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JOINT COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

Foreign Affairs Subcommittee

Monday, 17 March 2003

Members: Senator Ferguson *(Chair)*, Mr Brereton *(Deputy Chair)*, Senators Bolkus, Cook, Eggleston, Chris Evans, Harradine, Hutchins, Johnston, Sandy Macdonald, O'Brien, Payne and Stott Despoja and Mr Baird, Mr Baldwin, Mr Beazley, Mr Bevis, Mr Byrne, Mr Edwards, Mr Laurie Ferguson, Mrs Gash, Mr Hawker, Mr Jull, Mr Lindsay, Mrs Moylan, Mr Nairn, Mr Price, Mr Prosser, Mr Bruce Scott, Mr Snowdon, Mr Somlyay and Mr Cameron Thompson

Subcommittee members: Mr Jull *(Chair)*, Mr Laurie Ferguson *(Deputy Chair)*, Senators Bolkus, Cook, Chris Evans, Ferguson *(ex officio)*, Hutchins, Sandy Macdonald, Payne and Stott Despoja and Mr Baldwin, Mr Beazley, Mr Bevis, Mr Brereton *(ex officio)*, Mr Byrne, Mr Edwards, Mrs Gash, Mr Hawker, Mr Lindsay, Mr Nairn, Mr Price, Mr Prosser, Mr Snowdon and Mr Somlyay

Senators and members in attendance: Senators Bolkus, Hutchins and Stott Despoja and Mr Beazley, Mr Edwards, Mr Laurie Ferguson, Mr Jull, Mr Lindsay and Mr Snowdon

Terms of reference for the inquiry:

To inquire into and report on:

Australia's relationship with the Republic of Indonesia, focusing in particular on building a relationship that is positive and mutually beneficial.

The committee shall review the political, strategic, economic (including trade and investment), social and cultural aspects of the bilateral relationship, considering both the current nature of our relationship and opportunities for it to develop.

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Subcommittee met at 9.00 a.m.

CHAIR—I declare open this hearing on Australia's relationship with Indonesia. This is the first public hearing for this particular inquiry of the Foreign Affairs Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. The subcommittee last looked at the bilateral relationship between Australia and Indonesia in 1993. There have been enormous changes in the political, social and economic landscapes of Indonesia since that review. Our focus in this inquiry is on building a relationship that is positive and mutually beneficial. As part of this review, we will review the political, strategic, economic, social and cultural aspects of the bilateral relationship, considering both the current nature of the relationship and the opportunities for it to develop.

We have received a large number of substantial submissions to this inquiry from a range of organisations, including government agencies, schools, universities, non-government organisations with an interest in aid and human rights, and individuals. We look forward to deepening our understanding of the political, economic and cultural dimensions of Australia's relationship with its largest and most influential neighbour. Our histories and cultures are very different and now, more than ever, it is of the utmost importance that Australia and Indonesia have a mature, respectful and mutually enriching dialogue.

[9.01 a.m.]

O'CONNOR, Mr Michael James, Executive Director, Australia Defence Association

CHAIR—On behalf of the subcommittee, I welcome Mr Michael O'Connor, the Executive Director of the Australia Defence Association. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private, you may ask to do so and the subcommittee will give consideration to your request. Although the subcommittee does not require you to give evidence under oath, I should remind you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the parliament itself. I invite you to make a short opening statement, if you wish to, before we go to questions.

Mr O'Connor—I have no opening statement; I simply stand by the submission as it was presented.

CHAIR—The area that I thought was quite interesting—and perhaps this is the way we could start it—was where you described the view that Indonesia is regarded as Australia's most likely enemy but you said that that was ill founded. I was wondering if you could expand on that, please.

Mr O'Connor—I think it is a popular view that Indonesia is our most likely enemy. It is not one that the association shares, I might add. It is simply a product of a recognition of Indonesia as a much larger country which is very close to Australia. In our view, Indonesia and Australia share so many strategic interests that there is pressure on both countries not to allow any dispute—and we have had plenty over the years—to get to such a stage that we would get involved in a shooting war. To some extent, the East Timor experience reflects that—that, when pressure came on, Indonesia was not prepared to contest the lodgment of INTERFET, and indeed the level of cooperation between the Indonesian command on the spot and the Australian command was very good and very close. I think that, certainly from my discussions with my colleagues in Indonesia, there is this recognition that we share interests rather than have them in conflict.

CHAIR—So are you suggesting that some of the tensions that were fairly evident after East Timor have dissipated completely?

Mr O'Connor—I would not say they have dissipated completely. I think there are certainly factions within Indonesia, as always, which have seen some value in creating tensions with Australia or sustaining tensions with Australia. The information I have is that Australians have been received very warmly in Indonesia at senior official levels and that there is a feeling in Indonesia that East Timor should be put to one side, that it is over and done with and that it has resolved what was in fact a problem for Indonesia.

CHAIR—What about Bali? There was some criticism out of Indonesia when Australia moved in after the Bali bombing. Is that a fair statement, or has there been a real capacity to build a relationship between Australia and Indonesia as a result of what went on in Bali and post-Bali?

Mr O'Connor—I think the capacity to build a relationship was there beforehand and I think we saw in the aftermath of the Bali bombing a very high level of cooperation between the police in the field on both sides. This has flowed through and will continue to flow through to more senior levels as an example of the sort of working level cooperation that goes on all the time. There is a high level of working cooperation between the Australian military and the Indonesian military and, quite clearly, that is occurring with the police as well. There was some element of that in the various aspects of dealing with people smugglers. So I think that at the working level it is there and this is going to have some effect inevitably at the higher level particularly as working level people rise to more senior ranks.

CHAIR—Does that sense of cooperation filter through to the general public in Indonesia or is it fair to say there is still some resentment about Australia amongst sections of the public?

Mr O'Connor—I cannot answer that. To be honest I am not sure. Indonesia is a country of 200 million people and, as to the extent it flows through, I do not know. Merely on my personal observations, which are a bit dated nowadays, I think there is a fairly good relationship between ordinary Indonesians and ordinary Australians. I think there is a degree of empathy which they do not experience with people from other countries. Australians are liked simply because they are friendly and fairly laid-back and they do not pretend to any sense of superiority over Indonesians. I have never seen any evidence of hostility between ordinary Indonesians and ordinary Australians. It tends to be at more senior and isolationist levels, I think, within the Indonesian elite.

Mr BEAZLEY—I would like to take you to your comments on East Timor and the portrayal of the Australian position in Indonesia—and you would obviously be at least as well aware of that as anyone else. We have had bin Laden's comments and the comments of others that Australia is a legitimate target to their mind because we were responsible for knocking over a portion of the Islamic caliphate in being involved in the change to independence in East Timor. Do you think there is anything we could have done then, or could do now, to induce in the broader Indonesian public a more accurate portrayal of what actually was a set of decisions predicated on decisions by the Indonesian government, not decisions by us, either then or since then?

Mr O'Connor—I have not been able to look at it from the Indonesian end, as it were, but I would have thought that the opportunity for extensive propaganda—Australian propaganda, truthful propaganda—to put our point of view would have been particularly useful. I have in mind Radio Australia and the general media penetration into Indonesia. I think we ought to be doing more there. The simple answer to the extremist Islamic view in respect of East Timor is that we are talking about a largely Catholic community in East Timor, and I think we could have been making that point. Indeed, too, in some areas—Indonesia is a multireligious country—while the bulk of the population is certainly Muslim, and pretty relaxed Muslims at that, there is a very large Christian community particularly in the eastern islands, and I think we ought to be making that point not only in Indonesia but also in Australia.

Senator HUTCHINS—I refer to the situation in West Papua. It appears that there is going to be a quite difficult period ahead for its people, particularly given the assassination last year and a lot of developing agitation in Australia. What is your observation as to how that is impacting at the moment on the political or military leadership in Indonesia, and how do they view the actions of Australia in responding to the claims that are about at the moment on this?

Mr O'Connor—I think the biggest problem that we have there is something that we cannot do very much about. That is the level of training and respect for human rights among certain elements of the Indonesian military. If the Indonesians continue to do as they are beginning to do, to transfer more responsibility to their police rather than to the military, we may solve some of that problem. The biggest problem I see in respect of that is that, no matter how much Australia officially tries to stand aside from that, the fundamental impact is going to be on Papua New Guinea, along the border. I might mention that many years ago I was assistant district commissioner on a border post. That is a very porous border. Where you get a situation where rebels or guerillas—call them what you will—use Papua New Guinea as a safe haven and the Indonesians pursue them, there is going to be conflict between Papua New Guinea and Indonesia. That puts Australia in a very difficult position. Given our responsibilities to Papua New Guinea, it is not something that we could stand aside from if the problem escalated. I would assume and I would hope that there is some serious thinking being done about that in Canberra. It is certainly something that should be seriously considered at working level and at government level in terms of just how we would respond.

Mr SNOWDON—I note that your submission was drafted in October. Would you want to make any additional comments, given recent events in which it appears that we are running a different course from Indonesia's in relation to events in the Middle East? I note that this morning there was a report in one of the newspapers that Alexander Downer has requested that members of the Australia-Indonesia Institute not travel to Indonesia, ostensibly, it was reported, because of differences of view between Megawati and the Australian government about the issue of Iraq. Do you have any observations that you would like to make about that issue in terms of the relationship between Australia and Indonesia and how we might best manage that process into the future if, as it appears, Australia, in league with others, might take action in Iraq which is not sanctioned by the United Nations?

Mr O'Connor—There are two dimensions here. One is the personal security of Australians in Indonesia, and I think it is right that some precautions should be taken. I would not personally advocate going over the top. From a personal point of view, I would be quite happy to go to Indonesia at this time or in the future, because I think the risk is very limited, but security personnel tend to take things very seriously. In the wider sense, it would be a mistake to try to limit our contacts with Indonesia. Maybe we should be looking to encourage more contacts in Australia, rather than in Indonesia. Certainly I would not consider limiting any sorts of joint exercises we might have with Indonesia, because that would then convey an impression that there was some significant dispute between Australia and Indonesia. I think it is important that we do not give that impression at all but that in fact the Iraq thing, in terms of our relationship with Indonesia, is not something we would regard as relevant.

Mr SNOWDON—Not even if the leadership of the major Islamic groups within Indonesia—I think collectively the two major groups account for around 80 or 90 million members—are on the public record as saying they are very concerned about the potential for increased internal security problems in Indonesia as a direct result of a confrontation with Iraq that is not sanctioned by the United Nations? There is apparent concern about their own ability to manage that situation internally and to prevent unnecessary collateral damage emerging within Indonesia against not only foreign interests but Indonesian interests in terms of the governance of Indonesia. What is your view of those issues?

Mr O'Connor—I think that is an internal Indonesian security issue, and I think they are generally capable of managing that satisfactorily. Certainly anybody with commonsense would try to avoid any incidents in Indonesia but, in that sense—in a somewhat different way—it is no different from trying to manage, say, a visit to other countries with problems of internal unrest, as with Papua New Guinea, for example. At normal levels I would not expect there would be a problem.

Mr LINDSAY—Is your association picking up any roadblocks to better relations between the ADF and TNI?

Mr O'Connor—I get the impression that the relationship is very good, partly because it is based on a degree of frankness. At the Defence International Training Centre at Laverton I have lectured visiting officers who are going to staff college and defence college. I find in that community, where you are talking to a considerable number of Indonesian officers at the lieutenant colonel and colonel level, it is possible to have a very frank discussion about things like Indonesia or even cultural differences. For example, Australians tend to be very direct in their approach, whereas Indonesians tend to be rather indirect and try to avoid giving offence. These are sophisticated people, by and large, and the relationship is not only frank but certainly very friendly. I do not see a problem. It is too easy to imagine tensions in the country to country relationships spilling over into personal or even institutional relationships. I understand that senior Australian officers have gone to Indonesia in recent months and have been very warmly welcomed. My understanding is that our police working in Bali and elsewhere in Indonesia have been, again, warmly welcomed, and their cooperation and assistance have certainly been of great benefit to the Indonesian police, who, on the other hand, have also shown their Australian colleagues a high level of expertise in tracking down wanted people. So the association's view would tend to be: the more interchange you get, the better. It breaks down misconceptions and people get to know each other much better. I have the sense that that is the reality, rather than reality being what you would read in the daily papers.

Mr LINDSAY—Your evidence made a point that the Australian population senses that Indonesia might be a threat. I think we all get that sort of feedback—Australia cannot defend itself against 200 million Indonesians, or whatever. What might the Australian government do to deal with that feeling in our community?

Mr O'Connor—I am not sure it is a responsibility of government. I would hope that this committee and its report would do some good work in that sense. Certainly, I think the inquiry by the committee will make an important contribution to the relationship. I think the more that Australians associate with Indonesians and vice versa, the more that sense will dissipate. The view that Indonesia is a threat is very superficial. It is one that goes back a long way and it reflects a fairly traditional and cultural Australian feeling of vulnerability which should no longer be a problem. To some extent, unless it were considered that it would endanger the relationship, it should be made more clear that we actually do not fear Indonesia, because in military terms we are capable of dealing with any serious attack on Australia. I have always believed, and the association has always believed, that if Indonesia really did have designs on Australia the last thing it would try to do would be to attack Australia directly. That would be militarily incompetent.

The best way to attack Australia would be to stop merchant shipping from travelling to and from Australia through the Indonesian straits. There have been areas of tension there, but again

they have been managed quite satisfactorily and without any great difficulty. It is not a bad example of how we have managed the relationship over the life of the Republic of Indonesia. It is just a pity that these occasional tensions become so ingrained. I do not know how you do it, and I am not sure that government is the appropriate organisation to do it, but I think a more balanced view needs to be developed, if only because the tendency in the community is to look at the bad news stories rather than the good news stories. But looking more at the relationship, the fact that there are so many Australian tourists going to Indonesia I think is going to dilute that feeling very substantially over the years. It is not something that I would regard as being necessarily very significant.

Mr LINDSAY—You said that the external security of both countries is inseparable and there can be no other policy. Why is it that the people of the two countries do not understand that?

Mr O'Connor—I think it is very largely a case of neighbours not always getting on well together. Indonesia is a very large country. In raw terms it looks overpowering. If you look carefully, the Indonesian military do not have the capability to attack Australia seriously, only in a nuisance way. I would draw attention to the fact that at the time of the INTERFET deployment in East Timor we also deployed significant naval and air forces to deter Indonesian adventurism. That was very effective, not only in the sense that it did not occur but also because the Indonesians would have realised that their naval and air capability was significantly inferior to ours. So I think there is a recognition in both countries, certainly at the official level or the working level, that we have a lot more interests in common than in dispute. Indonesia's strategic concern, as I understand it from my associates in Indonesia, is with China and to a lesser extent with India, who are bigger and more powerful countries than Indonesia is. Indonesia recognises that it occupies a significant global strategic position and that it has something of an internal conflict between its nationalistic aspirations to control the whole archipelago and the fact that that archipelago is an important strategic choke point in the world. Essentially the Indonesians are looking for friends. I recall one senior Indonesian saying to me: 'Indonesia has no problems with Australia. What we want is a friendly Australia at our back.' I think that is, and will continue to be, the driving consideration in Indonesian policy whatever peripheral tensions—if I can call them that—occur to muddy the relationship.

Mr LAURIE FERGUSON—In your submission, you speak of factionalism and, at one stage, dissidence in Kopassus. In paragraph 41, you proffer the advice that we should engage in 'sensible discrimination' to assist the Indonesian government. Can you elaborate on sensible discrimination as a policy?

Mr O'Connor—The information that we have is that TNI is factionalised in a number of ways. Part of it is religious and part of it is a traditionalist approach versus a more modern approach. The traditional approach sees the armed forces—and I am speaking particularly of the Indonesian army—as an essential part of the government with a political role to play and a right to play that role. The more modern people, who are not necessarily only the younger ones, tend to see the TNI emerging as a more traditional defence force, directed towards the external defence of Indonesia rather than internal security. So this clash does occur. It does not necessarily follow generational lines and it does not necessarily follow religious lines. The religious divide between the Islamist in the Indonesian military and the secular nationalist crosses those boundaries again. So there is a range of tensions within the TNI.

There are other aspects of the structure of the TNI which have an effect here, one of which is that the loyalty of the troops in a particular unit is normally to the commander of that unit rather than to the overall command. This is simply because the commander of that unit provides their pay and food. So there are all sorts of divisions within the TNI, and it is not a traditional military force in the sense that we would understand it. That is changing, and one would hope it will continue to change as Indonesia democratises, and that the political power of TNI will be neutralised. That has already happened to some extent with the police force being taken out of the defence department, and it is becoming a more conventional police force. The more they can get the TNI out of internal security matters, the quicker this problem will dissipate. But I do not see it happening very quickly, simply because it is something that is entrenched in Indonesia's view of itself—its nationalist origins. It is something that will have to evolve, and I suspect we will just have to be patient with it.

Mr LAURIE FERGUSON—You are advocating sensible discrimination. What does that mean and what is Australia to do?

Mr O'Connor—I think sensible discrimination means that—for example, in the context of the Australian training of the Indonesian special force units, Kopassus—we should be ensuring that our training is limited to things like counterterrorism rather than what Kopassus tend to see as some of their active intelligence operations. We need, I think, to be sensitive to that and ensure that what we do is directed towards producing a more conventional Indonesian defence force and that that occurs across the board. Certainly there is considerable opportunity for us to continue to train the Indonesian military but, as I say, in a more discriminatory way.

Mr EDWARDS—Mr O'Connor, you touched briefly on this in answer to a previous question: in your submission you make the statement that the security of merchant shipping through the Indonesian straits represents a fundamental Australian security interest. You seem to be suggesting that Australia takes for granted access through those straits and also takes for granted the security of ships passing through those straits. Do you think there is anything specific that Australia should be doing to maintain security in both aspects?

Mr O'Connor—The specific things relate very much to the way we cooperate particularly with the Indonesian navy in the context of joint exercises for the protection of merchant shipping. There is a range of things you can do in that area to build confidence and to build working relationships. At the moment, as I understand it, relations are very good and the level of interpersonal communication between staffs and staff officers just by telephone is constant and constructive. I think we need to continue that and maybe build on that with a view to having some sort of joint arrangement with the Indonesians to protect that shipping so that we contribute our forces to supplement theirs to ensure the security of that shipping.

After all, it is a major Australian interest and a significant Indonesian interest as well, and you play it in that sense. The Indonesian navy and air force capability in the maritime defence role is somewhat limited. So is ours at the moment; it is very overstretched. But in a strategic and longer-term sense I think we ought to be projecting forward to some sort of joint arrangements—even joint headquarters in a shadow sense—that could be mobilised in time of international conflict to ensure the security of that shipping.

It is not only our shipping. On the other side, the Indonesians are conscious of their power in controlling those straits. In the past they have put pressure on partners in OPEC to do what the

Indonesians wanted to do by closing off straits to tankers coming from the Middle East from a particular source. It did not happen for long but it was a gesture to show that they have this power. So it is important for us to ensure that power is not used against us, and we can do that through diplomacy and through defence cooperation, indeed, taking it a bit further, to a higher degree of cooperation between their navy and air force and our Navy and Air Force.

Mr EDWARDS—Are you aware of the banner headline in the *Sunday Times* which stated 'Prisoners tortured' and which went on to say:

A former SAS trooper has told how members of the Australian Defence Force's most elite regiment subjected their Indonesian captors to acts of depravity during the East Timor campaign. They used torture techniques that breached the Geneva Convention.

An inside story by the same ABC journalist said 'No special case for brutal SAS'. I doubt the credibility of that story but the fact is it is there. It is in banner headlines. What sort of impact does this sort of reporting have in Indonesia? With what sort of credibility do you think stories like these are received in Indonesia?

Mr O'Connor—I am not sure I can answer that. I am aware of the report because it was sent to me yesterday by the media wanting comment on it. I think the simple answer to that is that, if the Australian government does, as it is doing, investigate that alleged incident in considerable depth and lays charges which will be tried by court martial, and if we ensure that court martial—whatever its outcome—is well publicised, then it would tend to neutralise that. Even if the incident is true, it demonstrates our determination to treat such acts—if they occurred—as simply unacceptable. The more transparency we have on that—and indeed the more transparency we have in dealing with these incidents early—the better.

One of the difficulties is that these allegations are very old now. They have spent literally years investigating them. In my view, it is quite unacceptable that they should spend years investigating in such secrecy. There is nothing wrong with an investigation being secret—on the contrary—but to spend two or three years on getting a resolution to the investigation I think is just plain unacceptable. Defence need to be told to speed up that process, because it occurs not only in this but in so many other disciplinary cases in the Defence Force. The more open we are as a result of, or in, situations like this, the less adverse impact it will have overseas.

Mr BEAZLEY—Very sensibly you outline the joint strategic interests between Australia and Indonesia and that we are not natural enemies no matter what some people in our two countries may think—in fact, we are natural friends. At the end of your paper you do the prudent defence analysis of relative capabilities so that your assessment of our defence capability is capability based rather than threat based. I applaud that; that is a sensible way of going. Having said all that, you also suggest in the course of this that the technological edge that Australia may have enjoyed over the Indonesian armed forces and those of the region is changing. In the context of that, on page 10 of your submission, could you give us a run-down of those Indonesian capabilities, what you think their problems are and whether any of those capabilities are moving in the direction you describe as beginning to undermine Australia's technological edge?

Mr O'Connor—If you look at the numbers—298,000 Indonesian personnel versus 50,000 Australian—it looks pretty overwhelming, but the vast bulk of the Indonesian armed forces are internal security forces with very low capability, low levels of training and poor levels of equipment. Their submarines are training vessels only, compared with ours, which I think are

exceptional vessels. Their frigates are not as modern as ours. Some are in fact quite old and of limited capability. Their fast attack craft are a different category. They are somewhat superior to ours—we in fact do not have any—but by the same token they are also short range.

There is a bit of a history to this. Dr Habibie, when he was minister for industry and also had an interest in the Surabaya dockyards, spent the whole of the Indonesian navy's budget on buying the East German navy when the navy was desperately anxious to get some modern vessels. Basically he bought a collection of short-range, low-capability rust buckets so that his dockyard could have the job of refitting them. I remember speaking to Admiral Arifin, who was Indonesia's Chief of Navy at the time. He is a very gentle soul, but he was absolutely furious with that. It was an interesting look at some of the tensions within the Indonesian hierarchy.

They have many more patrol craft, but again they are very short-range vessels responsible for internal security. Indeed, most of their navy is focused on security in internal waters, dealing with things like outlaws, pirates, bandits—call them what you will—and also protecting some of their offshore installations, which are quite substantial, in some of their inshore waters. Their armoured vehicles are very much old, light-armoured vehicles. Mind you, ours are also fairly old. The situation in which they would come into conflict with each other is almost unimaginable, simply because neither of us has the capability to deploy significant numbers into each other's territory. They are certainly modernising their fighter aircraft, but the bulk of them are still fairly low technology compared with ours.

The biggest problem and the biggest difference is that, while the Indonesian armed forces may have developed their platform capability, they are yet to demonstrate that they have developed their levels of personnel expertise and training and logistic support and their ability to actually support a force on operations in any sustained way. While our forces may be small, we do at least have that balance, which I think most of the armed forces in our region—the Singaporeans aside—probably do not have.

Mr BEAZLEY—Given their small, fast attack craft and fighter/strike aircraft, what capacity does that give them to oppose a navy attempting to force the straits? What sort of navy would you need to be able to force the straits against an Indonesian decision to cut them off?

Mr O'Connor—For an Indonesian navy to threaten Australia?

Mr BEAZLEY—I am talking more generally now and it is not to be provocative, because it is not simply against us that from time to time it has been suggested that the straits might be closed or overflight of them denied. As you rightly point out, the Indonesians have done this on a number of occasions. Given what you know of the capabilities of their fast attack craft and of the aircraft that they have, what sort of navy would be required to be able to force the straits in the face of that opposition? Is it a substantial opposition? What sort of craft would you need to be able to do it?

