



The Uniting Church in Australia  
Synod of Victoria and Tasmania  
Justice and International Mission Unit

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25 October 2002

The Secretary  
The Foreign Affairs Sub-Committee  
Joint Standing Committee on Foreign Affairs, Defence and Trade  
Parliament House  
Canberra, ACT, 2600

Dear Secretary,

I am writing on behalf of the Justice and International Mission Unit, Synod of Victoria and Tasmania, Uniting Church in Australia to make a submission to the Foreign Affairs Sub-Committee inquiry into "Building Australia's relationship with Indonesia" in the areas where our Unit has maintained activity and interest.

As identified in the information booklet produced by the Foreign Affairs Sub-Committee with regard to this inquiry, Indonesia is the most populous of our near neighbours. It is important for the people of Australia to maintain and build a good relationship with Indonesia. Australia has an important role to play in assisting Indonesia in consolidating its democracy, which includes ensuring the stability of Indonesia's economy.

#### **Debt Relief**

In 2000 the National Assembly of Uniting Church representatives that meet every three years resolved to express the Church's "commitment to the Jubilee 2000 campaign and the need for debt relief". In 1999 the annual meeting of the representatives of the Synod of Victoria from throughout the state unanimously expressed their support for the Jubilee 2000 Debt Relief Campaign and called on the Australian Government to cancel "the unpayable components of other debts owed to Australia by developing countries." The Synod of Victoria and Tasmania has maintained an active involvement in the Jubilee Australia Debt Relief Campaign.

The Justice and International Mission Unit asks that the Committee recommend that the Australian Government support at least 30% of the debt owed to the World Bank, IMF and Asian Development Bank by Indonesia be cancelled. This is the estimated proportion that creditors knew, or reasonably ought to have known, was corruptly taken by members of the Indonesian regime of the time with no benefit to the ordinary people that are now required to repay it.

An internal report from the World Bank's Jakarta office in 1997 stated:

*"In aggregate we estimate that at least 20-30% of GOI development budget funds are diverted through informal payments to GOI staff and politicians, and there is no basis to claim a smaller "leakage" for bank projects as our controls have little practical effect on the methods generally used."*

The Unit is deeply concerned that Indonesia's foreign debt crisis will impede the Government of Indonesia from providing for the basic human needs of its people.

The Unit further asks the Committee to recommend that the Australia Government support Indonesia only being required to repay debts at a maximum rate of 5% of export earnings to try to ensure that the Government has sufficient funds to provide for the basic needs of its people. Currently debt service payments are at 25.3% of export earnings. Debt service has increased from 8.7% of GDP in 1990 to 12.2% of GDP in 2000. Public health expenditure is only 0.8% of GDP or US\$8 per person per year. Public education expenditure is 1.4% of GDP or 7.9% of total government expenditure.

The UN Development Programme in its 2002 Human Development Report indicated that 7.7% of the population of Indonesia live on less than US\$1 per day and 55.3% on less than US\$2 per day (the income poverty line). It is further reported that since the financial crisis there has been a 4 – 5% decrease in school enrolments, with approximately 1.3 million less children in school. In Jakarta alone 80 schools have closed since the 1997 financial crisis. Since 1997, 39 million Indonesians have been unemployed. UNICEF notes that 26% of infants are moderately or severely underweight. The under five mortality rate is 48 per 1,000 live births, compared to 6 per 1,000 live births in Australia. According to UNICEF a total of 22% of the population does not have access to safe water. GDP per capita dropped from US\$3,481 in 1997 to US\$3,048 in 2000, a decrease of over 12%.

The Unit is concerned that a significant proportion of the Indonesian Government's debt is a result of bailing out private banks in the 1997 financial crisis. Effectively this became a transfer of private debt to the ordinary people of Indonesia who are now expected to repay it.

The Unit welcomes the assistance that the Australian Government has provided Indonesia in managing its debt, in an anti-money laundering system, fraud awareness and detection and in developing transparent, accountable and competent legal institutions. It also welcomes the assistance the Australian Government is providing to programmes directed at reducing poverty in Indonesia, in the areas of primary health care, the provision of essential drugs and medical supplies, the supply of clean water and sanitation, education and training, increased rural productivity and environmental management. However, the current assistance remains insufficient to meet the needs of the Indonesian people and so further assistance should be provided in the form of debt relief. Assistance to Indonesia in the 2002-2003 financial year will be below the 1995-1996 level in nominal dollar terms at \$121.6 million.

