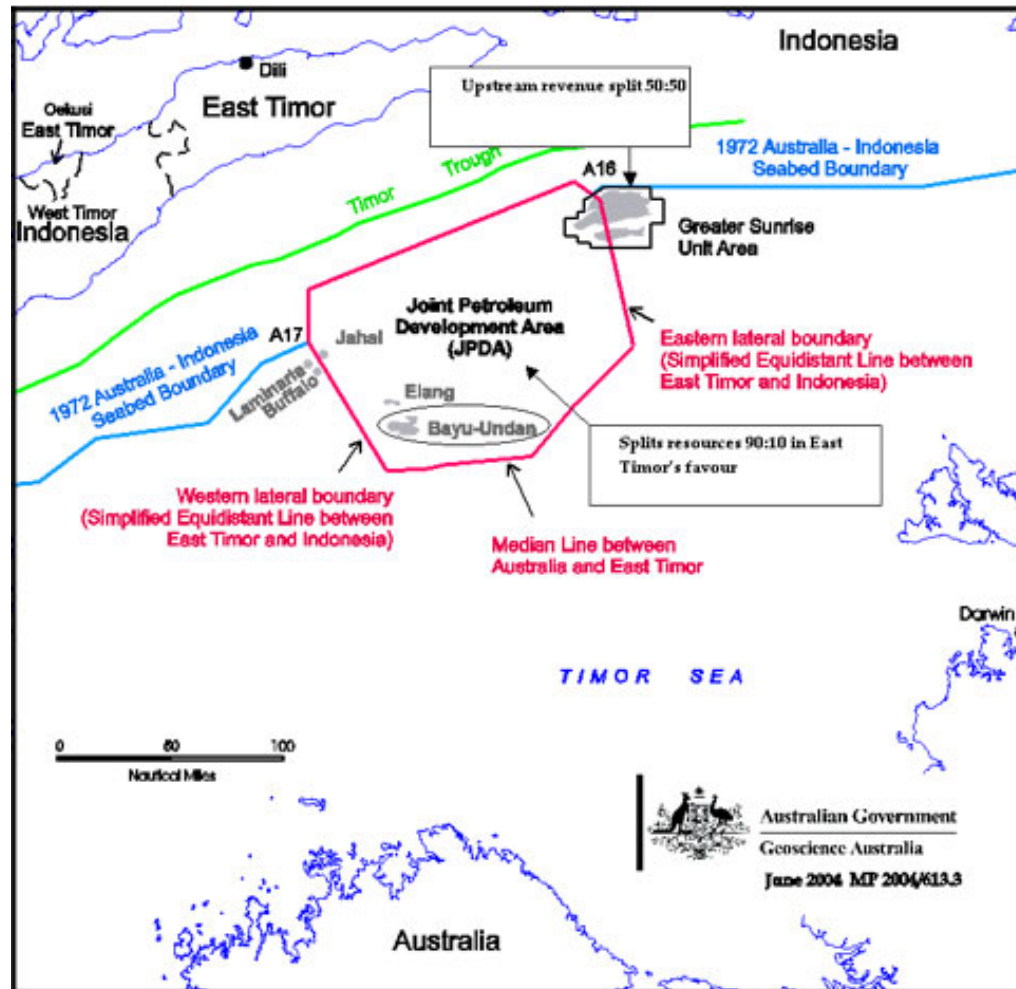


## Appendix B – Maps of Timor-Leste and Indonesia





## Map of the Timor Sea Area



Source DFAT, Timor-Leste country brief