Mr O'Connor—I think that in many ways we are not too badly off in the sense that all of our big frigates now have an antiship missile capability, not only in the ship itself but in its helicopters. If we were to develop our airborne early warning capability as planned and more air-to-air refuellers in the RAAF, we would be very comfortably off in terms of contesting those straits with an Indonesian force. I hasten to say, though, that I think that our role is very much to cooperate with the Indonesians against some other adversary, maybe a mythical adversary, if

only to demonstrate that together we have the ability to protect the shipping of any country in Indonesian waters. I think that represents a stabilising factor in international strategic terms, rather than some contest between Australia and Indonesia. We have this mutual interest and, if we can cooperate to do that, their fast attack craft fill a gap that we cannot fill and our big frigates and our more advanced maritime air capability supplement theirs, so there is an ability there to work together to demonstrate a substantial stabilising capability that builds confidence in the region, especially in North-East Asia, which depends so heavily on that merchant traffic.

Mr BEAZLEY—This is the central conundrum in Australian contingency planning. On the one hand, the analysis that you have is absolutely correct: we need a close relationship with the Indonesians. That is a sensible way of defending those straits and, as you suggest, we probably ought to be building more into the relationship that focuses on that shared interest. On the other hand, because of the significance of those straits to Australia economically and in terms of the defence of the approaches to this country, we need a certainty that we ourselves could either choke them off, if a problem arose and it was determined that that was a sensible course of action, or open them up, if the circumstances we confronted were sufficiently problematic. Is it your view at the moment that the Australian defence capability in both regards is sufficient? Otherwise, what changes would you make to ensure that, given the contemporary capabilities in the region, we could sustain both capacities, to either choke them off or open them up?

Mr O'Connor—Our capacity to protect Australia-bound shipping or shipping departing from Australia through the straits is somewhat limited. The solution ultimately is, as always, more platforms. The platforms are generally appropriate, but we need more platforms. The big issue—and this comes back to something that we have debated before—is that if you cannot get air cover over your force, whatever that force happens to be—a merchant convoy or whatever—because you do not have sufficient air-to-air refuelling or airborne early warning capabilities, the only answer is a carrier. But you do not want to tie a carrier to an escort. You want to be able to have it roaming around where it is not so obvious. I would have to say, though, that if you can get the air capability fixed—and that means getting a lot more tankers than we have and getting the airborne early warning capability—we are probably fairly well covered.

Mr BEAZLEY—What about organic capacities in the frigate's Aegis systems?

Mr O'Connor—That is part of getting more platforms. I tend not to specify when it comes to individual platforms but simply to make the point that they have to be pretty good platforms. What we have at the moment in the context of the conflict with Indonesia is probably adequate in terms of their ability to protect themselves and to protect merchant shipping. That will not be the case forever. As you modernise you need to go to a higher level of capability. Certainly the Aegis air warfare destroyers that are talked about would add to that capability on our part but they also have a longer-term effect in that they would be very valuable in the context of a developing theatre missile defence capability, which could be of some significance to Australia. This is in the area of general modernisation of the force, which is a continuing process.

Senator STOTT DESPOJA—In your submission, you referred to the separatist movements in Aceh and West Papua specifically. You described them as 'small and relatively inconsequential'. Do you mean that insofar as they pose a threat to Indonesia and Indonesian sovereignty but also in relation to the need for Australia's involvement or level of interest? What are the implications for us as a country in relation to those separatist movements and their efforts?

Mr O'Connor—The complicating factor is that they certainly have a significant political effect in Australia. I suppose I was looking at their essential military capability vis-a-vis the Indonesian government; then you would have to see them as fairly inconsequential. Also, you cannot relate the two as being the same sort of organisation. With regard to the people in Aceh, there is a fairly substantial mixture of extreme Islamists and drug runners as well as people pursuing some degree of independence from the central government. Indeed, that pressure is always on in Indonesia. To me it is somewhat inconceivable that you can govern effectively a country of 200 million people from a central government as a single entity, but that is another story. It has always been my impression that this has been a relatively small and insubstantial movement that does not have a whole lot of support throughout Irian Jaya or whatever it is called these days. Its main source of support is the incompetence of the Indonesian security forces and their disrespect for proper behaviour and human rights, so, if the Indonesians can get their act together in terms of their security forces, I think the level of popular support—to the extent that it exists—for the OPM will tend to dissipate.

The association has no particular view on what the future of Irian Jaya should be. Personally, from my own Papua New Guinea experience, I think the opportunity was missed way back in the late fifties—but it was missed, and that is water under the bridge. It is certainly a case that Irian Jaya is a bit of an odd element in the total Indonesian community, but that is where it is at the moment. I do not think it does anybody any good to be seriously questioning that, unless and until the independence movement in Irian Jaya shows that it is substantial and not just some small elite and that it has something to offer the whole community. In a sense, I am a bit neutral on that. I would simply say, in terms of Australia's policy, that we ought to be doing all we can to limit the potential for any conflict between Indonesia and Papua New Guinea, because that would mean we would be faced with a very difficult choice indeed.

Senator STOTT DESPOJA—In relation to limiting that conflict, is there anything specific that you see Australia can be, should be or is doing vis-a-vis Aceh or West Papua or the West Papuan independence movement? When I talk about implications for Australia, is there anything that you see we should be doing in order to minimise the conflict to which you refer?

Mr O'Connor—At the government-to-government level in our diplomatic efforts, I suspect that we ought to be indicating simply that this is Indonesia's business and it is not our business, whatever some groups in Australia may think or do. Secondly, we should be doing what we can to assist the Indonesians to bring some of these rogue elements in their security forces under control. The Indonesians have shown in respect of the Bali bombing that at the police level they have considerable capability; that it was, in normal police terms, a very effective force; it was not one that, at least on the evidence, showed any sign of abuse of human rights. I think we ought to be encouraging that to develop—encouraging the Indonesians to use police rather than military for their internal security—and assisting in whatever way we can in the training of their people or the training of their trainers, as it were. I think that is where we can make a contribution.

CHAIR—Mr O'Connor, we are well over time. I thank you very much for being with us today and for providing so much information for us. If there are any matters on which we might need additional information, the secretary will be in contact with you.

[9.54 a.m.]

McGREGOR, Dr Katharine Elizabeth, Board Member, Inside Indonesia, Indonesia Resources and Information Program

PAUSACKER, Ms Helen, Board Member, Inside Indonesia, Indonesia Resources and Information Program

CHAIR—I welcome Ms Helen Pausacker and Dr Katharine McGregor, representing *Inside Indonesia* magazine. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private, you may ask to do so and the subcommittee will give consideration to your request. Although the committee does not require you to give evidence on oath, I remind you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the House itself. I invite you to make a short opening statement before we proceed to questions.

Ms Pausacker—Thank you for the opportunity to appear before this hearing. I will give a few very brief details about *Inside Indonesia* and the Indonesia Resources and Information Program. IRIP, as it is known, is the producer of *Inside Indonesia* and is composed of academic specialists, members of overseas aid organisations and development action groups. This group produces *Inside Indonesia*, which has now been running for 20 years—it has been published since 1983.

The aims of *Inside Indonesia* are to promote people-to-people contact and develop mutual understanding and cooperation between the peoples of Indonesia and Australia, and to increase awareness of issues in Indonesia for Australians. The articles represent a range of opinions, so articles within the magazine are not necessarily the opinions of the board or present a standard opinion of the board; rather, they seek to raise the stimulation of debate within Australia. Articles are written in a non-academic language with the desire to appeal to and inform the general public.

In our submission we have touched on four main issues, including the promotion of the understanding of Islam, particularly after the events of September 11 and the Bali bombings. Also, to pursue bilateral action in dealing with asylum seekers who come to Australia through Indonesia, to learn from Australia's complicity in past human rights abuses in Indonesia, to resist resuming military training for Indonesian military until there is evidence that the TNI is no longer committing human rights abuses, and to promote Australian knowledge of Indonesia and Indonesian knowledge of Australia. I will now pass to Kate to give a brief outline of the promoting of understanding of Islam.

Dr McGregor—The first matter that we want to focus on is that we would like to encourage the Australian government to promote understanding of Islam within Indonesia. We feel that the Australian media has largely focused on tiny extremist Islamic networks in Indonesia, most notably the Jemaah Islamiyah group, which has links to international Islamic terrorists. We feel it is equally important, however, that the Australian public become aware of organisations like the modernist Muhammadiyah and the traditionalist Nahdatul Ulama, which command the loyalty of the overwhelming majority of Indonesia's Muslim population. We feel that these

organisations promote a pluralist vision of Islam which entails acceptance of non-Muslims as equal participants in the Indonesian community. So we feel it is very important that Australians understand the diversity of Islam in Indonesia.

We also stress the need to recognise the significance of the concept of the world community of Islam within Indonesia, such that events which happen in the Muslim world outside Indonesia have an acute impact on Muslims within Indonesia because there is an awareness of suffering and injustice experienced by Muslims outside Indonesia. So in seeking to develop a better relationship with Muslims in our region, Australia needs to bear in mind the impact of its broader foreign policy and its alliance with the United States of America. Matters like the continued conflict in Palestine and the prospect of Australian involvement in war in Iraq can seriously and negatively affect perceptions of Australia's attitude towards Islam. While there are certainly extremist Islamic organisations in Indonesia, such as Jemaah Islamiyah, that uphold xenophobic and exclusivist world views, we believe this does not mean that they are representative of Islam as a whole or, indeed, Islam in Indonesia. The danger of allowing such a perception is that it further reinforces the divide that such extremists seek to encourage between the Islamic and Western worlds.

The articles from *Inside Indonesia* that we have included in our submission indicate the variety within Indonesian Islam, including reformist pro-democracy supporters of Islam represented by young students in Indonesia, and many of the Islamic parties—in addition to the views of the extremists. For example, in our March 2002 edition, Ulil Abshar-Abdalla, from the Nahdatul Ulama Research Institute, stresses the tendency of media in both Western and Islamic countries to make generalisations about Islam and Muslims, or the West and Westerners. Ulil, himself a liberal Muslim, strongly rejects this tendency on both sides to evoke Samuel Huntington's clash of civilisations theory. As a member of the largest Islamic organisation in Indonesia, Ulil challenges the validity of these two categories—West and Islamic—pointing to the diversity of opinion within both groups. As a representative of Islamic liberalism, he also points to the bridges of dialogue that already exist between Islamic and Western countries. One example is the exchange of students between either country, suggesting that this, rather than confrontation, is the way forward.

In the July 2002 edition of our magazine, the respected scholar of Indonesian Islam Greg Fealey also stressed the importance of circulating accurate information about Indonesian Islam, especially about the limited extent of extremism in Indonesia. He believes the cornerstone of any US antiterrorism policy in Indonesia should be to win the confidence of the Islamic community. Cooperation from Muslims is critical if terrorists are to be exposed. The board of IRIP believes the same conclusions apply to Australian-Indonesian relations: efforts must be made to promote general understanding of liberal Islam.

The recommendations we make about promoting Australia's understanding of Islam and Indonesia are, firstly, that the government should foster an understanding of the liberal and tolerant nature of the majority of Indonesian Islamics in the Australian community. We believe this should be done through funding; appropriate research for academics; the exchange of journalists, student exchanges and the exchange of staff from NDO organisations; and by giving appropriate briefing of government bodies. In an effort to avoid alienating moderate Indonesian Muslims, the government should also engage in direct dialogue with representatives of Muhammadiyah, Nahdatul Ulama and other organisations on issues of how to prevent and counter extremism. Organisations within Indonesia are keen to work on these issues. Professor

Merle Ricklefs, of the Melbourne Institute of Asian Languages at Melbourne University, makes similar recommendations in his submission.

Our second recommendation on this issue is that the Australian government should carefully consider the flow-on effect of bilateral relationships on its foreign policy, especially as it relates to the Middle East and the wider Muslim world. Thirdly, we feel that the Australian government should increase its aid programs to Indonesia to help alleviate poverty and unemployment.

Ms Pausacker—Our second point relates to Australia, Indonesia and asylum seekers. IRIP believes that it is very important that Australia takes a humane and bilateral approach towards asylum seekers. We believe this is starting to happen, but that it needs to continue. Our policy of simply returning boats to Indonesia as the country of embarkation will not resolve the issue. Whilst we believe that the flow of asylum seekers has currently been stemmed, in part because of the changes in Afghanistan, we believe this issue may arise again were conflict to break out elsewhere, as is possible in Iraq—there have been many Iraqi asylum seekers in Indonesia in the past. So, whilst this is not currently a major issue, it may arise in the future.

The reason we believe returning boats to Indonesia is not wise is that in recent years Indonesia has dealt with 1.3 million internally displaced persons. It also has inadequate facilities to appropriately house and process asylum seekers arriving in Indonesia from other countries. We believe that Australia should increase funds to assist with the speedy processing of asylum seekers by the International Organisation for Migration in Indonesia, and that Australia should accept a quota of asylum seekers who have undergone processing in Indonesia. Such measures could reduce illegal immigrants arriving in Australia by boat. At present, many people who have undertaken the journey to Australia by boat have already undergone processing in Indonesia but are waiting for a country to accept them. In connection with this we believe that Australia needs to adopt more humane treatment towards the fishers of eastern Indonesia, who currently face long jail sentences if they stray within the Australian fishing zone, despite the fact that Indonesians have been fishing in those waters for generations.

There has been evidence that fishers have become involved with the people-smuggling trade because it provides an alternative means of livelihood. Also, if they are simply fishing and are caught in Australia, they have no income, whereas people-smuggling provides them with an income prior to their departure so that, if they are caught, their families can be supported. We believe that support at source would be a humane way of helping to stem this issue. While increased surveillance may stop the flow of asylum seekers to Australia, we believe that also assisting with the roots of the problem would stem this problem.

In our submission, we attached a number of articles from *Inside Indonesia* that discuss the issues of the historical relationship between Australians and Indonesian boat people and the conditions in Indonesian detention centres—where in 2001 some people had been held for 40 years. The articles also note that of the 6,808 overstayers in Australia in 1999 only 920 had arrived as asylum seekers by boat and that most of the people arriving by boat do apply for asylum seeker status so that, if there is deception in their arrival, this can usually be discovered within the processing of their refugee claim. We have an article on the fishers of Papela to show the conditions that they are living under, and also a discussion of the changing of the Australian fishing zone. Our recommendations are that Australia should increase funds to assist with the speedy processing of asylum seekers, assist in developing a sustainable livelihood for

Indonesian fishers and review the harsh imprisonment regime for Indonesian fishers found in Australian waters.

Dr McGregor—The third point that IRIP wish to raise is that lessons should be learned from Australia's complicity in past human rights abuses in Indonesia. While we feel that good diplomatic ties are of great importance to the bilateral relationship, such ties should not be at the cost of the human rights of individuals in either country. IRIP believe that Australia should learn from its complicity in past human rights abuses in Indonesia both in East Timor and in the anti-communist killings of 1965-66. During those episodes, we feel Australia failed to strongly condemn human rights violations, even deliberately turning a blind eye to well-documented abuses.

We believe Australia should encourage a culture of sensitive yet open exchange between the governments of the two countries, based on the very important premise that both are equal players. We feel that incidences from the recent past have conveyed a perception that the Australian government feels in some way that it needs to provide guidance to the Indonesian government. Due to fervent nationalism within Indonesia and to its own colonial past, we cannot emphasise how important it is to treat Indonesia as an equal player if indeed Australia seeks equal cooperation with the government of Indonesia. IRIP believe the Australian government should not resume military training or support for the TNI until it is proven that the TNI is no longer systematically violating the human rights of Indonesian citizens. Despite some improvements in human rights since perhaps the fall of Suharto, there is still much evidence of systematic human rights abuses by the TNI units, especially in areas such as Papua and Aceh.

Another cause for hesitation and extreme caution in resuming military training, or providing support for the TNI as a means for combating terrorism, is that support for the military may have unexpected consequences. In the past the Indonesian military has manufactured extreme Islamic threats for its own political advantage and it has also at times courted extremist groups for its own purposes. Links, for example, have been made between the Indonesian military and the Laskar Jihad, who operated in Ambon. Of course, we also know about the relationship between the TNI and the militia who operated in the violence after the ballot in East Timor. The TNI is known to be factionalised and also subject to corruption in terms of both money and weapons. So we feel that it is not a reliable partner in combating terrorism. Submission No. 9 by the Australian Defence Association, who I believe spoke before us, also acknowledges this. Our magazine has also covered related issues in attached articles, but I will not go into detail there. Our recommendation on this point is that the Australian government should make resumption of military training conditional upon the continued monitoring of the human rights record of the Indonesian military. It should also consider dialogue with moderate Islamic organisations as an alternative or additional policy.

CHAIR—We are getting close to time.

Ms Pausacker—Yes. We are on our last point, which is promoting Australian knowledge. I know that you have submissions from other organisations that are directly concerned with education, such as the Victorian Indonesian Language Teachers Association and the Melbourne Institute of Asian Languages and Societies, so our comments are general. The knowledge of Indonesia is important for policy makers and NGOs. Our magazine, for example, would be unable to exist without the prior education of people involved with Indonesia. We would like to stress the importance of the continuation of Indonesian studies.

CHAIR—Thank you very much indeed for that. There is one thing that you did not cover. On page 3 of your submission you discuss the fostering of a media climate conducive to acceptance of constructive criticism. Could you elaborate on that point, please?

Dr McGregor—We did outline in our report how the media reporting of the smiling Amrozi was interpreted in Australia. Perhaps we have not indicated that we feel that journalists should be better educated to understand cultures on both sides—Indonesian and Australian. In the Amrozi incident, if there had been a better understanding of the interpretation of that event, of how we viewed the smiling Amrozi, we feel that some misunderstanding could have been avoided in Australia.

CHAIR—You are not suggesting that we tell the ABC how to report it?

Dr McGregor—No, indeed not; I would not advocate that. I feel that there should be a program supporting greater understanding and exchanges between journalists of each country.

Ms Pausacker—These exchanges of journalists are commencing and we are supporting them. The exchange of journalists from Indonesia to Australia and from Australia to Indonesia is already happening, and we are supporting that and encouraging it to happen further for greater understanding on both sides. We think it is an issue on both sides. It is not just Australian journalists; we read media from both sides. There are often problems with inadequate education on internal issues and sensitivities.

Mr LAURIE FERGUSON—I can see that you stress the need for understanding in both countries with regard to Islam and Christianity et cetera. I am not for a moment diminishing the problem we have in Australia with regard to understanding what is essentially a new migration wave over the last two decades, but do you see positive signs at all in Indonesia? I know that we refer to these groups as being fairly moderate in general, but in my own electorate the concepts exist that Mossad is responsible for the planes going into the buildings in New York and that there is monolithic Zionist control. Those kinds of views do permeate the culture very strongly, even in Australia. Do you have positive signals from Indonesia about how they view the Western world?

Dr McGregor—There certainly have been a lot of theories circulating after the Bali bombing, such as that it was either the TNI or America that was responsible for the Bali bombings. But, if we understand that in the Indonesian context, the people have come out of a regime which operated for 30 years in which they could not trust what the regime told them, so conspiracy theories do have the potential within Indonesia to take hold of a large segment of the Indonesian population. But, even if people believed those theories, I would not say that that would include them within the extremist group of Islamists. It might not mean that they themselves would take violent action or would join those groups.

Within the Australian population, I am not as aware of the Muslim population in Australia. I know that conspiracy theories can take off in such communities, but there are people like Ulil who I mentioned before who are really trying to negotiate a middle way between extremists in Indonesia. One impact of the Bali bombings might be a rethinking within Indonesia of how moderates are going to confront extremists. For example, it was very hard for the government to crack down on the leader of Laskar Jihad before the Bali bombing because of the perception that that might have been seen as an attack on Islam. The new order government was perceived

in the eighties, in particular, as having attacked Islamic groups, particularly in respect of the 1984 Tanjung Priok incident where Muslims were killed. That is a great wound for the Islamic community. There is great sensitivity within Indonesia and you will recall reaction to the arrest of Abu Bakar Bashir. There was so much hesitation on the part of the Indonesian government. Megawati in particular, being seen as a secularist, has to negotiate a very careful path there.

Ms Pausacker—The cooperation between the Australian and Indonesian police after the Bali bombing and the successful finding of people added a lot of positive value in stopping people in Indonesia from believing conspiracy theories. That was a very positive effort between the Australian and Indonesian police. Referring to the media issues, one of the reasons people were put on television was so people could see that they really did exist and that they had not been tortured.

Mr LAURIE FERGUSON—With regard to asylum seekers you state that sending people back will not resolve the problem. There are between 20 million and 25 million displaced people internationally that are subject to interest. That means about 20,000 ideas will not solve the problem. In respect of the concept of us taking a specific quota from Indonesia of claimants in that country because that might reduce the appeal of Australia there, if there is going to be a specific program for Indonesia, will that not just increase our problem by creating a magnet? What about people in camps in Kenya, Iran, India and Pakistan? Is that going to resolve the problem?

Ms Pausacker—I am not saying it is the solution. I do not think there is one solution for solving problems. This is a suggestion for part of the solution, given that Indonesia is our nearest neighbour. The whole issue of asylum seekers needs to be dealt with on a multifront. Part of that means assisting fishers so that it is less attractive and part means taking asylum seekers. I do not think that there is one solution to it. However, the humanitarian aspects need to be looked at strongly as part of the solution.

Mr LAURIE FERGUSON—But with a traditionally non-discriminatory policy, you advocate having a special quota for one country. In relation to Iraqi Shias going to Iran and residing there, you are encouraging them to travel on by saying that we will take a specific quota from Indonesia.

Ms Pausacker—I am suggesting it as a possible solution.

Mr BEAZLEY—Given that we are going to be at war with Iraq in another two or three days, what in your view should we have done, and have we done enough, to prepare the ground in the moderate Islamic community in Indonesia for action by Australia in this regard?

Ms Pausacker—Indonesians have definitely reported from the Australian people. On a government level, I do not think we have. But there has been acknowledgment within Indonesia that there have been large demonstrations against the war on Iraq. On a people to people level, which is the focus of *Inside Indonesia*, I think the awareness that many in the Australian public are against the idea of a war on Iraq has helped. On a government level, I do not think that there has been adequate preparation, but on a people to people level that has certainly been reported in the Indonesian media and people are noticing that not all Australians are supporting the idea of a war on Iraq. I should also say that Indonesia is quite unified in opposition to a war on Iraq. For example, there have been delegations of Christians and Muslims to different countries.

There is a completely undivided opposition in Indonesia to the extent that people who are traditionally opposed to each other are making joint supportive statements of each other. On a government to government issue, we see that this is going to be quite a big problem.

Mr SNOWDON—What sort of overriding influence do the leadership of Muhammadiyah and NU have over their membership and over, say, imams in mosques in regional communities where communications in terms of mass media may be questionable and where literacy levels might be questionable so that access to alternative sources of information is very difficult? Could you comment on that? The way I perceive it is that you are referring to Indonesian elites. I am concerned to understand how organisations communicate through their structures to communities at a very regional level, not just in Jakarta, and how that affects perceptions of what Australia might or might not be doing in relation to Iraq and how they might then respond in terms of the relationship to us.

Dr McGregor—Would we be able to take that question on notice? I would like to refer it to Greg Fealey, who has published in our magazine and who, I feel, is more of an expert in that field.

Mr SNOWDON—Okay.

CHAIR—I thank you very much indeed for your attendance today. If there are any matters on which we might need additional information, the secretary will be in contact with you.

[10.23 a.m.]

ENSOR, Mr James, Director of Public Policy and Outreach, Oxfam Community Aid Abroad

REID, Mr Malcolm, Advocacy Manager, Oxfam Community Aid Abroad

CHAIR—On behalf of the subcommittee, welcome. Although the subcommittee prefers all evidence to be given in public, should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the subcommittee does not require you to give evidence on oath I should remind you that these hearings are legal proceedings of the parliament and therefore have the same standing as the proceedings of the House itself. I invite you to make a short opening statement and then we can proceed to questions.