As of June 2002, Indonesia owed \$1.598 billion to Australia as bilateral debt.

#### *Recommendation*

The Unit requests that the Committee recommend that the Australian Government provide bilateral debt relief to Indonesia provided the money freed from debt service is used for poverty reduction measures and initiatives. The Australian Government should also assist the Indonesian government in the recovery of money taken through corruption by former members of government.

#### **Support for Internally Displaced People and Conflict Prevention in Indonesia**

In recent years sectarian strife throughout Indonesia between Muslims and Christians has left thousands of people dead and hundreds of thousands of people displaced. AusAID estimates that more than 1.3 million Indonesians are internally displaced.

The Unit has been deeply concerned about these conflicts and has advocated a negotiated end to them as quickly as possible in a way that addresses the underlying tensions and disarms those non-state actor groups involved in the conflict. In the meantime, the needs of people displaced by these conflicts remain great.

The Unit welcomes the announcement of a Disaster Management and Conflict Prevention Program as part of the 2002-2003 aid budget to Indonesia in 2002-2003, with an allocation of \$5 million over two years. The Unit welcomes the fact that this program “will aim to build up indigenous crisis management capacity and support initiatives aimed at positively influencing the dynamics of conflict.” The Unit recognises that this program is in its infancy and will seek to support its effective implementation.

### *Maluku Islands*

The focal point of the violence has been the Maluku Islands (known also as the Moluccas). The Uniting Church in Australia has a partner church there in the Gereja Protestan Maluku (the Protestant Church of Maluku). The Synod of Victoria and Tasmania has played a role in supporting refugees from the Maluku Islands, who have found temporary sanctuary with the Synod’s partner church in Indonesia, GMIM (Gereja Masehi Injili Minahasa). Approximately two million people live in the Maluku Islands.

A peace deal was negotiated for the Maluku Islands in February 2002. The deal includes an agreement that all sides in the conflict will disarm and that the Government will set up a national investigation team to look into serious cases of violence.

Despite the negotiated Peace Accord, the area is not safe. The militant “Laskar Jihad” refused to accept the peace accord. They had succeeded in purging Ambon and the Maluku Islands of many Christian communities. The vast majority of Muslims would reject the activities of Laskar Jihad as being in violation of the teachings of Islam, and their activities have been condemned by Islamic religious leaders in Indonesia. Reports indicate that Laskar Jihad have withdrawn from the Maluku Islands following the Bali bombings.

An estimated 5,000 to 10,000 people (Muslim and Christian) have died during the past three years throughout the Maluku Islands. Meanwhile, tens of thousands of Christians and Muslims live in poverty in the many of Maluku’s temporary refugee camps where there is little hope. Indonesia’s internally displaced people crisis is massive, with more than 1.3 million displaced people.

Religious conflicts in Ambon have an ethnic element to them, between internal migrants from Buton, Bugis and Makassar ethnic groups, which are all Muslims, and the indigenous Maluku ethnic group, which is evenly divided between Muslim and Christian communities. The migrants later successfully exploited the conflict by appealing to Muslims in the Maluku ethnic group, shattering long-held social values such as “Pela Gandong” or mutual help and brotherhood.

Allegations have been raised that the Indonesian military and police has exploited the conflict in the Maluku Islands to boost their bargaining position against President Megawati Sukarnoputri, the House of Representatives and the People’s Consultative Assembly, with the ultimate goal of maintaining their political role. For example, police and security forces in the Maluku Islands had previously failed to carry out the orders of the Governor of the

Maluku Islands, Saleh Latuconsina, when he had ordered the arrest of the head of Laskar Jihad.

### *Central Sulawesi*

Central Sulawesi has experienced armed conflict between the Christian and Muslim communities since 1998. Reports indicate that those that have participated in the conflict on both sides were responsible for the murders of unarmed civilians, including children. Both sides have beheaded victims. The conflict escalated when Islamic extremist groups, such as Laskar Jihad, arrived in Central Sulawesi bringing with them much more powerful weapons than had been used in the conflict up to that date.