Mr Ensor—Thank you, Mr Chair. Oxfam Community Aid Abroad thanks you for the opportunity to provide evidence to this committee's inquiry into Australia's relations with Indonesia. Oxfam Community Aid Abroad is an independent, secular Australian development agency working in 30 countries around the world. Our written submission to the inquiry makes a total of 26 recommendations to the subcommittee on five specific issues in the context of the inquiry's terms of reference. These issues are: Indonesian debt; agricultural trade policy issues facing Australia and Indonesia; the effect of Australia's asylum seeker policies on Indonesian fishers; Australian mining investment in Indonesia and, finally, East Timor-Indonesia-Australia relations.

The acts of terrorism that took place in Bali recently challenged Australians' most commonly held views on peace and security in our region and highlighted the importance of a sound bilateral relationship between Australia and Indonesia. What has changed following Bali, in our view, is the political imperative for international action to address some of the underlying and chronic imbalances that continue to undermine the security of countries and people in our region. Some world leaders have rightly drawn connections between the recent acts of terrorism, the rise in violent extremism and the global crisis in poverty, inequality and persistent humanitarian need. Whilst there is clearly not always a direct link between these factors, the events of the last year have shown the world that widespread poverty and suffering can create an environment which breeds instability and violent extremism.

Achieving human security, which focuses on the achievement of the civil, political, economic, cultural and social rights of people, is one critical element to achieving global security. Nowhere, in our view, is this action more important than in the so-called arc of instability to Australia's immediate north. In this region, many countries are undergoing a period of rapid social change. The change is characterised by increasing social and economic inequality, communal violence, ethnic tension, environmental degradation, the withdrawal of foreign direct investment and the steady decline in health and living standards.

The social and economic challenges confronting Indonesia are already enormous and are now likely to be compounded by an economic downturn, triggered by the Bali bombings, in parts of Indonesia. Prior to the 1997 economic crisis, 11 per cent of Indonesians lived below the poverty

line. Now, approximately 50 per cent of the Indonesian population—100 million people—live below the poverty line. The World Bank estimates that the real wages of Indonesian urban and rural workers have fallen by 40 per cent and 34 per cent respectively in that five-year period, and the Asian Development Bank estimates that approximately 39 million Indonesians have lost their jobs. Indonesian debt now stands at more than $150 billion and, as a consequence, the budget allocation by the Indonesian government in 2001 to debt service was 52 per cent of state expenditure. In contrast, in the same year only seven per cent of state expenditure was allocated to health and education services for ordinary Indonesian citizens. The human consequences of these budgetary distortions are very significant. Indonesian school enrolments have fallen by five per cent in recent years, translating to more than 1.3 million children without access to basic education. Things such as a deficiency in vitamin A have re-emerged amongst Indonesian children, as has the incidence of other primary health diseases.

In our view there can be no sustainable long-term regional security in the Asia-Pacific without Australia playing a leading role in bringing about rapid and sustained action from the international community to assist Indonesia to meet these vast economic, political and social challenges now confronting the country. Taking action to address these development challenges is not only a moral imperative; it is also in Australia's national interest and the security interests of the international community. Like the economic forces that are driving economic patterns of globalisation, the tensions that accompany vast inequalities in wealth and opportunity ultimately will not respect national borders and boundaries. In today's world, our lives are more inextricably linked than ever before. And the situation in relation to Australia and Indonesia is very pertinent this week, given the impending military action in Iraq. Thank you.

CHAIR—Thanks very much indeed for that. You mentioned both in your submission and in your introductory remarks the situation of debt and the need to get that debt resolved. From memory, Australia puts about $121 million a year into aid to Indonesia. I am wondering if you would give us an indication of how you regard that aid program and its effectiveness.

Mr Ensor—In terms of our aid program, we are very supportive of the government's emphasis on increasing aid allocations to the Asia-Pacific and in particular Indonesia. We advocate putting a greater share of that aid program into direct poverty alleviation measures—in particular, basic education and primary health care—and an increasing allocation into good governance programs and programs that foster the growth of civil society throughout the country.

Senator STOTT DESPOJA—You would be aware of course that the week before last we debated the legislation for the Timor Sea treaty. I recognise that that has now passed with majority support, but there are some issues that remain outstanding in relation to that treaty. First of all I am interested to hear your perspective on the Indonesia-Australia relationship as a consequence of that treaty being passed, if it has any significance. You mention East Timor in your submission, so I am curious as to your views on the final version of that legislative policy.

Mr Ensor—Our position on the Timor Sea treaty is fundamentally that it has been in the national interests of both Australia and East Timor for that treaty to be ratified. However, we placed a series of conditions and caveats on that ratification process such that the ratification in particular serves the interests of East Timor. Our view of the legislation as it was finally passed is one of great disappointment. In particular, there are a number of elements in that that we think warranted review or consideration before the legislation was passed. The first of those was the

linking of the unitisation agreement for Greater Sunrise to the ratification process. We felt that that placed undue and unnecessary pressure on the government of East Timor to ratify, given the importance of getting revenue flows moving as quickly as possible from the Bayu-Undan field. There was no evidence presented to us as an agency that ratification required that unitisation agreement at a technical level, and certainly we concur with the government of East Timor that they wanted to separate those two things out.

Another area of concern to us is the lack of commitment as part of the process that has been shown in the renegotiation of the maritime boundaries between Australia and East Timor. In our view, negotiation of that maritime boundary should be entered into over a period of the next five years with a view to seeking an outcome that is beneficial to both parties. In the event of failure to agree a maritime boundary between the two countries at the end of that period, our position is that we think the matter needs to be referred to the International Court of Justice, under the UNCLOS convention, to determine that maritime boundary. That requires Australia to reinstate its adherence to UNCLOS and to enter into good-faith negotiations. In some ways the UNCLOS outcome is unlikely to be a preferred outcome in the sense that it would be mutually beneficial to either country, and that is why we favour negotiations. If you look at the most likely scenarios under UNCLOS, they are either retention of the existing boundary, which disproportionately benefits Australia in terms of Greater Sunrise, or a median line between the two countries, which likely disproportionately benefits East Timor above and beyond Australia. So there is a series of outstanding issues there.

In terms of Indonesia-East Timor-Australia relations, we do not have any specific evidence or information as to what effect Australia's recent ratification has had on the Indonesian government's position on the issue. In that respect we will take that one on notice. If we can come up with anything more, we will let you know.

Senator STOTT DESPOJA—In relation to Australian-Indonesian relations, I am aware of the Oxfam policy which suggests extraterritorial legislation be passed to ensure compliance with a range of standards. You know my views on this, and the Democrats have a private member's bill ready to go. What impact do you think that would have on Australian-Indonesian relations? Would it be a positive one or would it be thorny to implement such legislation?

Mr Ensor—It depends on how the argument is advocated. Some look at extraterritorial regulation as in some way undermining the sovereignty of developing country states. If poorly drafted legislation along those lines were passed, there might be an argument for that. But, if the legislation is based on agreed international standards through treaties and mechanisms that the sovereign states involved have signed up to at a UN level and is consistent with those, there should not be any issues around sovereignty in terms of those standards being agreed to by, in this case, Australia and Indonesia.

One of the issues that has really struck us as an agency that works with communities, particularly in Indonesia, is the extent to which political and social instability, associated with the fall of the Suharto regime and communities at a local level now standing up for their rights, in itself has been a conduit for a flight of private sector investment away from Indonesia. If you look at the situation with respect to mining in Indonesia, just a few years ago there was about $160 million invested in exploration activity in Indonesia. According to the Indonesian mining association, the figure for 2002-03 is effectively zero. The drivers behind that are the political changes in Indonesia resulting in the devolution of power and the empowerment of

communities at a local level to want to take control of their land and livelihoods. As an industry in Indonesia, the mining sector has not had to deal with those issues previously.

A strong argument is now emerging that regulation, either national legislation in Indonesia or extraterritorial regulation that prescribes minimum standards, will begin in the short to medium term to provide a level of security for private sector investment. I do not think we are going to get a rapid increase in private sector investment unless some benchmark standards as to the basic rights of communities are put in place. For example, people are not going to put up any more with tailings being dumped directly into river systems. They are not going to put up with human rights abuses. If you look at recent reports, Freeport-McMoran spent $US20 million over the last two years in paying for security to keep their mine going. Your average mining operator is not going to have either the cash flow to do that or the inclination to hire a private army to keep affected communities at bay.

CHAIR—How many complaints have you got on your books at the moment about the activities of Australian mining companies? Of those Australian mining companies, how many of them are in fact transnational?

Mr Ensor—At the moment in Indonesia we have three cases, through the mining ombudsman initiative. One involves Rio Tinto, one involves Aurora Gold, based in Perth, and a third, which is not a complaint per se but involves issues arising at a community level, involves BHP Billiton. In all three cases the issues have been similar in that, to the extent that operators have conducted business under the Suharto regime in terms of establishing operations, getting a centrally issued licence to operate out of Jakarta and doing what they are required to do by regulation, they have not wittingly committed any human rights breaches or environmental degradation; they have done what was required of them by regulation.

But the political change in Indonesia has created a completely different ball game for them. All of a sudden, as local communities are achieving a political voice issues are arising that they are having to deal with which they have not had to deal with before. It is a very complicated environment for them to operate in. At the national level there is the political imperative to get revenue flow in terms of royalties and central government revenue, but at the local level, for this emerging community, there is unrest at the environmental and negative social implications of badly designed operations. It is not as though companies have deliberately gone out of their way; they are just caught in a situation where the political dynamic has changed very rapidly and their relations with communities and local level governments have been enormously ratcheted up and complicated.

Senator STOTT DESPOJA—I would like an update on the coffee rescue campaign, particularly as it relates to Australia. Will you take that on notice? I would like to know whether Australian coffee suppliers have been supportive and indeed what support you have had from government or any contact with government over this scheme?

Mr Reid—We will take that on notice.

Senator HUTCHINS—I understand what you are saying in recommendation 19 but I do not understand how having some tribunal deal with crimes that may have been committed in East Timor is going to lead to better relations between Australia and Indonesia. You mention ‘and

other areas of Indonesia'. I do not understand what sort of tribunal you have in mind, how it would be set up and how it would lead to a better relationship between us and Indonesia.

Mr Ensor—The fundamental issue is the extent to which there are current mechanisms dealing with these issues. In our experience these issues do not go away.

Senator HUTCHINS—What are those issues?

Mr Ensor—They are issues around human rights abuses in East Timor, particularly the 1998-99 period, but there was a whole raft of issues before that. There are issues emerging around human rights infringements in West Papua, and Aceh in particular.

Senator HUTCHINS—I understand that, but I am referring to the establishment of a tribunal. Where would it come from and who would do it?

Mr Ensor—There would be a number of models. We have not prescribed a particular model for the tribunal but the material that we receive from communities and partner organisations in Indonesia points to the need for a clear process of justice to be developed for investigating these claims that have emerged consistently in those provinces over the past number of years and, where appropriate, for delivering justice to those who have been affected by those infringements. We are not advocating any particular model in our submission; a number of models have been used in different parts of the world. Our analysis is that, based on experience, these issues ultimately do not go away and that they continue to fester and to undermine social cohesion and political stability unless they are dealt with in some meaningful way.

Senator HUTCHINS—Wouldn't the Indonesian authorities say that the provinces—exclude East Timor, but the other provinces that you have mentioned—are in armed resistance against the central government and that they are, in a way, in a civil war?

Mr Ensor—I think that is the case. They may say that in some instances; in others they may not. There are differences between all of those situations, if you apply one overall model to them. Our understanding is that the autonomy package that has been provided to West Papua, for example, in many areas of West Papua has been quite well received. I am not sure whether the Indonesian government would necessarily subscribe to the view that the situation in West Papua is the same as it was two or three years ago in terms of tension. In Aceh and other parts of Indonesia they may well take that view.

Senator BOLKUS—Your recommendation 26 in relation to East Timor: can you elaborate on how that longer term involvement may be organised and the rationale for it?

Mr Reid—Again, we are not making specific recommendations on how it might manifest itself, but we acknowledge the statement made by Kofi Annan last week on the need for the border protection role to be maintained after the current mandate expires in 2004. As we have said in our submission, we would like Australia to seek to broaden the international involvement, if possible, in the provision of this border security force beyond 2004. We think it is an issue that is coming up fairly quickly and our planning as to how these issues will be managed beyond 2004 needs to be implemented as soon as possible. We would also like Australia to consider a role in providing support for the development of police forces and the development of the procedures and operations of the police force in East Timor given,

according to what we understand, the recent issues of conflict on the border—whether they concerned militias coming over the border or internal elements within East Timor that were provoking these incidents. We would see that there is a need in those two areas beyond the expiry of the mandate.

Mr SNOWDON—In relation to the mining issue, you mentioned the issue of legislation either in the Australian parliament or in Indonesia. What approaches have been made by you or other NGOs in relation to that matter with the Indonesian parliament and what response have you received?

Mr Ensor—This issue is taking up quite an amount of time for both industry and civil society in Indonesia. The Indonesian mining law has recently been amended in such a way as to decentralise decision making power from central government to provincial and local levels. We have supported partner organisations in Indonesia to participate in the drafting of legislation in terms of dialogue with government. In terms of other initiatives, we are participating in the World Bank extractive industries review, which is looking in particular at the way the World Bank engages with mining projects in developing countries, with a particular focus on countries like Indonesia where all these dilemmas are emerging around political and social change, and also how one deals with the disjuncture between standards in Australia or OECD countries for these activities and standards in developing countries like Indonesia. So there has been a fair amount of engagement by us in both of those processes, both directly and indirectly.

Mr SNOWDON—In relation to East Timor and the boundary issue, as I understand it the treaty was signed without prejudice to the issue of the boundaries. Then at the 24 November meeting in Dili last year, which has been much reported because of the apparent behaviour of our foreign minister, it was agreed that there be a working party set up to address the boundary issue. As I understand it that has not been set up. What is your understanding of when it is to be set up and what its terms of reference might be?

Mr Ensor—We have had no further information from that. We also recognise that the legislation, and the MOUs prior to that, were without prejudice. The concern that the Timor Sea Office in Prime Minister Alkatiri's office has in relation to the treaties is not so much the without prejudice clause but the fact that the Greater Sunrise unitisation agreement has been agreed concurrently may prejudice the outcome of any future negotiation or arbitration process. They are basing that on legal advice that they have obtained, and we are not in a position to go beyond raising that as an issue.

In terms of the Australian government's commitment, we have called for a clear and unambiguous statement from the Australia government that it will commit to a process of negotiation of maritime boundaries between the two countries. To this point we have not had that clear statement, or certainly nothing has been on the public record that has come across our radar screens.

Mr SNOWDON—In relation to the more general issue of eastern Indonesia, Timor Leste and Australia, there has been at least one meeting, and possibly two, involving the Indonesian President, Prime Minister Alkatiri and, I think, the President of Timor Leste in relation to a common interest being set up to look at matters to do with East Timor, Timor Leste, West Timor and the east of Indonesia generally with Northern Australia. Are you aware of those discussions?

Mr Ensor—No.

Mr BEAZLEY—Is it your view that Australian troops should continue along those border patrols after the end of the UN mandate? If so, what sort of overarching agreement do you think might be desirable for that? Do you think there is merit in negotiating a tripartite agreement between Indonesia, Australia and East Timor? Do you think it would be in Australia's interest to ask the United Nations to expand its mandate or to devise some other sort of cover for it, or do you think that any fears about those borders are basically unfounded and that it will be a relatively easy problem to solve after that period of time?

Mr Reid—I think we would like to see the troops under a United Nations agreement. Beyond that I prefer to take that one on notice and come back to you with a more detailed response on what some of the options might be, seeking input from our partners on the ground and our links there as to what the options might be for the future.

Mr Ensor—In relation to the recent disturbances on the border, we do not have a clear sense ourselves of what the drivers were. We had staff on the border at the time and they were getting very different messages from different players—from the UN, from the head of Australian force there and from villagers. It was a very murky picture. It illustrates the likely ongoing complexity of those border issues.

Senator HUTCHINS—Recommendation 3, on page 9 of your submission, states:

> The Agreement on Agriculture should be accompanied by an interpretative note which establishes that it does not prevent developing countries such as Indonesia from taking measures to protect the right to sustainable livelihoods and food security of all their citizens. Such a note could be based on the Doha Declaration on the TRIPS Agreement and Public Health.

What is your organisation's position on free trade agreements in relation to agriculture for the developing nations? What are you hoping to achieve in the long term by advocating that an interpretative note be inserted into the agreement on agriculture?

Mr Reid—Our position in general terms is that we accept that in certain circumstances trade liberalisation can bring positive benefits. However, we have been very clear in pointing out that we do not accept that it is a universal recipe for promoting the wellbeing of agricultural sectors. We think that the move towards freer trade in rice in Indonesia in particular may bring considerable hardship and loss of income to the farmers involved.

Senator HUTCHINS—That is in the short term?

Mr Reid—Yes. The damage that will be done and the difficulties that will be created by liberalisation of the rice trade will be considerable over the medium to long term. Let me point out that, even though agriculture constitutes less than 20 per cent of Indonesia's GDP, it provides employment and incomes for over half the total work force. We are hoping that Australia will consider this, and we are reasonably optimistic given that Australia has expressed interest in the proposal and is supporting the concept of a development box whereby, in the medium term, poorer countries such as Indonesia would be able to apply to place certain crops such as rice and certain types of farmers such as low-resource farmers into the so-called development box to protect their livelihoods against imports.

Until 1988, Indonesia was a rice exporting country; it is now a rice importing company. The aim of the development box would be to enable Indonesia to maintain the capacity to produce food for itself. If those livelihoods are taken away under a rapid move to liberalisation, we believe that the impact upon that huge sector would be extremely negative. The capacity of Indonesia to have farmers producing food for their future needs and also to have a community of people who could afford what food is imported would be very limited.

Liberalisation and free trade can provide benefits. In the case of Indonesia, we would suggest that Australia, being a member of the Cairns Group, thinks very carefully about the impact on the small rice-growing farming sector and supports the concept of the development box. We believe that it is in the national long-term interest to think through very carefully the implications of too rapid a liberalisation and movement towards free trade in certain sectors.

CHAIR—Thank you very much indeed for your attendance here today. If there are any matters on which we might need additional information, the secretary will be in contact. You will be sent a copy of the transcript of your evidence, to which you can make corrections to errors in transcription.

Proceedings suspended from 10.59 a.m. to 11.19 a.m.

ZIRNSAK, Dr Mark Andrew, Social Justice Development Officer, Justice and International Mission Unit, Synod of Victoria and Tasmania, Uniting Church in Australia

CHAIR—I welcome Dr Mark Zirnsak, the Social Justice Development Officer of the Uniting Church in Australia. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the subcommittee does not require you to give evidence on oath, I should remind you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the House itself. I invite you to make a short opening statement and then we will proceed to ask questions.

Dr Zirnsak—The submission of the Justice and International Mission Unit covers four areas of our work upon which we felt we could make informed comment in relation to building a relationship between Australia and the government and people of Indonesia. We have avoided making comment on other areas that fall outside our main areas of work.

The relationship between Australia and the people of Indonesia is very important to our future and the future of our region. I emphasise our relationship with the people of Indonesia as we would regard this as perhaps being more important than the relationship between the governments themselves. However, the two are certainly not mutually exclusive. The people of Indonesia will always be there, while governments come and go.

As stated in the submission, Australia can play an important role in assisting Indonesia in consolidating its democracy, which includes ensuring stability in Indonesia's economy. The four areas covered in the submission are debt relief, support for internally displaced people and conflict prevention, labour rights, and landmines. With the exception of landmines, new information and changing situations have affected our submission since the written submission was made in October, so I could certainly expand upon those. I realise this is a short statement, so I would ask the committee: how much information do you wish me to go through now by way of introduction and how much will we leave for questioning?

CHAIR—Could you give us an indication of the areas on which you are going to be touching?

Dr Zirnsak—The areas would be debt relief, conflict prevention and labour rights. They would be the three areas about which we would have expanded information that we can provide. It might take me about 10 minutes to go through those issues. If you would like me to keep it brief, I will stick to the key points.

CHAIR—Let us see what we can pick up in questions.

Dr Zirnsak—All right. Do you wish me to give any further information at this stage?

CHAIR—I think we might be able to extract some of this during the questioning process.

Dr Zirnsak—Maybe if the issues do not come out through questions, I could raise a couple of points at the end.

CHAIR—All right. Let us move to debt relief, because the Uniting Church made great play of their Jubilee 2000 program. That was one of the first questions I was going to ask: how far down the track are you with that? Has it been a success? What has happened?

Dr Zirnsak—In a global sense there has been movement, as I am sure members of the committee would be aware, in terms of the heavily indebted poor country initiative. Of course, this does not apply to Indonesia, and Indonesia obviously has not been granted any form of debt relief. There has been some movement by the Australian government in terms of the Paris Club negotiations, largely to provide some debt rescheduling.

I draw the committee's attention to the fact that, in 1969, under the Suharto dictatorship, creditors globally did provide Indonesia with significant debt relief. Basically almost no interest repayments were required from Indonesia at that time, to assist it with its financial situation. Indonesia's situation now is obviously very significant, as I highlighted in the submission, having regard to levels of poverty and the need for greater financing. Australia could demonstrate its friendship by providing bilateral debt relief, which is one of the key thrusts of the submission we have made.

Mr LINDSAY—I note your recommendation in relation to Australian government debt. You may accept that Indonesia is not going to change unless the rule of law becomes what it should be and that corruption disappears from the psyche of Indonesians. Would you be prepared to add to your recommendation some words to that effect—that the Australian government should consider this, provided that Indonesia strengthens its legal system and its attempts to remove corruption from the system?

Dr Zirnsak—In our submission we say that we have welcomed the efforts of the Australian government in assisting Indonesia to develop proper processes that will ensure that future corruption will be eliminated. We have certainly welcomed that. We have said that debt relief should be provided on condition that it is used for appropriate poverty reduction strategies, and we would assume they would have rigorous processes to avoid corruption contained within them. The submission makes the recommendation that Australia should assist in the pursuit of money that was corruptly siphoned off under the previous government by former government members and do everything possible to recover that money for the benefit of the people of Indonesia.

Senator HUTCHINS—In your submission you talk about the Synod of Victoria's involvement with the FairWear campaign in Victoria. Would you outline your involvement with the FairWear campaign?

Dr Zirnsak—FairWear as a campaign has largely focused on the issue of ending the exploitation of home based workers within Australia, but it has recognised the need to end situations of exploitation in the global textile, clothing and footwear industry. It has also recognised that it is not sufficient to simply protect the rights of home based workers here in Australia if, at the same time, that means the work moves overseas to people who are being exploited in factory situations elsewhere. Indonesia has been one of those countries, so our strong recommendation has been around the notion of ensuring labour rights are respected

globally, that competition within the textile, clothing and footwear industry is not based upon those who use exploitation gaining a competitive advantage and that, if there is genuine competition in that industry, it is based on true measures of efficiency, not on exploitation.

Senator HUTCHINS—In your submission you outline some pretty unpleasant practices that Nike have indulged in in Indonesia. Are there any Australian companies in Indonesia that you are aware of involved in similar practices?

Dr Zirnsak—We have not looked at that in detail. The only thing I would highlight is that there was a further report, which I commend to the committee, done by a number of NGOs including Oxfam and Community Aid Abroad that was released in April 2002 called *We are not machines*. It highlights some of the broader issues. We also recommend that the committee review the material provided by the ILO in Indonesia. It was reported in the *Jakarta Post* on 20 February that they had done a survey on issues of freedom of association and collective bargaining and they had found that there was still harassment of trade unionists within Indonesia. Although there had been significant improvements, there had been issues of demotion, of people being dismissed or being moved to other workplaces and of the military being called in to deal with industrial disputes as a means of intimidating trade unions. So we certainly think there is a role for the Australian government to try to encourage respect for labour rights and basic human rights within Indonesia.