Laskar Jihad fighters are believed to numbered from in the hundreds up to 7,000 strong. However, recent reports indicate that Laskar Jihad may have withdrawn from Central Sulawesi.

Christians have formed their own militia groups. Legium Christum was reported to have 6,000 members in January 2002.

By January 2002 it was reported that 10,000 buildings in Central Sulawesi had been destroyed in the conflict, with an estimated 300 to 2,000 people killed in the period 1999 to January 2002.

Prior to the eruption of violence in 1998, Christians and Muslims had lived in relative harmony. Central Sulawesi is dotted with settlements where Churches and Mosques were built only metres apart. Both Christians and Muslims in Sulawesi assert that the conflict is more complex than a religious war. They say it is a local power struggle with clear demographic roots in which religious fervour has been turned into a weapon of war.

At the heart of the war was a demographic shift as a result of Muslim settlers moving from southern Sulawesi and Java changing the balance in Poso and its surrounding villages, which had largely been Christian. The result was that Muslims were elected to the top three political positions, replacing Christians. Disenfranchisement led to resentment and then violence.

### *Recommendation*

The Unit requests that the Committee recommend that the Australian Government increase its humanitarian assistance to IDPs in Indonesia and continue to develop programs aimed at conflict prevention within Indonesia.

### **Landmines**

The Unit urges the Committee recommend that the Australian Government be more active in encouraging Indonesia to ratify the *1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (Mine Ban Treaty)*.

In 1995 the annual meeting of representatives of the Synod of Victoria from throughout the State committed the Synod of Victoria to supporting a ban on victim-activated anti-personnel landmines.

The Unit acknowledges and welcomes the Australian Government's collaboration with the Australian Network of the International Campaign to Ban Landmines to universalise the *Mine Ban Treaty* in Australia's region through the Southeast Asia and the Pacific (SEAP) initiative.

Indonesia has revealed it has a stockpile of 16,000 victim-activated anti-personnel landmines. Indonesia has never manufactured or transferred victim-activated anti-personnel landmines. The only reported use of landmines has been by non-state actors in Aceh and the Maluku Islands.

#### *Recommendations*

Indonesia is a signatory to the *Mine Ban Treaty*. The Unit has reason to believe that giving higher profile to the *Mine Ban Treaty* will encourage the Indonesian Ministry of Foreign Affairs to give a higher priority to ratification of the Treaty. Senior Australian diplomats should raise the issue with Indonesian Ministry of Foreign Affairs, the Indonesian armed forces and the Indonesian Department of Defence in person. Other State Parties to the *Mine Ban Treaty* should be encouraged to do likewise.

The Australian Government should also suggest holding a joint seminar in Indonesia with the Indonesian Ministry of Foreign Affairs, Department of Defence and armed forces on the subject of anti-personnel landmines, with a view to moving towards ratification of the *Mine Ban Treaty*.

#### **Labour Rights**

The Synod of Victoria has been an active supporter of the Fairwear campaign in Australia. One of the aims of this campaign is to ensure that the basic labour rights of people working in the textile, clothing and footwear industry are respected, regardless of where they work.

The Unit is concerned at on-going reports of labour rights abuses in the Indonesian textile, clothing and footwear industry. For example, representatives of employees at six factories producing for NIKE in Indonesia met in the middle of 2002 and outlined on-going concerns. These included:

- The dumping and burning of scrap shoe rubber around the factories. Burning shoe rubber releases toxins and carcinogens into the atmosphere.
- Employees are intimidated and threatened to stop them from joining or forming trade unions.
- Wages that are inadequate to meet basic needs and employees are required to carry out excessive amounts of overtime to make ends meet.
- Women employees being systematically humiliated through the process of obtaining their legally guaranteed menstrual break. Women taking this break are denied their attendance bonus.

#### *Recommendation*

The Unit asks that the Committee recommend that the Australian Government take action to ensure that Australian based companies uphold the basic labour rights of Indonesians working in factories that produce for their labels.

I thank the Committee for its consideration of the matters raised within this submission.

Yours sincerely,

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