Senator HUTCHINS—Have you had any discussions with the Australian government in relation to that? In your recommendation you say the Australian government should take action to ensure Australian based companies uphold basic labour rights.

Dr Zirnsak—In the past when we have suggested to the Australian government that labour rights should be included in trade agreements, it has generally not been well received. Things may have changed but that was certainly the situation last time we raised the issue. We also raised the issue of child labour and that the government should be taking more proactive action to ensure that items made through exploitative child labour do not gain a competitive advantage by entering Australian markets. Subsequent to our written submission in November, the ILO in Indonesia noted that there were 2,000 children at risk in the footwear industry in Indonesia. Some of that footwear could potentially be ending up here. There are no proper checks to ensure that those kinds of goods are not making it into Australia from Indonesia.

Mr EDWARDS—I note your concern that Indonesia has yet to ratify the landmines ban. In your opinion, why have they not yet ratified it? Secondly, is there any evidence that any of the militia groups have had access to or used landmines in Indonesia?

Dr Zirnsak—On the first question, our discussion with Indonesian government officials has indicated that the reason they have not ratified the treaty yet is that they have felt the international community has put a lower priority on that treaty compared with others that are currently being considered in the Indonesian government. They were particularly focusing on the comprehensive test ban treaty, one which we would obviously support the ratification of and we are pleased that Indonesia is moving down that path. But they indicated it was a matter of resources and of the signals governments sent to them. Certainly the feedback we have had is that if the Australian government placed greater emphasis on the importance of that treaty, that might help speed its ratification within Indonesia.

On your second point, the key information we have is largely through the 2002 landmine monitor report. We are aware that there have been some incidents reported in the Maluku Islands of landmines having been used. It is not clear what the source of those landmines is or whether they are homemade, but the reports were that a military commander within the Malukus has called for demining personnel to be sent there to help deal with that situation.

Senator BOLKUS—You refer in an early part of your submission to what you claim to be an internal report from the World Bank which you say estimates that at least 20 to 30 per cent of the development budget is being diverted. You recommend that Australia take some action to assist the Indonesian government in the recovery of such money. What were you anticipating there? Also, what further information can you give us about that report?

Dr Zirnsak—With regard to the report by the World Bank, one of the key calls within the Jubilee campaign that we have been part of is around the notion of cancelling odious debt. In other words, if creditors knew or reasonably ought to have known that money would be used for corrupt purposes, the people of those countries—in this case, Indonesia—should not be held responsible for having to repay those odious debts that creditors reasonably ought to have known were being syphoned off. So that was in relation to that particular component. At the same time, we are suggesting that part of that perhaps should also be the recovery of the money that was corruptly taken. I guess that would be in providing judicial assistance in the pursuit, where possible, of those who have corruptly syphoned off that money. I do not have intricate detail of how that assistance could be provided but we would promote that as an issue that could be raised with the Indonesian government, as to whether there is anything that could be done to help support them in the judicial pursuit of that money that was corruptly syphoned off.

Senator BOLKUS—But the syphoning off is an internal matter: there is no suggestion that we have got jurisdiction in any sense?

Dr Zirnsak—No, and we are not suggesting that. But the Australian government is insisting on repayment in full by the Indonesian people for money that was corruptly syphoned off, so in a sense we have a responsibility with that. Certainly people in the NGO community within Indonesia are well aware of creditors such as us demanding that repayment in full. For us that is not a demonstration of goodwill. A demonstration of goodwill from Australia would be to not demand that the money that was corruptly syphoned off now has to be repaid by the people of Indonesia.

Senator BOLKUS—Thank you.

Senator STOTT DESPOJA—Dr Zirnsak, I am wondering if the Justice and International Mission Unit have an official policy on West Papua.

Dr Zirnsak—That is one of the areas where we will be providing additional information. Since our submission was made the situation in the Malukus and Central Sulawesi has improved substantially while there has been a significant deterioration within West Papua. We would be encouraging the Australian government to support the religious leaders who have called for a zone of peace in Papua, with an opening up of dialogue between indigenous Papuans and the migrants, of which there are about one million who have moved in. It is estimated there are about one million to 1.5 million indigenous Papuans. There is a need to open the dialogue there and to open up around issues of autonomy and self-determination. Certainly

the religious leaders—and this does not just apply to Christian leaders; it has been an interfaith response—have raised deep concerns about the law that has recently been introduced by the government of Indonesia to break Papua into three provinces which will result in an increase in military presence in the area.

We are also deeply concerned about the fact that Laskar Jihad are reported to be building up their forces within Papua. They are reported to have seven bases now and about 3,000 fighters having moved in. At the same time, there are reports that Indonesian military has recruited about 1,000 militia within the area as well. So there are grave concerns. The Laskar Jihad seem to be playing on the notion, as they have done in other areas, that Christians somehow represent a separatist sort of movement, so they attempt to build tensions through a nationalistic approach and build religious tensions as well. They seem to be able to gain support from certain elements within the military by suggesting that somehow Christians are threatening the unity of Indonesia. The religious leaders within Papua are wanting to see dialogue that opens up issues of self-determination and autonomy, but independence is not within the language that is currently being presented to us.

Senator STOTT DESPOJA—These issues to which you refer and the sectarian strife are obviously domestic issues. They relate to Indonesian sovereignty. Does the Uniting Church have a view on the possible impact of the war in Iraq on Indonesian-Australian relations or, when you talk about conflict prevention, will this in any way exacerbate that in either Indonesia or in our countries' relations?

Dr Zirnsak—That question falls outside the areas in which we have been actively working. As a synod, we have not had any communication with the churches in Indonesia yet about the likely impact they perceive any conflict in Iraq may have. But it is something we could raise with them if the committee would like us to follow that up.

Senator STOTT DESPOJA—I would be curious.

Mr LAURIE FERGUSON—The foreign affairs committee went to Irian Jaya. The evidence of transmigration and the impact on access to education access and trading et cetera for local indigenous people was pretty obvious. There was a meeting last week in parliament that heard similar figures to yours that one million Indonesians have been moved in. Can you give me a sense of timing of this? They were there in the early to mid nineties. Can you give me a time when this movement occurred? Has the figure been sustained over the past two years?

Dr Zirnsak—I would not have that information. Again I would need to follow it up. As we have indicated, it has been coming to the fore now as a more recent concern for us, particularly with Laskar Jihad moving its activities out of the Malukus and Central Sulawesi into Papua. Unfortunately, I cannot answer your question.

CHAIR—What areas have we missed in our questioning?

Dr Zirnsak—The opportunities have been raised to bring out the additional information we were concerned about. With Papua, the only information we would add is that we would obviously be keen to see the Australian government assisting in the prevention of harassment and intimidation of human rights defenders. That also applies to other regions. The Reverend Renaldy Damanik from Central Sulawesi, who was involved in negotiating the peace settlement

that was signed there between the Christian leaders and the Muslim leaders, has been in detention and there has already been one attempt to murder him by poisoning on 26 December while he was in detention. He has been brought up on weapons charges, which seems very odd given the role he has played in trying to broker peace. We are unaware that he has advocated any form of violence; he has only ever sought peaceful solutions to this. Since then the charges have also been changed to that of promoting disunity within Indonesia. So we are gravely concerned about people like him and about the harassment they still face from the security forces for whatever reason. We would certainly be very keen for the Australian government to raise that as a sign of friendship towards the people of Indonesia.

CHAIR—Thank you very much for your attendance here today. If there are any matters on which we might need additional information, the secretary will be in contact with you.

[11.41 a.m.]

BRITTON, Mr Peter Austin, Senior Manager, South East Asia, Africa and Middle East Programs, Australian Volunteers International

FIFER, Ms Dimity Anne, Chief Executive Officer, Australian Volunteers International

CHAIR—On behalf of the subcommittee, I welcome you to this hearing. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the committee does not require you to give evidence on oath, I should remind you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the House itself. I invite you to make a short opening statement and then we will proceed to questions.

Ms Fifer—We appreciate the privilege to speak to our written submission today. The major part of our presentation will be undertaken by Peter, who has incredibly longstanding experience in Indonesia and knowledge of our history there. For those of you who are aware, Australian Volunteers International began its program in 1951 in Indonesia, so it would be fair to say that Australian Volunteers International, through its guises as the Overseas Services Bureau and Australian Volunteers Abroad, has been there for the long haul with Indonesia. Our strong standing there, particularly knowing that our volunteers are supported and cleared at the highest level of government, is a clear indication of the esteem in which our work has been held.

Our program is based on four major elements in terms of our contribution to any community across the globe. We currently have 492 volunteers working in 48 different countries across the planet at this time. The success of our program is based on four major things: the style of person who goes away—the nature and qualities of the volunteers; how they work when they are away—that they do not go away as consultants who are doing things to people but work alongside and with communities; the type of work that they do; and the learnings that they bring back home. Recently, we made clear not just in our submission to you but also in our federal budget submission to the Treasurer that our components were providing long-term, cross-culturally sensitive and effective technical assistance which builds lasting relationships with developing countries. Though our funding may at times be on one-year or three-year contracts, when you know that we have been involved in Indonesia since 1951, in Papua New Guinea since 1964 and in many other countries for decades, you know that Australian Volunteers International hangs in there for the long haul.

Our volunteers are placed in response to locally identified need. The international volunteer sending community, the United Nations Volunteers, would say that international volunteering is a form of development in itself that is unique and adds value. Our perspective today is because of the collective history of our volunteers. That is the experience that we bring to you and which we are hoping you will get from no other party that you hear from.

We are pleased with the emphasis of your current inquiry, and particularly with the word ‘building’ when referring to Australia’s relationship with Indonesia, because that is what we are

concerned about as well. We recognise the issues you are dealing with, but our focus is always on people and communities, and on the building of long-term relationships. We believe that the level of second track diplomacy, or whatever you would like to call it, is what is actually strengthening our relationship and allowing it to continue. Indeed, we hope that some of our recommendations, both in this submission and in the federal budget submission—if that is deemed appropriate to consider—can build that strong foundation. I do like extolling the virtues of our program, so perhaps I will hand over to Peter so that we can drill right back into our work with Indonesia.

Mr Britton—We can approach this from two angles. One is to say that, over the 50-year history, with volunteers working in a whole range of sectors right across the Indonesian archipelago—in government agencies, non-government agencies, community organisations, universities et cetera—there has been a whole range of outcomes in terms of capacity building. However, in a sense there is another significance underlying that and it is probably more important to speak of that today—that is, the quality of the relationships that the program has engendered. The significance is in the context of the official relationship between the two countries, which, as you know, has had its ups and downs. Throughout the 50-year period the volunteer program has managed to continue. There has been that bedrock, if you like, of people to people relationships, and I would suggest that our program has been very instrumental in helping to create that.

The late Herbert Feith, Harold Crouch and many others like them, who have been significant interpreters in Australia of Indonesian developments, had their first experience of Indonesia through this program, and that process is continuing today. The volunteers, on their return to Australia, create a significant constituency of people who are well informed about Indonesia and think well of Indonesian people. These relationships have stood the test of time. In November 2001, we organised a photo exhibition to be shown in Jakarta, which depicted scenes from the 50-year history of Australian volunteers in Indonesia. The Australian Ambassador opened the exhibition, and there was a remarkable attendance on the Indonesian side from politicians, senior civil servants and leaders of the NGO communities. They came because they had first-hand knowledge of the program. It was remarkable how many of them had experiences that went back decades. The effort they made to come to this celebration—many of them travelling from other provincial centres—was also remarkable. But I guess it is not just the individuals in Indonesia who count in this setting; it is really their institutional base and the communities that have had the experience of the program. The launch of that photo exhibition was a demonstration of the esteem in which the program is held in Indonesia because in Indonesia, too, there is a constituency amongst politicians, civil servants, intellectuals and the community sector that know, have had experience of and appreciate the program. For example, the managing director of Antara News Agency changed his itinerary and flew from Moscow to Jakarta so that he could personally host and launch this celebration. He did it because he, too, had had a number of personal experiences of Australian volunteers and had a deep appreciation of the work they had done. It was his way of paying tribute.

Relationships come to the fore when we are in periods of tension. When there is tension in Indonesia, when there is instability or insecurity in Indonesian social life and when a hostile or a seemingly hostile spotlight is turned on the presence of foreigners and especially Australians, the fact that Australian volunteers have tended not to take flight but to take counsel from their Indonesian colleagues and be there with them through those times has really deepened those relationships quite intensely. And the appreciation of that from the Indonesia side is huge. That

was certainly the case in 1999-2000 during the East Timor period. Similarly, in the aftermath of the Bali bombing, volunteers reported to us the high level of support they were getting from their colleagues. The volunteers also said, 'We don't want to abandon our Indonesian colleagues at this time.' Just a cameo: at that time, we were negotiating with a small Islamic organisation that promotes women's rights in Jakarta about the possibility of placing a volunteer with them. It was fairly early days in those negotiations, and on the day after the bombing they sent us an email message, which said:

I and all our staff condole with the Australians who became victims of terrorist attack in Bali. I hope that the accident will not make our relation become backward in the future. In addition, that it will become the glue between your and our institutions to work toward a peaceful world.

I am pleased to able to say that we are placing a volunteer with them, in this instance, with the support of the Myer Foundation. The volunteer will help bring the work of this quite remarkable group of Islamic reformists to the attention of a broader public both in the Islamic world and elsewhere, including Australia.

Dimity mentioned the support we have from the government of Indonesia. I think it is really quite important to restate this in the current context where, as you probably know, Indonesian parliamentarians have been raising concerns for some time about the activities of Australian NGOs in Indonesia, accusing them of supporting separatist movements there. It was reported that, in their recent meeting, President Megawati also raised this with the Prime Minister. I want to place on record that each Australian volunteer placement in Indonesia, both the person and the position, is endorsed by the appropriate government department before being signed off at the higher level by state secretariat in the full knowledge of the Indonesian police and intelligence agencies. The program is thus endorsed at the highest level of Indonesian government.

Obviously over the decades the shape of our program in Indonesia has varied from time to time, but in 2000 we felt the need to take a fresh look at it to take account of the altered circumstances in the relationship and to design ourselves a fresh way forward. That meant lots of discussions with stakeholders here in Australia and in Indonesia. Several broad directions came out of that, which I would like to share with you. One is the role that volunteers can play in the area of governance. This particularly relates to the decentralisation which Indonesia is pursuing whereby local governments are becoming the agency of government that is delivering services to the people. It is a major overhaul of the administrative system there, but it is also a particularly useful context in which to imagine Australian volunteers sharing their skills and learning from the communities they are inhabiting and serving.

Australians who are working in the public sector, especially at state or local government level, really have an enormous amount to offer in this process of decentralisation and the strengthening of local administration in Indonesia. We are certainly going to be looking for ways to help those relationships and those institutions in Australia to cooperate with parallel institutions in Indonesia. In the area of governance, we will also still be maintaining a selective involvement in Indonesian civil society. Going forward, education will remain a dominant sector of engagement both because of the strength of demand from Indonesian partners and because, by its nature, education multiplies the impact of relationship building—that is, the impact one has not only on colleagues and students but also on the families, extended families and so on of the people we come into contact with.

Looking at the geographic scope of our program, because of political and social unrest in parts of Indonesia, security considerations have made certain areas unsuitable for us. These areas include Papua, Aceh, Maluku and parts of Sulawesi, so we are not even looking at operating there at the moment. Instead, we have a focus, though not an exclusive focus, on western Indonesia, namely Java and Sumatra. They are the areas of the greatest population density and population numbers, but they also happen to be the areas that are predominantly Muslim. We believe this focus will help us to counteract Indonesian perceptions that Australians like to work in the eastern part of the country, either because of some long-range strategy that Australia is harbouring to see Indonesia break up or because Australians are more comfortable working with predominantly Christian communities there.

That leads to what we see as a key focus for us into the future: building relationships with Islamic institutions and organisations in Indonesia. As I said before, the people to people relationship is actually quite strong and quite complex but there is no doubt that the weak link in it is Australians' understanding of Indonesian Islam and vice versa. We regard this as a niche area where we can actually add value to the Australia-Indonesia relationship. We are talking about Islamic institutions; we are talking about state institutions as well as civil society. We are well down the track in terms of having made placements and having had further negotiations with Islamic leaders in Indonesia. I would have to say that there is not just support but enthusiasm for this from religious leaders from both the traditionalist and the modernist streams. This could involve us in further development of civil society, promotion of human rights, education and social service delivery. In current circumstances, there is also a very important message to be conveyed by Australians working alongside Indonesian Muslims in Islamic settings.

CHAIR—Thanks very much indeed. I think all of us have a fair knowledge of the working of AVI and a great deal of respect for it. You have emphasised in your introductory remarks and in your submission the importance of people to people contacts, and you have given us some good examples of that at the Indonesian end. I wonder how the devil you disseminate some of these things into the general populace of Australia and whether or not the Australian population has a clue in the world about some of the things that AVI do.

Ms Fifer—You have a very good point. We have a return volunteer community of nearly 6,000 Australians, which you could be calling an alumni, and we believe it is absolutely imperative that we tell this collective story as well as those individual stories, which are quite valid in themselves. Like you say, being able to talk about the story of our relationship over 50 years with Indonesia, we can pull it the other way. We can ask: how is Australian Volunteers International working with post-conflict situations across the globe? What do we know about dealing with education in the Pacific? What do we know about health in Africa? I concur with you, and we take on that responsibility very keenly.

It is our work at the moment to try and find more ways to put that back into Australia, particularly because we believe those long-term partnerships and understandings break down some of the racial stereotypes and discrimination that make a community more vulnerable to some of the media and the hype that comes around particular political situations. If you have a community that has a stronger base of understanding of difference and respect and celebration of other cultures as opposed to mere tolerance of them then you know you can work cleanly through any political moment in time. So we could not agree more. That is why some of our

recommendations both in this submission and in the federal budget submission are about increasing the work of understanding of Indonesia and Islamic traditions in particular.

Another cameo, to touch on Peter's, is that we have just briefed 60-odd volunteers, who finished last Saturday, to go to 22 countries. There are five more volunteers going to Indonesia. The young Indonesian national that came in on Thursday night to talk to them about life in Indonesia was nearly in tears. He said, 'I did not think Australians liked it. I thought they were too scared to go to Indonesia.' He said, 'Thank you for there being five Australians who are committed to our country. We will welcome them; we will look after them in our community.' So there are those little pictures that show that whatever happens at the higher political level impacts all the way down, and those strong partnerships are absolutely imperative. We would love your recommendations to reflect that governments take that second level of increased understanding seriously.

CHAIR—That leads me to your second recommendation where you call for the Australian government to put more emphasis on the whole of government approach and to give priority to improving the relationship beyond the level of formal diplomacy. Have you got a detailed approach that you can give us on how this may be achieved?

Ms Fifer—In the recommendations that we forwarded to the Treasurer for the federal budget submission, there were a few extra recommendations in terms of increasing the level of partnerships and the support for Australian NGOs, corporates and local, state and federal government departments in the wider community to increase their connections with Indonesians. If you would like, we can summarise our general approach into an A4 page, but it goes all the way down to the existence of education in secondary and tertiary education. The fallout is through that wider spread of our media, education and government institutions. We would like to see proactive recommendations coming from government which more than just endorse but proactively give some incentives for non-government organisations, perhaps in the welfare community development sector, to build connections—for example, research institutions to build their connections with research institutions in Indonesia and community development organisations or welfare organisations in Australia to build their connections and staff exchanges with those in Indonesia. There is a whole way that a wider spread of our community can connect. If you like, we can give you a quick summary of those but, to be honest, it is something that AVI needs to be working on even more to add real value.

Senator BOLKUS—You are talking about the whole of government approach and the political problems that arise from time to time stemming from political debate in this country. Taking that whole of government approach one step further, do you think that there would be a use in having an ongoing maybe not an exchange but dialogue between politicians and opinion leaders in this country and Indonesia, where it does not all happen over there or over here but it is an ongoing process that enhances appreciation of the diversity, the cultures and so on of both countries and the driving political forces? And if you have thought about it, what sort of institution—government or non-government—would you consider would be best to do it?

Ms Fifer—I could not agree more. It has been happening in the last 12 months. Peter might want to elucidate on this.

Mr Britton—The Australia Indonesia Institute has sponsored a young leaders dialogue, or something like that, which certainly has included representations from politicians and others,

but that is only one instance. That is the issue: these things come as a good initiative but then disappear again. They really need to be institutionalised on a much broader basis.

CHAIR—This foreign affairs committee of the Australian parliament does not have an annual dialogue with the foreign affairs committee of the Indonesian parliament, for example.

Ms Fifer—There tend to be one-offs. If my memory does not fail me, the SMERU one with Senator Amanda Vanstone was in the last 12 months. There are ad hoc ones.

Mr Britton—Yes, that is one.

CHAIR—There are no formal relationships at all, apparently.

Ms Fifer—I think that is very sad and, ultimately, tragic because the same dynamics that work between people work between countries. I think being able to enunciate those principles that work for good conflict resolution, peace building and relationship building need to be instituted so they stand the test of time. We all know the different political movements that have happened, but if you want a relationship that lasts decades, centuries and millennia, you have to put in the hard yards to achieve that.

Mr SNOWDON—On that same issue, you talk about a whole of government approach; surely you mean a whole of governments approach? There are number of state governments who have offices in Jakarta, for example, and elsewhere in Indonesia.

Ms Fifer—Yes.

Mr SNOWDON—I want to also ask about the relationship that exists between other institutions, not NGOs but, for example, universities. It seems to me that this relationship business is fairly anarchic—people are doing it for their own reasons. How would you suggest you actually get hold of this process so that you get a better outcome in terms of the objectives you have set when government only controls one component of it? The NGOs are out there doing their thing, there is a commercial arm doing their thing, and then there are the universities who are very active in the region. How do you propose we might address that issue?

Ms Fifer—I wish I could give you the ABC steps of a framework. To be perfectly frank, there might be a set of relationships that we have with another country from which we could distil some of those principles for a framework of a relationship that may be useful to see if there is a precedent somewhere else. The idea is that every strata of our society needs to be connecting with our regional partners. It needs to occur with PNG, the Pacific and with Indonesia to build that long-term relationship. I think that is why one of our recommendations suggested some research into this to take a step back and ask: what would be the overarching framework, are there any other precedents and what would the appropriate incentives be—that could be an inappropriate word—that would encourage the greatest number of partnerships and connections across all strata of our society. It is not just a government responsibility; it is for all parts of our community.

Mr SNOWDON—It occurs to me that a lot of this is based on competition and self-interest rather than on the national interest. I wonder how you ensure in some way that the overriding interest is the national interest?

Ms Fifer—I am not sure how you are defining the national interest at that point in time.

Mr SNOWDON—You have talked about whole of government; do you mean that the government should adopt a means to an end—that is, to build a better and stronger relationship with our neighbour? For example, imagine visiting Surabaya. My colleague and I visited Surabaya last year as part of a committee. We found a university open day and there was a suite of Australian universities competing for students. That is not a problem, particularly, but their issue concerns competition for the student dollar and not necessarily building a stronger relationship with Indonesia. I wonder how you build within that framework, as we discussed earlier, some sort of overriding principles that govern these relationships? Of course, there are commercial issues to consider as well.

Ms Fifer—I think you have a good point. It is not the subtotal of everyone's self-interest; it is something higher and more strategic and we would concur most definitely with that.

Mr BEAZLEY—I am interested in what you had to say earlier about your efforts now to build relationships, firstly, in western Indonesia and, secondly, with Islamic groups. What sort of backgrounds do you look for in volunteers for this purpose? Are you using Muslim Australians? What sort of skill sets are in demand in these organisations with which you may be trying to establish a relationship?

Mr Britton—There are a variety. Quite a few of the volunteers that we look at placing in those particular settings at the moment have had some prior experience of Indonesia and, thus, the beginnings of some Indonesian language, though not all of them have this. In terms of background they are quite varied. Some are going into the education sector so they need to have that background and experience. Others are working as editors and documentalists.

There is a powerful reformist movement in Indonesian Islam at the moment that Muslims in Malaysia, Pakistan and various other places are interested in. But, because the Indonesians are operating in Indonesia, what they are doing is not being conveyed to the rest of the world. The effort involves making this work more available through translation and through web sites, publications and things like that. That is quite an important aspect of it.

Ms Fifer—When I visited Jakarta last year with Peter there was one good example of that. We went to an organisation called SMERU, the Social Monitoring and Economic Research Unit. They have 30 to 40 people with extraordinary expertise in social policy. We have two Australian volunteers there who are translating their policy documents and their research. Their work was just wonderful. They have been doing work on poverty lines and on how to build local communities in terms of community development and taking a greater part in decisions with decentralisation. It was extraordinary. They had done some amazing analysis that I had not seen in institutions back here, whether it be Deakin, La Trobe or Melbourne universities, in their social policy units. To have their web sites and their newsletters bilingual was amazing. It meant that we could encourage some connections with a university back here and say, 'The Indonesian people are doing extraordinarily sophisticated work in this same analysis. Let's share some of that.' This is the sort of working connection that builds strength. It is about mutuality. We are not teaching the Indonesians anything per se. It is about learning from each other's expertise in building strong communities which is of interest to us all.

Mr BEAZLEY—You are using Australian volunteers in those projects which involve extending information, developing analysis and, in a sense, propaganda techniques, apart from information techniques, which relate to these Islamic organisations. Is there some suspicion on the part of the organisations with whom you are dealing that you are giving a hand in these sorts of quite sensitive areas to non-Muslims? Does it interest them or worry them or is their reformism so eclectic that this matters little to them?

Mr Britton—I think they are self-confident enough not to have those kinds of worries. Beyond looking for the technical input that the Australian volunteer is going to bring, they are looking for the Australian perspectives or the Western perspectives. They are looking to have their own boundaries pushed. They realise the need to raise the horizon in some of their own settings. It is a far-sighted policy on the part of those people who are inviting us in.

Mr LINDSAY—Are you able to give the committee any evidence about the cost effectiveness of the program that you run compared to other Australia-Indonesia programs, particularly with an emphasis on the benefits that are derived? That was an easy question!

Ms Fifer—Where do I begin? Maybe we need to come back to you on something like this. The cost per volunteer is extraordinary. I think you would be absolutely amazed. That is why we want to increase the number of people, like the Myer Foundation, sponsoring volunteers. The volunteers live and work in local communities. While we get funding from AusAID to fund travel, insurance and prebriefing, they get a local wage from the community. They do not live the expat lifestyle. They are living as part of a local community. They are also provided with a safe, secure home. Would the cost per volunteer, which is average, be of use to you? Peter, do you have that?

Mr Britton—I hesitate to give a figure off the top of my head, other than to say that it is a fraction of the cost of maintaining an expatriate in Indonesia, whether that is in the business environment or in other forms of consulting.

Mr LINDSAY—I think the committee knows what a good program this is. Why is it that we do not have 3,600 volunteers instead of 360?

Ms Fifer—In bigger terms I would like to know too. I guess it is about current funding constraints. Our work is to increase our revenue. I think it would be quite clear that people would understand from me, when I have spoken at forums like this, that we fully appreciate all the Australian federal government money that we get. To be perfectly honest, I think it is a very cost-effective way to use the development budget. I am not being facetious when I say that we get enough money; what I am trying to say is that I think a lot of other avenues in the Australian community could be supporting Australian Volunteers International—the corporate sector, state governments, local governments, the wider NGO community and the wider Australian community, who actually do make a lot of donations. So it is very important for us to be connecting the widest breadth of the Australian community, with their resources and support, with the widest breadth of the communities overseas. While we are happy to negotiate our annual funding arrangements with the federal government, I actually think there are other parts of the Australian community which, if they did know more about our work, would be more than happy to support it in a range of different ways. I think that is a real direction forward, which is why I would like some more incentives for corporates and NGOs to make strong long-term partnerships overseas. So where is the incentive for a strong uniting service or whatever it might

be to build links with similar organisations in other countries? That is where you get the depth of sustainable relationships and where you get true long-term, cost-effective development.

Mr LINDSAY—In your evidence you talk about the reduction in teaching Indonesian in Australian schools. I have detected that too. Why has that happened?

Mr Britton—To answer that I would refer you to the report prepared by the Asian Studies Association that looks at the teaching of all Asian languages, including Indonesian, in Australian schools and universities. Why it has happened I do not know. I presume that part of the answer is to do with funding, but I suspect that it is not the total answer.

Mr LINDSAY—Surely it is that students do not have the interest. Is that the case?

Mr Britton—I guess that in the end result that is the case, but courses are increasingly marketed to students in university settings these days.

Mr LAURIE FERGUSON—You mentioned to some degree earlier the perception that there is concern in Indonesia about interference by NGOs. There has been an assault over the last few months, beginning with an attack by the Institute of Public Affairs, on NGOs' performance and some people have said that this is a softening-up process to reduce the NGOs' role, as opposed to the corporate delivery of foreign aid. Are you aware of the comments of the Institute of Public Affairs?

Mr Britton—We are aware of them, yes.

Mr LAURIE FERGUSON—Were you speaking before about the Indonesian estimate of your own organisation or of the broader NGO community?

Mr Britton—No, I was speaking about our own organisation.

Ms Fifer—To be honest, when Peter and I use the term 'NGO', we are probably talking about the widest group of the community sector in Australia. I have yet to see a definition from IPA publicly about what group or subset of the wider NGO community they are talking about or whether they are talking about a very small percentage of NGOs with political agendas. So, to be perfectly honest, I do not think IPA have put out their definition of what they deem to be NGOs. When I talk about NGOs, I talk about the widest breadth of the community non-government sector in Australia.

Mr LAURIE FERGUSON—The other point I have raises in a way what Kim was asking about before; it is a variation of it. Are you confident that your organisation attracts a representative sample of Australians, particularly with regard to people of non-English-speaking background? Whilst it is positive that Indonesians see Anglo-Saxons going to Indonesia, is there any room for a better recruitment of volunteers from Australia's Islamic community and for working with organisations here so that they can get a better sense of the condition and treatment of Muslims in Australia?

Ms Fifer—You have a very good point about the diversity of our program. I have been on board since last July and I am truly impressed when I see the predeparture briefings. Volunteers

are in their 20s up to 78, and there is a range of people from suburban to regional Australia. It is absolutely stunning to see volunteers from Coonabarabran and Caulfield—every state and region in Australia. Notwithstanding that, the ethnic diversity of our program perhaps needs to be looked at again to ensure that we make volunteering available to a wider range of our community. We are attempting to address that. All committee members are more than welcome to attend any of our predeparture briefings or, when overseas, to visit our volunteers. You will meet truly amazing Australians. Every time we go to a partner organisation overseas invariably they say, 'Can you clone these people for us?' and we do. Every time there is a predeparture briefing, your jaw drops at the amazing qualities of Australians. They are just so highly valued and appreciated. But your point is taken.

Mr EDWARDS—On cost-effectiveness—I would be happy for you to take this on notice—could you give us the cost of keeping someone in the field for 12 months? Can you let us know whether there is capacity for, say, a Rotary Club or a Lions Club to sponsor such a cost? Are all your volunteers insured? If so, who covers the cost of that insurance?

Ms Fifer—Would you like us to take that on notice?

Mr EDWARDS—Yes, I am happy for you to take it on notice.

Ms Fifer—Are you talking about global outreach or for Indonesia?

Mr EDWARDS—Perhaps you could give us both.

Ms Fifer—That will not be a problem. As for the point you were raising, we have found that Rotary clubs, in one or two nights with a fundraiser, can support a volunteer. That is how cost-effective it is. We will send that information to you.

CHAIR—I do not ask this in a silly sense, but do you get Muslim volunteers?

Mr Britton—Yes, we have. They have not been great in number.

CHAIR—We are well over time again. Thank you very much indeed for being with us today. If there are any matters on which we might need additional information the secretary will be in contact. She will also send you a copy of the transcript, to which you can make any necessary corrections.

[12.26 p.m.]

CALLISTER, Mr Andrew Neal, Member, Central Highlands Branch, Australia West Papua Association

HAYES, Sister Rita, Chair, Central Highlands Branch, Australia West Papua Association

SULLIVAN, Dr Norma Marie, Member, Central Highlands Branch, Australia West Papua Association

CHAIR—On behalf of the subcommittee, welcome. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the subcommittee does not require to give you evidence on oath, I should remind you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the House itself. I invite you to make a short opening statement, if you would like, and then we can throw it open to questions.

Sister Hayes—First, to geographically locate our organisation, the Australia West Papua Association central highlands branch has Ballarat as its base, but it includes the surrounding areas of Beaufort and Daylesford. Also, we have a close association with the southern branch, which is based in Warrnambool. We maintain close contacts with the Melbourne branch and, to a lesser degree, Sydney and Adelaide. We see our services as part of the Australia-wide organisation. Our submission is addressing the issues around strategies that promote regional stability by recognising Australia as being in a position to establish region-to-region communication for bilateral relations with Indonesia and Australia. We have a slant in our submission in favour of the cultural diversity of that region, especially West Papua, which of course is Melanesian.

We address it from the point of view of Australian-Indonesian bilateral relations; a special forum, because Australia is strategically situated in that way; education, which is Norma's field of expertise through a background in education, long experience of negotiations with Indonesia and time spent there; and Andrew looking at the bilateral relations. I will finish with the peaceful negotiations and proposals. In summing up, we urge the Australian government to reconsider such a commitment in the geographic region to work with the Indonesian government towards a homogeneous federation in which individual members or countries can trade, interact and negotiate from their particular cultural, economic and political bases. We also urge that, in negotiating with the Indonesian government, Australia support the rights of ethnic minorities, like the West Papuans, to maintain their cultural heritage and to exercise the right to self-determination.

CHAIR—Thank you for that. I will lead with my left chin: is there any chance of peace in West Papua without independence?

Sister Hayes—Listening to the voice of the West Papuan people, the desire is for a peaceful negotiation, definitely learning from the unfortunate experience of East Timor. It is the belief,

from hearing those people, that it is possible. Realists would say that it is not so, but we have a strong commitment to listening to the voice of the people.

Mr Callister—Perhaps another way of answering the question is that the West Papuan people do not appear to believe that there is a chance for peace in the province without the withdrawal of the Indonesian military, whether that was to happen under a condition of autonomy or self-determination or whatever you call it. While the military are there and behaving in the way they are currently behaving, the West Papuan people we have heard do not appear to believe that there is a chance of peace.

CHAIR—Have you had any evidence that transmigration is on again?

Dr Sullivan—I am not aware of any recent transmigration from Java and the more crowded parts of Indonesia into that region for a very long time. As far as I am aware, the transmigration program—

CHAIR—You have no evidence of a recent surge?

Sister Hayes—Within recent months, as in last year, we heard of boats coming into several different ports bringing in significant numbers which would be in four figures. I cannot give you the exact figure, but I know it was 1,000 or more in each of the boats that went into eight different ports. That was as recently as July-August of last year.

Senator BOLKUS—In relation to human rights, you advocate greater action from Australia. What specifically do you have in mind that an Australian government can do to effectively address some of the human rights issues?

Dr Sullivan—One of the first things the Australian government could do to address that would be not to fund military training in Australia and to divert that money towards educational programs targeted specifically at West Papuans who have been disadvantaged in the Indonesian educational system in terms of being able to take an active role in their own province. That would be one way. Funds used for military purposes, or for potential military purposes or those sorts of programs, could be used for educational programs.

Mr Callister—Another positive move would be to encourage the opportunities for West Papuans to be educated to a higher level than is currently possible through whatever avenues are available to the government, such as AusAID or other avenues which I am sure you are more aware of than we are. In our view, education is an important step towards the ability of the West Papuans to negotiate peacefully for their own rights and to have a greater ability to communicate with the outside world.

Senator BOLKUS—Is that education programs within Australia or over there, or both?

Dr Sullivan—Both. In our submission we say that one of the big disadvantages for West Papuans when they come to Australia is that they have a problem with English. That makes it difficult for exchange students to get into our educational systems. Sister Rita will talk about that a bit more in a moment, but I think the Australian government could think about ways in which we could have English language programs in West Papua, for West Papuans, in preparation for them to come out to study in Australia. Perhaps there could be negotiated

programs with universities where part of the program could be offered in country, because most of these people are poor and have been disadvantaged in terms of economic opportunities within their own region. Those who have studied in Jakarta and other parts of Indonesia have usually been disadvantaged as well in those contexts, so I think some consideration could be given to setting up an English program to prepare students for tertiary education, for example. There are plenty of examples of West Papuans doing very well when they do get the opportunity to participate in higher education. My background is in higher education. Also, I think it would be really good if there could be some sort of scholarship system, as we had with the Colombo Plan, for particular disadvantaged people. In the future in Indonesia, I suspect, with the success of the democratisation of the country, there will be some more emphasis on West Papuans governing themselves in some way. It would be really good if Australians could be involved in that process. I think there are very concrete examples of how the Australian government could do that by putting these sorts of processes—scholarship systems or educational programs—in country, but in region.

Senator BOLKUS—I have one question on human rights, and this may go to your submission from South Australia. There is a reference to a mass grave around Timika. Can someone tell us a bit more about that? There is also a reference that this would be revealed at an appropriate time. I do not know whether now is an appropriate time.

Sister Hayes—That must be the South Australian submission.

Senator BOLKUS—Andrew is not here yet. Okay.

CHAIR—We might hold that question.

Mr BEAZLEY—As you would be aware, the Indonesians are extraordinarily sensitive to Australia raising human rights issues, not in the general context of Indonesia—they do not tend to be too worried about that—but when they relate to a specific area where there is some issue about their territorial integrity. Bearing in mind that level of sensitivity amongst the Indonesians and the propensity of that to govern their responsiveness to Australian official approaches, how would you suggest that an Australian government deal with the Indonesian government on the issues you have raised with regard to human rights or autonomy in West Papua?

Mr Callister—That is the nub, isn't it? It is a very good question. If the Australian government, representing the Australian people, believes that human rights essentially are a high priority, I suppose it needs to be strong in its ability to let Australians display their own feelings and points of view regarding what is going on there. Also, West Papuans need to be able to attain peaceful negotiation with the Indonesian people about their situation—whether that results in autonomy, self-determination or simply a more just environment in which they can live and raise their families. We would like to see the West Papuans having the ability to negotiate with the Indonesians. We believe there need to be forums in which that can occur. We are promoting education as a way in which the West Papuans can attain the ability to participate in such negotiations. The issue of Indonesian sensitivity is an extremely tricky one because there will be no negotiations if the Indonesians are too sensitive to negotiate.

Dr Sullivan—I think the Australian government has been given quite a lot of messages over the last few years about the concern of the Australian people about human rights abuses in the region and elsewhere. We have institutions like the Australian Indonesia Institute, which is a

valuable place for West Papua and these particular issues to be discussed and particular projects identified. West Papua is a minority group, although a very rich resource, for Indonesia. Perhaps the Australian population, knowing more about the discrimination that goes on in the country in terms of West Papua, would support the Australian government taking a quite strong stance and saying, regarding our relationship with Indonesia at a national level, that we would like to see more consideration given to regional places and the development of the autonomy program.

Mr BEAZLEY—The Indonesians have put a couple of autonomy proposals on the table in the last little while.

Dr Sullivan—They keep getting pushed back.

Mr BEAZLEY—Do any of them look as though they are viable to you?

Dr Sullivan—That is part of the decentralisation process. That is supposed to be the future policy of the government. Two trouble spots that exist there, of course, are Aceh and West Papua. These are both areas that are talked about in terms of perhaps in the future being made autonomous regions. There are examples in Indonesia of other autonomous regions, so there is a model that could be presented. That was what the Indonesian government was talking about at the end for East Timor—a period of autonomy before it became independent. Perhaps the lessons have been learnt from East Timor. I think West Papua could go through a process of autonomy. At the moment, Indonesia is in an untenable situation in trying to hold all of this together. Also, because of its dire economic situation, having regard to changes of government over the last couple of years, it is something that is probably slowing and needs to be encouraged by countries such as Australia.

Sister Hayes—I was going to mention the clear indicators that we are picking up; that it is a very vexed issue. Within the last two weeks, we had the conference here in Melbourne. The attache from the Indonesian Embassy was invited to the conference to enter into dialogue, and that was very definitely one of the main purposes. The response, of course, from the embassy was that if RMIT continued to sponsor then there would be a withdrawal of the visas of the students there. Then it was moved to the trades hall and they received messages that there would be some implications if they continued to sponsor it. There are no indications that there is a desire to enter into dialogue. Alternatively, we could see ourselves with a bloodbath right on our doorstep because the recent proposal for a division into three parts—West Papua—is causing quite a lot of anger and frustration to the stage, it would seem, of moving from peaceful negotiation into strong, violent resistance on the part of the West Papuan people. That is the delicate balance sitting there at the moment.

Senator HUTCHINS—What is the basis of the three divisions? What is the reason behind that? Is there one area with more migrants?

Sister Hayes—There was a speaker from the Indonesian Embassy at the conference two weeks ago. He was making the point that there was to be more effective service delivery, which was taken rather sceptically by anybody who knew of the situation. There seem to be two divisions that are bringing all the wealthy resources of the Army together, and the third division is the poorer area where there are no resources, so there would be greater management by the Indonesian government of those resources. They are the two sides of the argument that we heard at the forum, but I do not know any more than that.

Senator STOTT DESPOJA—I want to clarify for the record that a conference which was supposed to be held at RMIT was moved at the request of a representative of the Indonesian government.

Sister Hayes—Yes.

Senator STOTT DESPOJA—In relation to trades hall, do you know if any phone calls were made on behalf of the Indonesians by the foreign affairs minister or his office?

Sister Hayes—No. The only message moving around there was that there had been messages from the Indonesian Embassy to the trades hall and also the story—and this is information that was floating around there—to the ABC about advertising the concert that was in the Melbourne Concert Hall. The message was: there will be implications if you continue to advertise as a sponsor. I do not know of any response.

Senator STOTT DESPOJA—We might be able to chase that up through other networks. I know that the chair and others have asked you about the prospects of a peaceful resolution in West Papua. I think it was John Rumbiak, the spokesman of the West Papuan Institute for Human Rights, Study and Advocacy, who recently predicted—he sounded a bit pessimistic—that there would be a further escalation of violence and potentially a 'bloodbath' if things were not resolved soon. What are your views on his reflections? I am quite happy to confirm his comments for the record to make sure that I am not paraphrasing him in an inappropriate way.

Sister Hayes—I understand that that message has been intensified as a result of the proposed division of West Papua into the sections, because—and I repeat myself—of the response of the West Papuan people to that proposal.

Dr Sullivan—Yes, there will probably be a repeat of East Timor if something is not done now in West Papua. I think that one of the big problems with West Papua too is that it has a very, very small expatriate community here, so there is no public voice, in a sense—there is not a person who can really come out and present the case like John Rumbiak did the other day. In the case of East Timor, there was a large community in Australia for a long time really lobbying international forums and presenting the case of East Timor and its position within the Indonesian nation-state. There is not that voice. So that is why it becomes really important for community organisations, such as the one that we are representing, to try to support those West Papuans that are here and to try to help them to have a voice in a country like Australia, to bring the message, because we do not want another situation of East Timor if we can possibly help it. The problem is that, right now, in the world that we live in, it is becoming a haven for terrorist groups as well. Apparently, according to the people that sister has spoken to and that we have met, it is the wild, wild west up there on the border between Papua New Guinea and West Papua. There is a lot of stuff going on that could have an effect on Australia in terms of its security and safety. It is not just us trying to present a case as do-gooders; it is also about trying to present a case of us being a humane society that is concerned about our own security as well. Do you have any more to add to that?

Sister Hayes—I did not, except about the project that we have in process at the moment. We have had a favourable response from three secondary schools in Ballarat, which will each take two students. This is in response to a request for further education. Our organisation, in collaboration with Warrnambool, is bringing out—well, they have visas—the six students who

have been selected. They have all finished their secondary education; they are all in their late teens or early 20s and we cannot get visas for them at the moment. It is stuck in the immigration department office at the present time, but the hope is that those schools are prepared to take those students into the schools and waive fees—for 12 months, two years or whatever is required. That they do not have English is of course one of the problems, because Indonesian is the language in which they have been educated.

Just to illustrate the point of their ability, we had two adults who were coming out just for 12 months to work with a council to learn service delivery, community services and computer skills. One of them, we heard, had been killed—massacred by an Indonesian military person who was posing as a gardener in the place where he worked. Two of them were killed, but the one whom we had got away. We got a message to say that he has now been admitted to Oxford and he has begun his studies at Oxford University this year. If he has been admitted to Oxford, he certainly has an ability, and we are confident the others will do likewise.

Mr Callister—An additional comment is that the project to bring the six students to do VCE studies in Ballarat also demonstrated the commitment of the general community in Ballarat in raising the funds—I think we have raised $18,000 for the air fares and paperwork. The schools are donating uniforms and various extras.

Dr Sullivan—It is very cost effective!

Senator STOTT DESPOJA—By the way, Chair, it is the Institute for Human Rights Study and Autonomy. I am wondering whether we can put a question on notice to the foreign affairs minister to ask if his office made any phone calls to the conference requesting that they consider a change of venue.

CHAIR—Okay.

Mr SNOWDON—You mentioned the border between West Papua and Papua New Guinea, and I think you referred to it as the wild west. I think I heard a fortnight ago that the Papua New Guinea government was repatriating refugees. Am I right in that?

Sister Hayes—Yes.

Mr SNOWDON—Do you recall the response of the Australian government to that?

Sister Hayes—I am not aware of any.

Mr SNOWDON—What would your view be of that exercise?

Dr Sullivan—There should be a response.

Sister Hayes—There should be a very, very strong response. If these people are repatriated back to West Papua, they will be dead shortly afterwards.

Mr SNOWDON—Our friend from Adelaide is not on the phone, I assume, but I wonder if they have made approaches to Mr Downer's electorate office or to the ministry about this issue. Has your organisation approached the foreign affairs minister about this issue?

Sister Hayes—Yes.

Mr SNOWDON—What response have you had?

Sister Hayes—None so far.

Mr SNOWDON—In what form was that representation?

Sister Hayes—An email through to the office.

Mr SNOWDON—When did you make that? Could you give us a copy of the email?

Dr Sullivan—Yes. We can supply a copy of that.

Mr SNOWDON—You have also mentioned democratisation in Indonesia. There are obviously a lot of tensions pulling against one another in Indonesia over this issue, not the least of which is the relationship with TNI and the elected members of parliament. Are you aware of the proposal to have a second chamber in the Indonesian parliament which would be specifically aimed at regional representation? If you are aware of it, are you aware of any discussions with West Papuans about their support or otherwise for that chamber?

Dr Sullivan—Are you aware of any of that?

Sister Hayes—No.

Dr Sullivan—We have not heard of any of the West Papuans being invited to participate in that.

Mr SNOWDON—You were supposed to.

CHAIR—If there are any matters on which we might need additional information, the secretary will be in contact with you. She will also send you a copy of the transcript of your evidence, to which you can make any necessary corrections to errors of transcription. Thank you very much for being with us today.

Proceedings suspended from 12.58 p.m. to 1.59 p.m.

MATHESON, Mr Alan, International Officer, Australian Council of Trade Unions

CHAIR—On behalf of the subcommittee, I welcome Mr Alan Matheson. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private, you may ask to do so and the subcommittee will give consideration to your request. Although the committee does not require you to give evidence under oath, I should remind you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the House itself. I invite you to make a short opening statement, and then we can move to questions.

Mr Matheson—I am the international officer with the Australian Council of Trade Unions and I am responsible for their international programs and their relationships with international bodies such as the ILO and the International Confederation of Free Trade Unions. I am a member of the World Conference on Religion and Peace, which is a UN recognised body, and I have visited Indonesia as a part of that conference and had discussions particularly with the Islamic end of the faith communities in Indonesia. For some years I was a member of the human rights department of the World Council of Churches in Geneva and visited Indonesia when there was a large discussion going on on the whole transmigration program.

The ACTU very much appreciates the decision by parliament to examine Australia's relationship with Indonesia. The 1993 report sets some benchmarks for our relationships with our neighbours, and the parliamentary committees have monitored and commented on that relationship over the years. From the ACTU's point of view we believe that never has there been a more significant time than now for the committee to be examining the relationship. From the ACTU's point of view we believe that there is an arc of instability to the north of us from Indonesia, Timor, Papua, PNG, the Solomons right through to Fiji. It is a challenge to both government and non-government organisations, including the unions. Challenges include military regimes, assassinations, money laundering, flags of convenience—and I note that this week's US *BusinessWeek* talks about the increasing instability of the Megawati government in terms of economic developments, the war and the presidential elections in 2004.

We believe as a union movement that unions are one of the integral parts of civil society and our relationship with the Indonesian union movement goes back nearly 50 years. It was the union movement in the 1940s that stood by the early attempts by Indonesian seamen, by the army, by human rights groups, by churches and by faith communities in Indonesia as they struggled for their independence. For the past 50 years there has been a continuing official and unofficial dialogue with the Indonesian unions. We maintained regular contact right through the Suharto years primarily through institutions such as the International Labour Organisation and the international union movement. We provided legal assistance and advocacy for those who were arrested or harassed by the Suharto government.

At the end of the previous Labor government, nearly two years was spent negotiating with the Indonesian government, the Australian government and the ILO one of the most substantive assistance packages in industrial relations. That was terminated in the first week of the Howard government. Both the ACTU and its affiliated unions have continued ongoing training programs with Indonesian unions. The role of the unions in industrial relations has been increasingly recognised within the UN—the global compact of the United Nations and the OECD guidelines

in terms of multinationals—and there is a continuing dialogue with the World Bank and the Asian Development Bank on the role of unions in developing a stable industrial relations climate.

In 1993 your committee made reference to the unions in one paragraph. I suggest to you that it is going to be difficult in 2003 to restrict comment on the industrial relations system in Indonesia to one paragraph. Significant changes have taken place. Now, the Megawati government is an active member of the International Labour Organisation and has ratified all of the core labour standards—freedom of association, child labour, and slavery. The increasing capacity of the union movement makes it one of the integral parts of civil society in Indonesia. But the problems remain the same. They were identified in 1993 and to a greater or lesser degree they are the same challenges. These are challenges of governance, economic dilemmas and the role of the military in industrial relations.

I would like to draw attention to a couple of recommendations that we made. The first three recommendations relate to the ILO. The International Labour Organisation is one of the significant operators within the Indonesian environment at every level—from government through to employers through to workers. It has established itself in its relationships with Indonesia. You may or may not be aware that the Jakarta office of the ILO is now headed by Justice Alan Boulton, a member of the AIRC on leave. He is playing a most creative role in a most difficult situation. Recommendations that we would be emphasising would be Australia's role within the ILO and the maintenance, development and expansion of its commitment.

Secondly, we think that there is a range of non-political areas where the Australian government could operate. Health and safety is a major issue. HIV-AIDS is an emerging dilemma. These should be non-political issues. The solutions are not solely within the sphere of governments. They will require complementary strategies of government and non-government. Within the ILO, we believe that the Australian government could play a significant role in the whole issue of health and safety.

The industrial scene is volatile. The OECD is one of the major operating elements within the whole area of governance. Governance is a major problem confronting the Indonesian government and civil society. One of the areas that could be explored by the committee would be a requirement—in terms of Austrade and Australian companies such as the Export Finance and Insurance Corporation—that the OECD guidelines be accepted by all Australian companies in their involvement in Indonesia. Thank you for the opportunity to introduce our submission. We appreciate very much the opportunity to be here.

CHAIR—You have given us a broad sweep there, and you have identified some priorities. Could you tell us which, in your opinion, are the key priorities that need to be addressed straightaway and what you view as the key challenges for us?

Mr Matheson—Recognising that a number of submissions have touched on the more substantive elements of poverty reduction and governance at the government level, from a union point of view it is acceptance that unions are one of the integral elements of civil society. We have moved from a situation where all unions were controlled, harassed or imprisoned or disappeared to one where there is a proliferation of unions. In the terms of one employer, we have moved from democracy to 'democrazy'—the dilemmas of the proliferation. It is incumbent upon Australia and Indonesia to ensure that, within the international union

movement—within the ILO—there is some coherence that will enable the coming together of responsible unionism, including training and awareness of what it means to be a union. What does it mean to play an integral role in industrial development? What does it mean to play a responsible role within a judicial system that covers industrial relations? From a union point of view, our commitment and priority is to ensure a viable, responsible and aware union movement that plays its role in a society that is really just hanging together at the present moment.

Mr BEAZLEY—Just to follow up on that, do you notice any propensity on the part of the unions themselves in Indonesia to recognise this weakness in their structure and to attempt to organise a national body? If they do, how successful are they? Is there a tendency in that direction, or is there a tendency the other way?

Mr Matheson—There are two tendencies running at the same time. There is a proliferation moving into hundreds of thousands of workplace union organisations.

Mr BEAZLEY—What?

Mr Matheson—Well, that is if you look at organisations of workers at the plant. Six weeks ago there was the first meeting of 12 of the substantive national bodies; there are 60 registered. Figures and statistics for unions have to be accepted with some questioning in Indonesia, but 12 of the major industry sector unions met six weeks ago to form the Indonesian trade union council. That is the beginning of a national body. It is inclusive, both of sectors and of some of the reformed ends of the union movement.

Mr BEAZLEY—Do the employers see this as potentially an advantage—are they prepared to give some degree of encouragement to the creation of that national body?—or do they see it as a threat to divide and rule tactics or an ability to keep their work force basically in the dark even if unionised?

Mr Matheson—I guess Indonesia is not very much different from Australia: some do and some do not. It is interesting that within the ILO there are structures and processes which enable the strengthening and contribution of the three parties. One of the concerns we have about existing Australian government policy is the almost total focus on government in the context of industrial relations. There is a critical role for employers in terms of their relationships. Ten years ago the metals industry association established the first two overseas posts of an employer organisation—one in Jakarta and one in Hanoi. Sadly, because of the downturn and the political problems in Indonesia, the Jakarta office has been withdrawn, but there is a critical role for employer organisations, both in Australia and within the region. Some employers recognise the dilemmas. I noted the secretary of the Indonesia Australia Business Council, at the end of last year, pleading for greater commitment by employers and workers within the ILO to strengthen their organisations to get more coherence within their structures and processes.

Mr SNOWDON—Could you summarise the content of the OECD guidelines on MNEs, and also the UN's Global Compact?

Mr Matheson—It is an interesting development in the past five years. There has been considerable debate about what are the fundamental labour standards. The ILO has some 180 conventions and recommendations. The debate over the last five years has seen the Australian government, Australian employers and Australian workers as active players in developing a

group of core labour standards: freedom of association, negotiation, and conventions related to child labour, discrimination and equality. They now become the core labour standards that are built into instruments that are being used at every level to ensure greater equity for workers. For example, Kofi Annan, through the United Nations, established a Global Compact. He invited companies to sign up to the Global Compact, which is a commitment by governments on labour standards, the environment and sustainable development. That has been translated into the OECD guidelines and a whole raft of international sector agreements. From our point of view—and it would be the point of view of churches and non-government organisations as well as unions in Australia—the Australian government should be taking a far more forceful approach to ensure that those core labour standards, the issues of sustainable development and environment, become a part of Australian government, either through the export financing processes or through Australian companies; that they begin to play their role, just as government does, in ensuring good governance within a country like Indonesia.

Mr SNOWDON—What non-Australian companies have signed up to these sort of things?

Mr Matheson—In terms of the United Nations Global Compact, a fair number of the substantive international companies across manufacturing, mining, Woolmart. At the OECD guidelines level, companies do not sign up; they become a set of guidelines which governments promote within the private sector, encouraging companies to comply with those. We believe there could be a far more positive promotional role by the Australian government and in terms of the export finance processes in ensuring that assistance is only given to Australian companies which would make commitments around the core labour standards and sustainable development.

Mr SNOWDON—You say that the Indonesian government through President Megawati has signed up to some of these labour standards. What is the Indonesian government's attitude to companies such as Nike, for example, and their industrial relations practices?

Mr Matheson—There has never been a time in the history of the Indonesian government when there has been such a positive and active involvement in the ILO processes. As is the case here, there is sometimes a gap regarding the principles and commitments that are given at a policy level by governments in terms of what works out at the workplace. The Megawati government has a real dilemma with transnationals like Nike. As you know, Nike offshores all of its work, contracts its work and will move its work to the cheapest supplier. So the government must try to guarantee its commitment in terms of ensuring Nike stays there. On the other hand, companies like Nike, under constant scrutiny, have been shown not to comply with those core labour standards. So there is tension there. The dilemma for the Megawati government is that the administration and framework for auditing for compliance are not strong.

Mr SNOWDON—What about an organisation called the Global Alliance for Workers, which was set up in 1998 or 1999? It was funded by the World Bank, the International Youth Foundation, Gap, Nike, the Pennsylvania State University and St John's University.

Mr Matheson—All of the international financial institutions, be they the World Bank, the IMF or ADB, now have the active involvement of the union movement. The United Nations, within its Global Compact, has an advisory group. The GRI processes have their advisory groups. The dilemmas with all of those processes, as one would expect with an international regime, is that they are voluntary commitments by companies and present a dilemma for unions

and the non-government sector in participating effectively in the monitoring of them. That is the problem.

Mr SNOWDON—In relation to this peak trade union body which is being set up in Indonesia, what has been the response of the Indonesian government to that initiative?

Mr Matheson—The Indonesian government has been supportive of that. The Indonesian government has been exceptionally supportive of the International Labour Organisation. One part of the International Labour Organisation's program—it was the one which the Labor government was preparing to support—was a program of training and education for employers and workers. That program at present is being supported by European governments. So the Indonesian government has been supportive and very much aware of the dilemmas with an untrained, disorganised work force and employers who will use a range of instruments, including the military, to get their way.

Mr LINDSAY—With respect to your words about President Megawati ratifying all the core labour standards, you then gave further advice to the member for Lingiari. I think you were a bit kind when you said the compliance framework was not strong. Have you ever thought that this might have been just showcasing on the part of the Indonesians to ratify those core standards, knowing that they probably never would be enforced?

Mr Matheson—One of the interesting things about the ILO is that it provides mechanisms and processes whereby auditing can take place in a way that is not reflected in any other part of the United Nations system—that is, we have an independent committee of experts which meets three times a year which examines a government's commitments to its convention obligations. Each June, I spend a month in Geneva attending the committee regarding the applications of those standards. So, whether or not the Indonesian government went in with an idea of showcasing, let me assure you that, at the government, employer and worker levels, the scrutiny of a government's commitment to those conventions is just as strong, no matter what the motive was. A whole series of complaints have been made against the Indonesian government in terms of the implementation of those conventions. I think, in discussions with the ministers who were responsible for bringing those conventions into their government, in discussions with employers who were attending the ILO and in discussions with workers, there was a genuine commitment to move Indonesia within the framework of an international regime.

Mr LINDSAY—You talked about OECD guidelines being accepted by all Australian companies dealing with Indonesia. You sought a recommendation from this committee that perhaps that is what should happen. I assume there would be no force of law for such a recommendation, but how might the government encourage Australian companies to do just that?

Mr Matheson—I think there could be a far more positive promotion of them. Certainly, for the first time, we now have processes of consultation. The union movement has a fairly negative view of the OECD guidelines. There has only been one experience of the use of OECD guidelines in Australia in recent years, and the union movement was badly done over in that complaint. That regime has now changed. The guidelines have been revised, there is a process within Treasury and there are staff designated to ensure the appropriation of those guidelines and the promotion of them. I think there needs to be far greater awareness within Australia, within the diplomatic processes. I think there has to be a greater visibility of the process.

Governments at the present moment are attempting to close up the process of the OECD guidelines so that any complaint being made will not be visible or transparent but will disappear into committee. I think there is a struggle to keep the process of the OECD guidelines and their implementation transparent, up on the table and visible.

Any Australian government receiving any assistance should be required to comply with and make a commitment to the OECD guidelines as part and parcel of a requirement, as we would normally do. With AusAID, Austrade and EFIC, there are requirements that they are registered and that they have financial accountability. There is a whole raft of other requirements, and that commitment to the OECD guidelines should be just one of those additional expectations that Australia would have. Take a country like Indonesia. There are no easy answers there. Each one of us, whether government, non-government, union, employers—you name it—is going to have to hang together in all of our relationships there, because it will be to our own detriment, whether government or unions, if Indonesia falls apart.

Mr LINDSAY—You might not be able to answer this as an international officer, but let's have a go. Knowing the value of the Australia-Indonesia relationship and knowing the current troubled times that the world finds itself in, has the Australian union movement given consideration to using its resources within Australia to explain to Australian unions and the wider community that there is no general concern with Muslims—in Indonesia, for example—and to basically talk up the Australia-Indonesia relationship? Has it explained that there is no concern that Indonesians are sitting there waiting to invade us, or those sorts of emotive things? Has the Australian union movement thought about that and the value of doing that?

Mr Matheson—I have been with the ACTU now for 15 years, first in the migration role and for the past nine years in the international role. One of the dramatic changes that have taken place in the union movement in those two decades is the significant number of senior officials from the ACTU's affiliates who are actively involved in the region or internationally. There would not be a senior official leading our unions at the present moment who is not on the executive or is the vice-president or the chair of a regional sector union or an international union. We provide the leadership for the International Mining Union and the International Union of Journalists. For a country with a population of the size of Australia's to be heading international sector unions is quite formidable and quite surprising. So within our major affiliates there is an environment and an awareness of international issues that we have never seen before. Secondly, when you move down to the workplace, a number of affiliates and state branches have actively promoted programs, during the Gulf War and in the current context, to assure our members that we are workers and that we should not be frightened of people who wear scarves, act in a different way, eat differently or celebrate different faith holidays. There has been a very deliberate effort to ensure that strong leadership is given from the top of the unions about what is acceptable and about what is not acceptable in terms of prejudice.

In relation to Indonesia, there is a constant toing-and-froing between Australian and Indonesian unions. In the 1993 report the relationships between Australia and Indonesia were documented. I think in this report one would be looking for a mapping that the union movement has maintained a very strong and positive relationship with workers in Indonesia. Rest assured that, from the leadership end, that relationship is seen to be important and workers are seen to be significant in their relationships. And bear in mind that one of the things that holds us together is that frequently we are working for the same companies, whether in Indonesia or Australia.

Mr EDWARDS—Your submission, under the heading 'Current Indonesian industrial context', paragraph 3.3, starting on page 433, has a pretty bleak picture in relation to child labour, the exploitation of children and the conditions under which they work. Indeed, on the next page there is an estimate that between 11 million and 12 million school age children—up to the age of 18—were not attending school and that a large number likely were involved in some form of work. I raise that because we took evidence earlier today which suggested that Indonesian student numbers have fallen by some five per cent in recent times. Does that indicate a worsening of the situation in relation to child labour? Do you have any more up-to-date information than that US Department of State report of 2001?

Mr Matheson—By the time you get to my age you do not want to give up hope about what the potential might be. I think the situation is getting worse. I do not have any more up-to-date evidence than that from the US Department of State or World Vision. I expect that that will come out—the US report is due out this month. So there will, I imagine, be an updating of that.

The ILO, with the support of European governments, is beginning to move province by province or region by region. As you are aware, the regionalisation of Indonesia is taking place at an almost uncomfortable rate in terms of the union movement. There is an attempt by the ILO to lock up at the provincial or regional level with governments and non-government agencies, including the union movement, child-labour-free zones. Those pilot programs have been running for 12 months. Are they going to be effective? I think there is a hope and commitment by the parties involved that they will be. But until the economic situation improves I think we will see an ongoing dilemma for both women and children in the labour market.

Mr EDWARDS—The other question I would like to pose is in relation to your recommendations. You recommend that the government take steps both to increase its overall aid budget and to re-order its distribution of aid and development budget to ensure a number of things: firstly, that at least 10 per cent of its aid be directed through the non-government organisations. Why do you make that recommendation? What sort of NGOs would you see as being part of that 10 per cent? Have you put recent submissions to the federal government to try to ensure that the union movement of Australia has a greater opportunity to have the sort of influence in Indonesia that it seeks?

Mr Matheson—In terms of our concern with the aid budget, increasingly Australia's aid budget is going into three or four commercial operations. The union movement would have a concern where an aid development agency of Kerry Packer receives more money than all the non-government sector together. Secondly, if we are really on about people to people relationships and if we are on about non-government, civil society and governments maintaining, sustaining and developing relationships, they are not going to come out of the commercial sector. They are going to come out of government departments and administrators; they are going to come out of civil society that have ongoing commitments and relationships that they do not turn on and turn off. The concern has been that more of our aid has gone into commercial practices or companies and more and more of it has gone into tied aid. The concern would be to move it through the non-government sector which is scrutinised to death in terms of its accountability. You can be sure that money going through a non-government sector is not going to exorbitant consultants' salaries and allowances. There is a commitment from the non-government agencies in terms of their aid and development.

In terms of submissions, the ACTU was a part of the aid development network in Australia and collectively, through the Australian Council for Overseas Aid, a number of submissions have been made. You will be aware that the Megawati government has raised the issue of the non-government sector at almost every conversation between the two governments. The union movement has been one of those targets but that has been specifically related to Papua in particular. It is one of the intriguing questions the union movement has: why the hell is the union movement being targeted? We do not have any programs in Papua. We do not fund any programs in Papua. The Catholic Church has a whole raft of programs that somehow or other do not get the attention of the Institute of Public Affairs or Albrechtsen in the *Australian.* There are some peculiarities going on—some unusual developments in terms of who is being focused on and who is not. In terms of which sectors? Most Australian non-government agencies are highly regarded. There are few non-government agencies in Australia that have ever been scrutinised and found to be wanting. There have been projects that have failed; but that is always going to happen.

The programs we are running in terms of the non-government sector fit within the Australian government's priorities except the industrial one. The money that the ACTU is using with its support for the union movement is coming out of union sources. We believe there is a raft of possibilities, particularly in the health and safety area, in the employment area and in the ILO where the aid budget could be redirected.

Senator STOTT DESPOJA—Carrying on from what Peter was saying, I understand the rationale for ensuring companies that receive government funds comply with the guidelines. I am curious as to whether or not the ACTU has a policy of mandating that—not specifically in relation to those companies but extraterritorial legislation, for example, that would deal with the behaviour of Australian companies operating abroad so that they comply with the occupational health and safety, labour, environment or whatever standards. Do you have a view on that?

Mr Matheson—The ACTU certainly encourage that kind of mandating and requirement. This situation in Asia is one where we believe at almost every level in the industrial end—whether it is health and safety, organisation, equitable outcomes in disputation, regimes of judicial processes or industrial courts—each of us is going to have to play a role. Australian companies are one of the integral actors in ensuring that. From our point of view, we would like Australian companies to be far more responsible than they are in the role that they can play. The frameworks are there. We see a hesitancy on the part of government to promote those within a relationship, trade, aid, development, human rights framework. We would support the mandating of Australian companies.

Mr BEAZLEY—On a totally different matter, you refer to HIV-AIDS both in the report itself and in your recommendations. In the report, you state that in Africa there is an intense involvement by the union movement in workplace related AIDS education and preventative programs. You recommend that this ought to be a feature of Australian aid programs and that workplace based education programs are likely to be highly effective. To your knowledge, how significant within the overall African framework is the workplace component of the AIDS education campaign? In Indonesia, how significant is it in relation to other HIV-AIDS education programs in the existing structure of things? Is it just in its nascence and very limited to a number of workplaces or is there an extensive network of HIV-AIDS education programs being put in place via the union movement there?

Mr Matheson—The two countries which the union movement, with the assistance of AusAID, is involved with in Africa are South Africa and Zimbabwe. There are active programs with the churches, women's groups and the union movements. The workplace is one of the integral parts of an HIV strategy, as is the targeting of teachers or women's groups or the role of the churches. The workplace, the role of unions and the role of employers are just accepted parts of the strategy in Zimbabwe and South Africa. In Asia, for example, in Papua New Guinea, even though $55 million is coming out of AusAID for HIV-AIDS programs over a five-year period, there are no, or only one or two, workplace based programs there. That contract has been given to commercial contractors. Talking to practitioners and the operators on the ground, it is seen to be a significant issue. We have just appointed, using union funds, an officer in Papua New Guinea.

In terms of the AusAID strategy for HIV-AIDS, the workplace is not seen to be significant. It is one we are going to have to demonstrate, and in Papua New Guinea we are doing that. Except for the Philippines, there is no other union movement in the region that has worked for as long, that has more expertise or that has access to more resources on work based HIV-AIDS programs than has the ACTU. We have a long history within Africa and we have intermittently supported AusAID programs in Vietnam and Cambodia but there has been no consistent commitment, within a large commitment of the Australian government, on HIV-AIDS around the workplace. It is a significant place because that is where the men are. You and I would not want to agree that the men are a problem, but they are in HIV-AIDS strategy. The workplace is one of those significant places where a training, awareness and prevention program can be targeted.

What we would hope is that, with the commitment of the Australian government, we would be able to build on the experiences of South Africa and Zimbabwe and pull out trainers and put them into Indonesia on work based programs. The situation is not as bad there as in Africa. The country and the region that is teetering on the brink of matching Africa is Papua New Guinea—and we will address that in a later discussion on our relationships with Papua New Guinea. But Indonesia is as vulnerable, for a number of reasons apart from the economics and migration.

Mr BEAZLEY—As you scrutinise the performance of the Australian aid-supported organisations that are dealing with HIV-AIDS, do you see them finding any other mechanisms to get to men on a collective basis in the way the unions have been able to in Africa and in the way that unions and employers are potentially able to in Papua New Guinea and Indonesia? In other words, are they trying to fill the hole in the Asian programs in the way they do their programs, in the same way that that hole has been filled by that process in Africa?

Mr Matheson—The awareness in Asia is just not there within the broad community let alone the union movement. Internationally, there is an expectation by the union movement that it will be the Australian and New Zealand union movements that operate and activate their programs, whatever they are, within our immediate sphere of influence. No-one else will bring any support. The awareness of HIV-AIDS in the union movement and in the community generally in Indonesia is just not there and it is a major dilemma. If we do not begin moving at a preventative level, we will end up in a similar situation to that in Africa.

CHAIR—Mr Matheson, thank you very much for being with us today. The secretary will send you a copy of the transcript of your evidence to which you can make any necessary corrections to errors of transcription. Senator Stott Despoja wishes to make a statement before we go to the next group of witnesses.

Senator STOTT DESPOJA—I am advised that I should make a declaration of interest. My fiance's company has just been awarded a contract by the Indonesian government to oversee the Bali revival project.

[2.45 p.m.]

LEWIS, Mr Peter Raymond, General Manager, Business Development, Commonwealth Scientific and Industrial Research Organisation

WRAIGHT, Ms Jacqueline, International Liaison Officer, Commonwealth Scientific and Industrial Research Organisation

CHAIR—Welcome. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private, you may ask to do so and the subcommittee will give consideration to your request. Although the subcommittee does not require you to give evidence on oath, I should remind you that these hearings are legal proceedings of the parliament and are therefore of the same standing of proceedings of the House itself. I invite you to make a short opening statement, if you would like to, and then we can proceed to questions.

Mr Lewis—Since forwarding the CSIRO submission to the committee in October 2002, CSIRO's interactions with Indonesia have been almost negligible due to the current DFAT travel advisory recommending that all non-essential travel to Indonesia be deferred. As indicated in our submission, we believe that CSIRO will weather this time due to our continued interaction with Indonesian research agencies over the last three decades. Limited numbers of Indonesian representatives of science agencies are continuing to visit CSIRO under the CSIRO fellowship awards, which are referred to in our submission—LIPI being the Indonesian counterpart of CSIRO. We also alluded to the fact that CSIRO was contemplating a new, broad-ranging, strategic alliance with the Indonesian government to cover many areas over the longer term. Following a recent visit to Indonesia, we concluded that it is unlikely that the CSIRO will work with the government of Indonesia in this manner in the immediate future. With the focus of the government on aid type work and with Indonesian elections in November 2004, it was considered premature to work with Indonesia in this manner. That was subsequently reaffirmed during informal discussions with Austrade in-country.

Finally, one aspect that was reported in the submission and one which we would like to emphasise is the difficulty CSIRO is now facing with regard to funding of government projects from our own appropriation funds. The majority of all aid type projects with which CSIRO now participates are funded by either the government sector linkage programs or ACIAR programs. In both instances, CSIRO is required to meet the salary and on-costs as required by our board. This is increasingly difficult, and a number of CSIRO divisions are no longer interacting with their Indonesian counterparts as it is not possible for them to do so under these new board guidelines.

CHAIR—Thank you. It is pretty depressing, because you have had a 30-year relationship that has been there through thick and thin. Could you give us an example of some of the things you have achieved through that relationship?

Mr Lewis—A great deal of Indonesian officials visited CSIRO over the year 2001-02. These included ministers for research and technology and the director-general of coastal and small island affairs for Indonesia, as laid out. We have a very strong linkage with LIPI, our Indonesian

counterpart, in management and systems strengthening, which is designed to bring LIPI's business relationships and management processes into the 21st century—in other words, to teach them how to do good science and manage that process, which we see as very important. About $80,000 was awarded under the AusAID government sector linkages program for a project to expand Indonesia's capability to assess its sea floor mineral resources, which was conducted by our division of exploration and mining. We have a number of ministerial working groups as well on agriculture and food and the environment and COSTAI, which is a working group on science and technology.

Senator HUTCHINS—So there is still a flow of Indonesian scientists coming to Australia?

Mr Lewis—Under the LIPI arrangement that is still in place, that is correct.

Senator HUTCHINS—What does that involve? Who is involved in that?

Ms Wraight—Basically, that means that staff from both the management and science divisions of LIPI come and work with CSIRO divisions here in Australia. It is usually about 'seed' related activities where they get to meet their counterparts in Australia to talk about possible collaborative projects. They get to know the staff and when they go back they are able to correspond by email. They may get the beginnings of some projects that they can both work on.

Senator HUTCHINS—So that has been ongoing since October?

Ms Wraight—That is correct.

Senator HUTCHINS—How many people have been involved with that? Is that available?

Ms Wraight—CSIRO has committed $50,000 per annum to this type of activity. That generally funds about seven or eight activities per year. This is the second year of that scheme and there are another three years to go.

Senator HUTCHINS—You said those activities were 'seed' related. What do you mean by that? I do not think there is one scientist here, apart from Laurie.

Ms Wraight—We have had people come down to our Division of Manufacturing and Infrastructure Technology to talk about how they may work with CSIRO in working with industry. In Indonesia they have come up with a concept to enable them to do that working with CSIRO in-country. For instance, we have had people come to do some taxonomic research in our herbarium to try to identify various plant species.

CHAIR—Do you have any connections with the private sector in Indonesia?

Mr Lewis—Are you talking about the Indonesian private sector?

CHAIR—Yes.

Ms Wraight—Indirectly. We mainly work through our Indonesian science counterparts. Our Division of Petroleum Resources has recently undertaken some collaborative work with their agency for research and development for energy and mineral resources to do some testing on some petroleum issues. That is usually done on behalf of private industry.

Senator HUTCHINS—Could you detail what you mean by the taxonomy of the shoot borer and how that assists in identifying these plants?

Mr Lewis—I am not a scientist. I believe they do DNA studies to determine which species plants come from, so that they can be put on some taxonomic register for biodiversity purposes.

Mr SNOWDON—I am interested in the livestock industry stuff. I note from your submission that CSIRO Livestock Industries are reasonably active in Indonesia. In terms of the training of Indonesian vets and animal health people, are there any exchanges between the Animal Health Laboratory in Geelong and your Indonesian counterparts?

Mr Lewis—I note an email I received from our Division of Livestock Industries to the effect that there are currently discussions to enlist the Animal Health Laboratory to supply rejuvenated diagnostic capability to the Indonesian foot-and-mouth disease laboratory in Surabaya. Strangely for such an operation, that has not been identified.

Mr SNOWDON—Does that mean that they are not doing anything at the moment but they are thinking about it?

Mr Lewis—That is correct. There is no funding to receive.

Ms Wraight—Historically, we have had a long association with Balivet, the Indonesian institute for animal health. That involved the training of their staff. One of our first activities with Indonesia back in the 1970s was the development of their animal research laboratories at Ciawi. We helped establish that laboratory, but nothing has happened recently.

Mr SNOWDON—Living in northern Australia, we get threatened by exotic diseases almost all the time. One of the issues is the nature of exotic diseases which might come in, say, in fishing boats. I notice that some work is being done by the CSIRO on a poultry virus. Obviously chickens are an issue in that regard, but is work being done by the CSIRO in relation to what might be transported across the sea gap between us?

Ms Wraight—Basically, through the Australian Centre for International Agricultural Research program, ACIAR, the CSIRO does get funding to pursue some of these activities. A current example is one of our scientists from the division of entomology who is working with staff specifically on the bee mite, to assist the honey industry. Apparently, if the bee mite got into Australia it would have devastating effects. Through ACIAR we are also doing some work on animals. I do not have that specific information, but Peter might have it here.

Mr Lewis—There were a number of areas of interaction between the two countries, through the CSIRO and ACIAR, in 2002, including the management of whiteflies as pests and vectors of plant viruses in Asia; the management, with a number of partners, of rodent pests in rice farming systems; the control of bee mites, as Ms Wraight indicated; the development of effective pest management strategies to control the leaf miner; the development of a vaccine for

the control of gumboro in poultry, which you foreshadowed and which is run across the top there; and the taxonomy of the shoot borer, a serious timber pest, and allied species in the Asian-Australian region.

Mr SNOWDON—Presumably all the stuff that the CSIRO has done is self-funded?

Ms Wraight—No. The majority of it would be funded through the ACIAR.

Mr SNOWDON—Is there much private sector support funding for any of this work?

Ms Wraight—No.

Mr SNOWDON—Not even with the mining industry?

Ms Wraight—No.

Mr SNOWDON—So the work you do with the Indonesian mining industry is done as part of an aid program?

Ms Wraight—I cannot give you the exact figures. However, we have received funds from AusAID to do the work that we have done in the mining area and we have used those limited funds to leverage funds from private industry in the mining sector. So we have had limited support, but I could not tell you from which particular company.

Mr SNOWDON—Could you take that on notice and give us a detailed breakdown of what private sector funds contribute to the work that the CSIRO does in Indonesia, please?

Mr Lewis—Indeed. I note that in minerals and energy six projects were notified last year: strontium isotope chronostratigraphy for petroleum exploration; expanding Indonesia's capacity to assess sea floor mineral deposits; the application of Australian technologies to the study of Indonesian ore deposits; a petroleum systems analysis for the north-east Java basin; a fluid migration study; and two postdoctoral fellowships for staff at the R&D Centre for Oil and Gas which have now been now completed.

Mr SNOWDON—I am interested in where the money comes from. I would like to see not only the private sector contribution but how much comes from AusAID and other aid based funding. The reason I ask that question is that I am interested that the CSIRO does not appear to have any investment of its own in this activity.

Mr Lewis—We will need to take that on notice?

Mr BEAZLEY—You outline a very impressive program historically in the paper that you present. You may not be able to do this, but could you give us a rough breakdown in your own minds or in the minds of the CSIRO board of what percentage of the joint research you do with the Indonesians is related to CSIRO priorities that you would do anyway and, therefore, you are essentially funding self-generated CSIRO priority research programs, and what percentage of it would be driven by a commitment to an aid program established by somebody else? Do you have a capacity to make that distinction in the minds of the board or the CSIRO?

Mr Lewis—It is an emerging issue that the board has sought some guidance on in terms of CSIRO's commitment to working in countries in areas that may not be seen as of national importance to Australia. That is a process that is actually ongoing now. We are now developing a paper internally. The best thing I would be able to do at this particular time is to take that on notice and refer it to you once the internal directions have been given about going forward.

Mr BEAZLEY—It seems to me that, if you are examining the snapper fisheries industry in the Timor Sea, it is a moot point as to whether or not that is an aid program or a sensible piece of research in Australian fisheries that would have to be done and that is obviously enhanced research by the participation of another party. The reason I ask that and why I think it would be useful for you to be able to get together a set of statistics on this is that it might put some pressure back on AusAID and the government's approach to AusAID when it comes to pressures they put on you in relation to the aid program. If you are able to demonstrate such direct benefit to Australia, it might actually help you. How strict are AusAID in their relationship with you now in saying that you must meet the on-costs of salaries and related elements in anything that they give you?

Ms Wraight—Basically, they do not cover them.

Mr BEAZLEY—Did they ever cover them?

Ms Wraight—The Government Sector Linkage Program is a relatively new scheme. We are into our seventh annual round. Prior to that, the CSIRO activities did receive funds to cover salaries, but since they have introduced the Government Sector Linkage Program, which is directly related to the Australia-Indonesia Ministerial Forum process, it is a scheme that only government sector agencies can apply for and basically there are no funds to cover salary or salary on-costs. However, we can employ consultants to do the work on our behalf and provide salaries for the consultants.

Mr BEAZLEY—I see. Let me get this straight: there was a set of aid programs to which you related that were general in terms of their availability to the CSIRO or any other research body to entertain and they carried the costs of salaries. A new set of programs has been put up that is a totally different arrangement but to which, because you are a government agency, you apply for now to the exclusion of what you used to do before. So you are in a situation now where, after six or seven years of being fully funded, you are basically not.

Ms Wraight—Basically, there are two types of schemes I believe AusAID manage in Indonesia. The other types of schemes are ones whereby people tender to win those projects. They are usually multimillion dollar projects, and I believe all costs are recompensed under those particular schemes.

Mr BEAZLEY—And you can still bid for that?

Ms Wraight—We can still bid for those. However, the sorts of projects that are being sought under that scheme do not generally fall within the areas that CSIRO have an interest.

Mr BEAZLEY—But they used to?

Ms Wraight—They used to, yes.

Mr BEAZLEY—The reason I am persisting on this is that, from your submission, this is the one area where we intersect with government aid policy in relation to Indonesia at quite a critical level, so we need to get the facts absolutely straight from the point of view of how we write the report and your own position. So, having been gradually wafted out of that area by dint of how those projects are entitled and erected, you are now in a new area which is government aid and government linked related aid programs, and those basically require on-costs to be carried.

Ms Wraight—Yes.

Mr SNOWDON—How does that appear in your budget?

Ms Wraight—In whose budget?

Mr SNOWDON—In your budget. Is it an output which is related to aid? It is a cost which is carried by your aid contribution.

Mr Lewis—I believe it is actually reflected as revenue which has been generated by CSIRO from a third party—in this instance, ACIAR AusAID—that has then been used to conduct a project in Indonesia or elsewhere.

Mr SNOWDON—I appreciate that component of it, but how does the component that you wear—that is, the on-costs—appear?

Mr Lewis—Most of the time it is in the divisional overhead, often allocated against the specific project.

Ms Wraight—Funded from our appropriation.

Mr SNOWDON—So it is not targeted in your budget as an aid item?

Mr Lewis—No.

Mr SNOWDON—Why not?

Mr BEAZLEY—You can bet your bottom dollar that, when you calculate what percentage of overseas aid we give, it is picked up by whoever does the accounting—

Mr SNOWDON—Treasury?

Mr BEAZLEY—Yes. You do say, however, that when you win these newly categorised projects you are allowed to use consultants and have their costs fully covered. Is this causing you to use consultants? In other words, you do not bother to bid unless you are going to use a consultant?

Ms Wraight—In the seven years that I have been administering this, I think there have been—and I could be wrong—one or two occasions when we have used consultants. That is in

all of the projects that we have actually submitted to AusAID. If it is not of direct interest to CSIRO, we do not pursue those.

Mr BEAZLEY—So you are basically carrying the on-costs now?

Ms Wraight—Yes.

Mr Lewis—A lot of times when we are choosing to get involved with a project or otherwise, it is based on a number of intangibles, such as access or development of IP, intellectual property, that could be of value to Australia or the Australian public; access to other channels to market; an umbrella opening for Australian SMEs to follow on behind us and the like. So there is an intangible mix there as well.

Mr BEAZLEY—Can I give you something on notice that will oblige you to do more work than you probably wanted for this committee. Could you please give us a breakdown in which you show us the pattern of outlays in relation to aid projects under the old system and then under the combined system that operates now, including the extent to which you have used consultants and the extent to which your aid program has become a de facto charge on the CSIRO's overall budget in that period of time. It might be choosing to deal with this by declining participation, but to make the case we would need to see that statistic.

Mr SNOWDON—He is an ex-finance minister, you see.

Mr LINDSAY—In your evidence I cannot see any indication of relationships with universities in Indonesia, only government departments—am I wrong?

Ms Wraight—We do have quite a bit to do with universities, usually through their research departments. Universities traditionally have been UGM at Jogjakarta; ITB at Bandung, the institute of technology; the agricultural university, IPB in Bogor; Padjadjaran University in Bandung; and the University of Indonesia. The top five universities, basically, we have quite a bit to do with.

Mr LINDSAY—Are there any opportunities for Australia to take advantage of innovation that might be happening in Indonesia?

Mr Lewis—I do not think that is a question we can actually answer. It is probably not a question we can actually answer; we do not have sufficient knowledge.

Mr LINDSAY—CSIRO does not look for examples of innovation and how to bring that emerging technology back to Australia and work with Indonesia to develop that technology?

Mr Lewis—There is no firm directive to do so, no.

Ms Wraight—However, if our scientists did come across something, that would definitely be within their mandate, to bring stuff back to Australia. But in the areas that we are working with I do not think we have had a case.

Mr SNOWDON—we would not want to be seen to be appropriating other people's intellectual property, in any event, would we?

Mr LINDSAY—Mr Lewis, you are the general manager of business development. If you come from a commercial background, business development means something. Does business development for the CSIRO mean something different from that?

Mr Lewis—No; business development to the CSIRO means the same as business development for any commercial or government related business enterprise.

Mr LINDSAY—Okay. Can you give us some examples of business development in cooperation between Australia and Indonesia as far as the CSIRO is concerned?

Mr Lewis—Certainly. As alluded to in our submission, one of the strategies we in the CSIRO have started to embark upon, subsequent to last week's ministerial meeting, is the concept of actually partnering with them at government to government level, whereby the CSIRO would approach, say, the ministry of economic development, BAPPENAS and the like to explore with them the major emerging problems that the country might face as it grows—it is a fast-developing nation—to help them actually identify their own capabilities to solve some of those problems and indeed to determine the gap—that is, what they cannot solve out of their own resources—and where the CSIRO in Indonesia, through whichever particular department or organisation, would actually partner them in an attempt to solve those problems. It is consistent with our obligations of being a good neighbour and humanitarian issues and the like, as well as providing a healthy margin.

Mr LINDSAY—It might be the room's acoustics but did you actually say if any concrete stuff has happened in the last couple of years?

Mr Lewis—The answer is no; under that particular strategy, no. It has only been a very recent strategy since my appointment.

Mr LINDSAY—What are the advantages to Australia of the special postdoctoral fellowship scheme?

Ms Wraight—That scheme has now ceased. It was only a three-year trial program. We diverted the funds to the CSIRO LIPI fellowship scheme. We felt that this was a way whereby we could get young high fliers with postgraduate—

Mr LINDSAY—It didn't work?

Ms Wraight—Yes, it did. However, we only have a limited amount of resources and we felt that the scheme with LIPI was more beneficial for us at the time.

Mr LINDSAY—You also said in your evidence that the CSIRO is hoping to move forward to work with Indonesia's private sector. Are there any examples of that or has that not happened?

Ms Wraight—Since the problems following the World Trade Centre event and also the financial crisis that happened in 1997 that has dissipated. However, we are looking at ways

whereby we might be able to do that in the future. I was in Indonesia last week and I met with a couple of government departments that want to work with the CSIRO so we can form a partnership to go out and work with industry.

Mr BEAZLEY—I wish to go back to pages 4 and 5 of your submission and the extraordinary array of projects that you are engaged in under 'Environment and natural resources'. There is, as I understand it, some sort of Arafura Sea council that is a ministerial or senior public service related council. Does the CSIRO relate to that?

Ms Wraight—We are a participant in that.

Mr BEAZLEY—So you are a participant in that set of arrangements?

Ms Wraight—Yes.

Mr BEAZLEY—As I understand it, it has normally been attended by Timorese and Indonesian ministers but not Australian ones. Is that right?

Ms Wraight—I cannot comment on that. I know that our scientists from the CSIRO Division of Marine Research participate in the Arafura Sea body.

Mr BEAZLEY—That is right. It is some sort of council. I have forgotten what the title of the darned thing is, but I know you are in it. Are any of the research projects driven by that body or is your relationship to it to provide advice to the people who are on the council as to what is actually being done? In other words, I am trying to get at the interaction between the council and your research program, if there is any.

Ms Wraight—We would have to take that on notice, I am sorry.

Mr BEAZLEY—Let me make it more explicit from the point of view of taking it on notice. I am sure Hansard will give it to you. We would like to see a picture of the relationship between the CSIRO and the Arafura Sea council—at least, the fisheries component of the Arafura Sea council—to get some idea about the extent to which research projects are being or might be driven by that council and the extent to which the CSIRO's participation is just related to giving advice on what is going on now in research projects in Indonesia and in Australia undertaken jointly by the CSIRO and somebody else. I would not mind hearing about that.

Mr Lewis—I certainly hope that Hansard has captured that question.

Mr BEAZLEY—To take that a point further, in your own judgment to what extent have the projects that have emerged between you and Indonesian parties on research in Indonesia been a product of suggestions by the CSIRO? To what extent are Indonesians coming to us and saying that they need to do this, that and the other and could we give them a hand?

Ms Wraight—To be honest, I could not tell you. Those projects that are funded under the government sector linkage program all have to be a priority of the ministerial forum process, and that is a jointly agreed set of priorities. Under the ACIAR projects, again they are usually determined at government to government meetings conducted every three years under the

ACIAR high-level officials meetings, so they would also be jointly approved and agreed priorities. I am sorry; that is all I can say.

Mr BEAZLEY—That is fair enough. I am not anticipating that you will be likely to be able to answer these questions. I am just assuming that you will send us better particulars when the time comes.

Ms Wraight—Did I answer that sufficiently?

Mr BEAZLEY—It was not too bad but, if you think of anything else, please feel free to stick it in. We will go back to pages 5 and 6 of your survey, which deal with current problems that are a product of changing affairs in Indonesia. How much are you finding that the problems currently experienced are a result of a collapse of investment in research in Indonesia or a collapse of funding of programs in universities or other research organisations as a product of basic economic decline?

Ms Wraight—We were at that critical point of starting to work closely with the industry at the time of the political and financial crisis in 1997. Because it did not happen it is a bit hard to say now.

Mr BEAZLEY—So it was the industry side which collapsed rather than the government side?

Ms Wraight—That is correct, yes. We were hoping to work very closely with industry to start getting out with the small to medium enterprises.

Mr BEAZLEY—So you are currently continuing the previous contact you had with government research organisations or university research organisations, or have you found that they too are experiencing financial difficulty in collaborating with you?

Ms Wraight—They have found it very difficult to provide counterpart funding. We have had a couple of projects that we were wishing to participate in which had to be deferred because they did not have counterpart funds. One of the problems that we, plus many other industry bodies and probably other government departments, are having is with regionalisation and the introduction of regional autonomy in Indonesia. This has created some confusion as far as the interpretation of many of the Indonesian laws—the forestry law, the mining law—is concerned. It has added another layer of complication.

Mr BEAZLEY—So is the problem with regionalisation a complicating of the legal position or is it a problem of a complicating of the funding position—that these research bodies have been told that they now relate to a different funder?

Ms Wraight—No, it is more the fact that great rafts of the things that used to be the responsibility of central government have been handed out to the regional bodies and they can do what they like in dealing with anything they wish to deal with. I do not know of it personally but it is stated in our submission that there is a fear that the regional governments will set up their own research agencies which will compete with the central government research agencies. We are finding that these regional governments have far more money now under the new regionalisation than the central government does.

Mr BEAZLEY—Is this causing you to try to establish a liaison with these regional governments when you find this in an area where you have been doing research—some place in eastern Indonesia where you research snapper, for example? Are you able to switch over and have a chat to them about all of that?

Ms Wraight—Our research scientists are going through that process at the moment. For example, in the fisheries, I know that the people within the central government are working very closely with their provincial counterparts to try to minimise any effects that will occur. In our dealings with the mining industry it is slightly more complicated.

Mr BEAZLEY—On the question of counterpart funding, obviously the problem they have with counterpart funding is a product of their own economic decline, so put that to one side. Is there a problem also with counterpart funding because of the definition that we put down for what is required on their part in collaboration? In other words, have they been obliged to meet a standard on counterpart funding by a joint agreement between us and them which they can no longer do or is it simply that they do not have any money to keep the research going, anyway, so they are not interested?

Ms Wraight—I cannot comment on that. I know that the project that was deferred because of the counterpart problems occurred immediately after the economic and financial crisis and they just did not have the funds to meet their obligations. We were using one of their research vessels and they did not have the funds to run it.

Mr BEAZLEY—Could you take this question on counterpart funding on notice. Could you provide us with an assessment of the extent to which we could incorporate, if you were so funded, a make-up of any shortfall in counterpart funding on their part, if there is any problem at all with counterpart funding in the context of any definitions or requirement that we impose in relation to a co-contribution in a research project.

I am trying to drive at this: you are the ballgame as far as most of these research projects are concerned. We as a committee are trying, for the first time, to define Australia's relationship with Indonesia in the context of the post-Suharto era and the economic circumstances which have been created in the post-Suharto environment. There may be a whole load of things that we have done historically—and you have done a hell of a lot of the things that have been done historically—in regard to which old criteria may no longer fill the bill and either impose an excessive financial burden on the CSIRO or, because of the character of the type of arrangements that we have hitherto entered into, a financial burden that your counterparts in research can no longer bear. We need to be able to arrive at some sort of consideration about whether or not new principles ought to apply to the aid program to ensure that we can continue with the research arrangements. If the CSIRO has any recommendations on what new criteria ought to apply to the AusAID program or any other research program which has been put in place, we would not mind getting those recommendations.

Ms Wraight—One of the issues I have found in Indonesia lately is their reliance on the aid program. I would like somehow to try to stop that dependence on the aid program, because in a lot of instances I find, when talking to government officials, that their automatic response is, 'Well, you can pay for that.' The mentality is that everything they want done will be paid for through the aid program. There is a lot of money in Indonesia; you just have to go down the

street and see all the BMWs and the Jaguars and things like that on the street. To some extent I would like to try to encourage the Indonesians to get away from that aid mentality.

Mr BEAZLEY—First you would like to get the mentality whereby that money ends up in government hands as opposed to somewhere else.

CHAIR—Is Australia the only show in town or are there other scientific organisations floating around the countryside too?

Ms Wraight—There are many other governments' research agencies there as well.

CHAIR—But the relationship with Australia is one of the better ones?

Ms Wraight—We have always had a very good relationship with the Indonesians, but I am sure they have a very good relationship with Korea, England and whomsoever pays for it.

CHAIR—The reason I asked that was that you suggested in your submission that you should make more use of your alumni. How would you do that if the loyalty is not terribly solid?

Ms Wraight—The Indonesian alumni association is called IKAMA, and we do have close links with them. Those links can always be improved upon; it is just a matter of the mechanism to do so.

CHAIR—How can you improve on those?

Ms Wraight—CSIRO submitted a proposal through the Australia-Indonesia Institute a couple of years ago to get some Australian alumni to come down and visit industry associations in Australia to try to get the counterpart associations established in Indonesia. That was all managed in selecting the people from Indonesia through IKAMA—so, we do use IKAMA through instances like that. I have close links personally with the secretary of IKAMA. We also work through the Indonesia-Australia Business Council, which also has very close links with IKAMA.

CHAIR—Once again, however, any such promotion would probably have to be funded by Australia?

Ms Wraight—Yes.

Mr Lewis—I think the question you raised is an important one. We had the Colombo Plan and the like mid last century. How to leverage off those people who came to Australia and were educated here and who have gone back and are now quite senior in organisations in various countries is something that we have not solved and we would appreciate some guidance.

CHAIR—There being no further questions, I thank you both very much indeed for appearing before the committee today. If there are any matters on which we need further information, the secretary will be in contact with you. We will also send you a copy of the transcript to which you can make any necessary corrections to errors of transcription.

[3.30 p.m.]

WILSON, Mr Kenneth John, Assistant Director, Executive and International Affairs, Commonwealth Bureau of Meteorology

TSUI, Dr Venantius, Superintending Meteorologist, International and Public Affairs, Commonwealth Bureau of Meteorology

CHAIR—Welcome. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. The subcommittee does not require you to give evidence on oath, but I should remind you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings for the House itself. I invite you to make a short opening statement and then we can proceed to questions.

Mr Wilson—Meteorology is one of the most inherently international of all fields of science. The monitoring and prediction of weather and climate in individual countries depend heavily on access to meteorological information from around the globe. The meteorological and oceanographic data from Indonesia and neighbouring areas are particularly important to weather and climate prediction in Australia. The Indonesian archipelago, including East Timor, is recognised as a major source of energy for the global atmospheric circulation and plays an important role in the El Nino southern oscillation phenomenon, which impacts on the occurrence of drought and floods in many parts of Australia.

Internationally, the World Meteorological Organization provides the formal intergovernmental framework to standardise, coordinate and improve world meteorological activities and to encourage the efficient exchange of meteorological information between countries. The WMO is a specialised agency of the United Nations and has 185 member states and territories, including Australia and Indonesia. The strong international dimension to meteorology is also recognised in the Meteorology Act 1955, under which the bureau operates. The act empowers the bureau to cooperate with the authority administering the meteorological service of any other country. So the bureau's relationship with its Indonesia counterpart, Badan Meteorologi dan Geofisika, or BMG, is built around these two major elements: cooperation under the intergovernmental programs of the WMO and cooperation under a bilateral memorandum of understanding on cooperation in meteorology between the bureau and BMG, signed in 1995 under the authority of the Meteorology Act. The activities to which both countries are committed under the convention of the WMO and the areas of cooperation under the MOU are set out in our submission to this inquiry, and that submission remains valid.

The relationship between the bureau and BMG is strengthening. It continues to bring economic, social and environmental benefits to both countries through a targeted program of scientific and technical assistance and cooperation. Currently, the technical assistance flows from Australia to Indonesia, helping to strengthen the capacity of the BMG to provide meteorological data, information and services to the people of Indonesia. However, it also facilitates and supports an increased flow of data and information from Indonesia to Australia which aids weather and climate monitoring and prediction in Australia. Through the role of the bureau's National Meteorological and Oceanographic Operations Centre in Melbourne—one of

only three WMO world meteorological centres around the globe—it also improves the meteorological information available to all other member states and territories.

The bureau's recommendations for further strengthening of Australia's relations with Indonesia in the field of meteorology are essentially as given in our submission. In summary those are that, firstly, the bureau continue to cooperate strongly with the BMG under the terms of the MOU. Secondly, recognising the importance of the meteorological and oceanographic data from Indonesia and neighbouring waters for weather and climate forecasting purposes in Australia, technical assistance should continue to be provided through the bureau to the BMG. This assistance should aim to ensure that Indonesian observational programs are maintained and further enhanced with respect to both a real coverage of the observation network and the frequency, timeliness and accuracy of the observations. Thirdly, in view of the mutual benefits that derive from the development assistance programs for Indonesia, AusAID and the bureau should explore ways to increase the commitment of resources to bilateral cooperation in meteorology. And, finally, Australia should join with Indonesia and other interested countries or development partners in the development of the meteorological infrastructure and service capability of East Timor.

In relation to that final recommendation, I am pleased to advise that the WMO has recently written to the Minister for Foreign Affairs of the Democratic Republic of Timor Leste offering a WMO fact-finding mission to East Timor. The bureau and BMG intend to participate in this WMO mission, which will help to lay the foundation for the redevelopment of the meteorological infrastructure in East Timor. Thank you.

CHAIR—Thank you very much indeed. There has been a long association between the weather bureau and the bureau in Indonesia. Have you been through the same dramas, upheavals and financial crises as our previous witnesses from the CSIRO have been through or is weather different? Do you just drift along despite currency collapses and other things?

Dr Tsui—We have not been as much affected by this crisis as the CSIRO has, mainly because our support to Indonesia is in the day-to-day operations of forecasts and things and that does not demand a lot of resources. For example, every year the bureau spends something like $15,000 to help our counterpart, BMG, to improve its data availability and so on. So far we have not had any major AusAID support for our bilateral program, so we are not very much affected by the financial crisis as such.

CHAIR—And a situation such as in East Timor or Bali has no effect on the relationship either?

Dr Tsui—Not to any reasonable extent. We will probably have to devote more resources to East Timor in the future but, as far as that crisis is concerned, during the last few years not much of an effect has been made on our bilateral program.

Senator HUTCHINS—Is there an East Timor meteorological service?

Dr Tsui—East Timor, as you would understand, was under Portuguese administration pre 1975 and from 1975 to 1998 it was under Indonesian administration. Since then it has been under the control of the United Nations. We have no specific information about the status of meteorology in East Timor at this point in time. We do not know if the equipment is still there.

We do not know whether or not the infrastructure is still there. At the moment there is no data coming out from East Timor. We do not think there is a forecasting service operating there. In fact, the bureau of meteorology, through our Defence meterological unit in Darwin, has been providing assistance to East Timor by way of meteorological forecasts for aviation support. Recently, after the independence of East Timor, the WMO wrote to their minister for foreign affairs, suggesting that a fact-finding mission should go there to see how we can help. The WMO is still waiting for a response from the East Timor government. If this fact-finding mission is going to take place, both Indonesia and Australia will go in there to help them. But at this point I cannot assess how much resources we will need to put in.

Senator HUTCHINS—So the UN is not providing meteorological information? I am sorry; I am a bit confused.

Dr Tsui—Through the Bureau of Meteorology's Defence Meteorological Support Unit, we are providing aviation meteorological forecasts and things like that. But I do not think there is a national meteorological service covering all the aspects of meteorology like proper weather forecasts and marine forecasts. I do not think that such a service exists. Last year, when the East Timor government opened a consulate in Melbourne, Dr Zillman, the Director of Meteorology, talked to their honorary consul and he was given to understand that in the plan for East Timor government there should be a director of meteorology post. But up to this point in time I do not think it has been filled at all, so there is no meteorological service there.

Senator HUTCHINS—Is that a significant hole in our forecasting service—the fact that there is no unit in East Timor now but that there was until 1998? Does that hamper your ability to predict changes in weather that would impact on Australia?

Dr Tsui—Let us put it this way: even in the case of Indonesia itself there has been a deficiency in the observational network. We are not receiving as much as we would like to by way of timely and accurate observations from Indonesia because they have lots of problems over there.

Senator HUTCHINS—What sorts of problems?

Dr Tsui—The people are not properly trained. They do not have proper equipment. Therefore, some observations that they have sent out on the WMO communications circuits have been proven by major centres to be inaccurate. These kinds of reports have been going around for a number of years, and the Indonesian authorities have not been able to correct them.

East Timor is only a small area within the Indonesian archipelago, but the more that we can get from East Timor the better it would suit the purposes of Australia. Under the WMO system, we are operating a world meteorological centre and we are also operating a regional specialised meteorological centre. We are obliged to provide forecasts and weather predictions to the region. Our models cannot work properly unless we receive the actual observations from the various places. At the moment there is a sort of void over the Indonesian archipelago.

Senator HUTCHINS—If you had to scale the importance of the relationship with services, would it be more important for us to expect an accurate meteorological service from Indonesia than from Papua New Guinea, New Zealand or the Philippines?

Dr Tsui—Yes. For the purposes of, say, an equivalent prediction for modelling, the closer a country is to Australia the more importance it has and the heavier the weights are on the impact of the observation on the forecast.

Senator HUTCHINS—It is just that Mr Wilson said that it was in a very significant part of the world.

Mr Wilson—Yes.

Dr Tsui—So definitely data from Indonesia is more important than data from the Philippines or New Zealand in that sense, because heavier weight would be placed on the accuracy of the observations.

Senator HUTCHINS—Mr Beazley, possibly accurately, referred to this committee as being in a post-Suharto situation. Was the level of relationship between Indonesia and Australia, between your own offices, affected at all? Did they not supply us with information or do you suspect they may not have given us accurate information? Did they just not answer the phone?

Dr Tsui—Surprisingly, you will find that meteorology is one of those subjects that is very far away from politics, because international cooperation is essential for meteorologists to exchange data and to make sure that the forecasts are done. In that sense, I think politics have very little to do with the exchange of data and the cooperation between the two countries. There were little impacts on the relationship. For example, at once stage when the relationship between Indonesia and Australia was at the lowest point, some of the scientists' exchange visits could not take place because we were not welcome there. But, other than that, all the basic cooperation continued to flow, particularly because we are part of the WMO and forecasting operations have to continue, irrespective of politics.

Senator HUTCHINS—I think Mr Wilson was referring to the Defence meteorological service in Darwin. Did it extend to that?

Mr Wilson—I did not mention that; Ven mentioned the Defence meteorological unit. I guess that is a relatively recent unit. It was established only in the last few years, so the period you are talking about predates the existence of that unit. But, as Ven said, the impact has not been so much on the operational day-to-day activities—the taking of observations and the sending of forecasts and observational material around the world; it has been more on the discretionary things like research visits. It does not matter so much whether they are done today or whether they are not done for a few weeks, whereas the ongoing operational traffic is important. It is as important to Indonesia as it is to us. They have to provide services too. We are all dependent on that and it tends to go on pretty much regardless.

Mr BEAZLEY—Meteorology has very big defence implications. The only thing that will stop an American attack on Iraq on Thursday is if there is a sandstorm; they will wait for that to be over. Partly related to that—I am completely ignorant of wind systems and what influences our weather—do the monsoonal type oscillations mean that the Northern Hemisphere weather can impact upon Australia at any particular point in time? Would something that is carried by monsoonal wind systems not limit itself to the Northern Hemisphere but cross Indonesia onto our territory?

Mr Wilson—I think it depends on the time of year. The monsoon migrates north and south according to the time of year, so what the impact would be would depend when it is you are talking about.

Mr BEAZLEY—Basically, if there were a detonation of nuclear weapons between India and Pakistan in June-July this year, would the wind systems carry any material thrown into the atmosphere down to Australia, or would the wind systems keep any filth confined to the Northern Hemisphere? I want to establish the relevance of our relationship with Indonesia and the weather pattern arrangements.

Mr Wilson—The bureau has an emergency response capability. The National Meteorological and Oceanographic Operations Centre in Melbourne can look at questions like that and has looked at questions like that in the past. Things like nuclear detonations and chemical releases or whatever into the atmosphere are modelled. They model the behaviour of the atmosphere and calculate trajectories for material that might be released into the atmosphere. It simply requires that the point of detonation be known and something about the nature of what it is that has been released, and the model will calculate the trajectories. That capability is there and has been used in trial exercises, I think, on an annual basis. There are WMO tests of this emergency response system and, in fact, within Australia we have used it for things like the potential spread of viruses. The capability is there; it is a matter of putting in the starting conditions.

Mr BEAZLEY—In developing that model, how important is our relationship with Indonesia?

Mr Wilson—It is not particularly important in the development of the model. The model is essentially a mathematical construction and the scientists who developed that are in the bureau and overseas. I doubt that there was any Indonesian input into that modelling. Where Indonesia becomes important is in specifying the starting conditions for the model. Models are critically dependent on the specification of the initial state—in other words, how does the atmosphere look today. It starts from that point. If that initial point is not well specified, the models quickly depart from reality. It is in that initial state specification that observations from Indonesia become important.

Mr BEAZLEY—In the character of our relationship with Indonesian meteorologists, are we having daily discourse which effectively puts us in each other's pockets so we see what meteorologists in Indonesia see? Do we have a full understanding of their weather on any particular day or is that sort of data not real time but historical?

Mr Wilson—We probably have a partial picture. We do not have a picture that is as accurate as the one that we would like, which is why we see value in trying to extend the coverage of their observing networks and improving the accuracy of the observations that they provide to us.

Mr BEAZLEY—When you look at that relationship and getting out of the system what you want, is the problem an inadequacy of Indonesia's resources and, if we wanted to, we could make it up, or is it that they are not interested?

Dr Tsui—We have been able to get, to a certain extent, what we want from Indonesia. Let me elaborate a little bit. We are interested in meteorological and oceanographic data from Indonesia

because that affects our day-to-day operations. We are also interested in scientific facts about the impact of Indonesia on general circulation patterns. We have been able to get all that but it has been a slow process. If we really want to be an equal partner with Indonesia, whereby we can actually share data and do modelling together—for example, on the climate in this region—we need to bring Indonesia to a similar level to that of Australia. At the moment there is still a wide gap. So we need to have resources to do that. We are therefore looking into the future, hoping that we may be able to get more resources—for example, from AusAID—to provide some major technical assistance and programs to Indonesia so that we can work together as equal partners.

There are many things that we share in common. Some of these things were just mentioned—for example, the transboundary atmospheric phenomena that we are both interested in; the smoke haze that also comes into Australia and affects our area. There are tropical cyclones that move from one area to another—one day they affect Indonesia and the next day they affect Australia. We have volcanic ash clouds coming up from volcanoes in Indonesia and we want to know how they will affect aircraft operations. Qantas pass through Indonesian airspace every day. So there are things like that. There are many, many problems that we want to cooperate with Indonesia on and we need additional resources to have a better program in place.

Mr BEAZLEY—Have you ever done a calculation of what it would cost to get Indonesia up to the standard, both in terms of assessment and the communication of that, that we would need in order to be satisfied with the cooperation that we get and to provide us with the information we need?

Dr Tsui—I am pretty sure that it would be in the order of millions of dollars, but we do not have to do everything in one go. We have arrangements in place and once every two or three years we have a joint meeting and discuss what future cooperation programs will be like. If we have some resource support from organisations like AusAID we can then devise a program accordingly.

Mr BEAZLEY—I will put this question on notice because clearly you would not have the information here now. It is absolutely critical to the defence of this country that we actually have a very clear picture of the weather system of Indonesia—that is aside from any of the things that farmers need to know and anything that health authorities here need to know. We absolutely require that. I think we therefore need a statistic; we need to get an estimate from you on where the Indonesian shortfall is, how much it would cost to fill that in and what sorts of technical capabilities there may be. There may be insufficient meteorological scientists in Indonesia—in which case you have got a big problem anyway, even if you can provide them with resources. But assuming that such people exist or with some indication from you about how such people might be made to exist, it would be very helpful for us to get a set of propositions and costings from you in regard to that. I imagine your colleagues in the defence department must have done some research on something like that, up in Darwin—I do not know. But even so, it is not just an issue of defence; it is a whole range of other things that we ought to be thinking about.

CHAIR—In terms of your forecasting, is Indonesia the prime supplier of information or are there other overseas services that are equally as critical?

Dr Tsui—The BMG, the Indonesian national meteorological service, is the prime supplier of all this data that we require.

CHAIR—What other arrangements do you have in the Pacific, and in New Zealand? Are there any facilities in the Pacific island states that you rely on?

Dr Tsui—Yes, particularly over the Pacific Ocean, where there is a lot of water and so the few observations we can get from the island stations in the Pacific island countries are very important for our monitoring. Australia is in region 5 of the WMO, which covers the whole of the south-west Pacific. We have very intense programs to make sure that we get observations from practically every country, including the Pacific island countries. They are very important to our process.

Mr Wilson—The observations that we require and the area from which they are required depend on the type of forecast we are trying to do. If we only want to forecast 24 hours ahead in Australia, we can largely make do with observations from Australia and the immediate environment. As soon as we say we want to forecast three days ahead, we probably need observations from the whole hemisphere. If we want to forecast five or seven days ahead, we need them from the globe. Even observations from the opposite side of the world impact on forecasts, once you look that far ahead.

Mr LINDSAY—The Bureau of Meteorology provides a great service in Australia. Do the officers of the bureau understand the wider benefits of close relationships with Indonesia? You deal on a service to service technical basis, don't you?

Mr Wilson—Yes.

Mr LINDSAY—Do you also look at the wider benefits?

Mr Wilson—We look at the benefits of what flows from the provision of improved meteorological information and services. We also look at the benefits of maintaining good relations within the WMO framework—the World Meteorological Organisation has a lot of committees and so on.

Mr LINDSAY—You are saying that you do not go outside your little closed patch. This is not a criticism: I am just saying that you are not thinking more widely than within the technical patch. If that is the case, then just say so.

Mr Wilson—I am trying to speak slightly more widely than you are suggesting, but perhaps not as widely as you are imagining.

Mr LINDSAY—There is no criticism implied in this. I am just looking at whether government agencies move outside their respective patches and think of the wider ramifications of Australia and Indonesia bilaterally.

Mr Wilson—We try to take into account changing geopolitical arrangements and alliances in our longer term planning. When we have five- to 15-year planning exercises, we try to look at what is happening around the world and take into account that big picture stuff that might

influence some of the alliances that we might form, in one form or another. So to some extent we do.

Mr LINDSAY—The Australian Defence Force has a program where officers of the Indonesian military come and train—or learn—with our officers. Do you have a similar program?

Mr Wilson—We have some Indonesian scientists and technical people that come here for training or for—

Mr LINDSAY—Is that on an exchange basis?

Mr Wilson—It is not done on a formal exchange basis, in the sense that they swap jobs. It is not like that. But we do have scientists that go and work in Indonesia, and we have Indonesian students doing postgraduate degrees and so on here, supervised by our staff.

Mr LINDSAY—The ADF program is not an exchange program, but would you be prepared to consider an exchange program between the two departments?

Mr Wilson—If we could find areas where we thought that would work, we would be happy to explore the idea. As Ven indicated previously, there are significant differences at present in the levels at which our respective services operate, and we would have to make sure that we were taking those differences into account in considering that sort of arrangement.

Mr LINDSAY—In relation to developing some kind of tripartite agreement between Australia, Indonesia and East Timor, is it hard to work through the sensitivities between Indonesia and East Timor?

Dr Tsui—I do not think it is particularly difficult. We have been in dialogue with Indonesia, and Indonesian government officials have been telling us loudly and clearly, again and again, that they really want to cooperate with East Timor, particularly because they operated their meteorological network in the past, so they have experience and data, and they can easily go in there and help. Last year in August, during one of the meetings we had in Melbourne, their director-general and our director of meteorology jointly wrote a letter and sent it to East Timor, offering our assistance. So I am pretty sure that Indonesia would be very happy to help. I do not know about the sensitivities from the East Timor side, but I do not suppose they would object, particularly because they are located so close to Indonesia, and they need to have cooperation.

One example is the radar Indonesia has at Kupang on the western side of the island of Timor. This radar was donated by Australia in 1973, under the WMO Voluntary Cooperation Program. This radar will be very useful for East Timor, because it can monitor the rain and detect tropical cyclones—for the safety of people in East Timor. So I am pretty sure that East Timor would like to cooperate with Indonesia, trying to get access to all that radar data.

Mr LINDSAY—I saw that referred to in the minutes of the joint working group. My memory was that those minutes said that the radar was installed in 1982 and went out of service in 1986—is that right?

Dr Tsui—Could you repeat the question?

Mr LINDSAY—The Kupang radar was installed in 1982?

Dr Tsui—The Kupang radar was installed in 1973.

Mr LINDSAY—And it went out of service in 1986?

Dr Tsui—Yes, it went out of service. At the moment, we are trying to refurbish the radar and get it working.

Mr LINDSAY—The question is: with a unit that has been out of service for such a long time, is it wise to even attempt the refurbishment of that particular system?

Dr Tsui—We have sent a group of engineers to Kupang, and they have found that it can easily be refurbished without a lot of problems. So we are ready; we have all the spare parts ready. We will go in there and do it properly.

Mr LINDSAY—You are providing the data transfer equipment—is that data also going to be available back in Australia?

Dr Tsui—We have not actually worked out the detail of our communications side. But the idea is that, when everything works, the radar data will be available back in Jakarta, and we have a communication circuit between Jakarta and Melbourne, so we will get the data. We need to install an additional circuit between either Dili and Melbourne or Dili and Jakarta, so that the three parties can share the data. That needs to be worked out.

CHAIR—Thanks very much indeed for your attendance today. If there are any matters on which we might need additional information, the secretary will contact you. She will also send you a copy of the transcript of today's evidence, to which you can make any necessary corrections to errors of transcription.

KIRBY, Ms Kathleen, Director, Asia Education Foundation

HARRADINE, Mr Bede, Managing Director, Nusantara Indonesian Bookshop Pty Ltd

SAY, Mr Andrew Victor (Private capacity)

CHAIR—Welcome. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private, you may ask to do so and the subcommittee will give consideration to your request. Do you have anything to add to the capacity in which you are appearing?

Mr Say—I am a teacher of Indonesian language in primary schools.

CHAIR—Although the committee does not require you to give evidence on oath, I remind you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the House itself. I invite you to make a short opening statement if you would like to, and then we can move to questions.

Ms Kirby—I want to pick up some of the points that we made in our submission. I am talking today from a school education perspective, specifically on the study of Indonesia and the Asian region in Australian schools. I will start with a central and very simple premise that underlies the work of the Asia Education Foundation: it is important for Australian citizens, particularly the citizens of our future, our schoolchildren, to know about the culture and contemporary life of their nearest neighbour, not only for the obvious reasons today of security but for reasons of trade, tourism, environment, multiculturalism and cultural enrichment.

In December 2001, the Commonwealth government commissioned an independent review into the study of the Asian region in Australian schools and determined that 50 per cent of our schools now include some well-developed studies of the Asian region in their curriculum—but that means that 50 per cent of Australian schools are either not teaching about Indonesia or the Asian region at all, or are doing so only in superficial ways. I pose the question to the committee: can we contemplate any other country in the world that does not count as a high priority knowledge of its nearest neighbours for its future citizens?

To put this in context, 10 years ago around 95 per cent of our schools did not include any study of the Asian region at all, and if you undertook your schooling in Australia and reflect upon it, that might make complete sense to you. If you were to delve into your memory and try to think of what you learnt about Indonesia at school, the list would probably be quite small. Since 1993, the Commonwealth government, through the Department of Education, Science and Training has provided core funds of $1 million per annum to a national body, the Asia Education Foundation, in a strategy to promote and support studies of Asia in Australian schools, from kindergarten to year 12, across all curriculum areas. I will give a tiny snapshot of what that means. It might mean including studies of gamelan in music education or the wayang kulit in performing arts. It might include studies of Islam in Indonesia or rainforest biodiversity. It might include studies of urban growth in Jakarta, the Sukarno years, the spice trade or things like that—history, geography, literature, the arts.

In 1995, funds for the studies of Asia strategy increased dramatically with the launch of the National Asian Languages and Studies in Australian Schools strategy and funds for the study of Asia increased at that time by about 75 per cent, which has allowed us to reach the levels of achievement that we have today, with 50 per cent of our schools—starting from an almost zero base—now including studies of Asia, which includes Indonesia. However, the job is only half done. It is a big job changing the whole focus of education in Australia, which has a Eurocentric background.

The Asia Education Foundation has approached the challenge with a multifaceted strategy from the grassroots. About 25 per cent of schools in Australia belong to an Access Asia Network. In teacher professional development, most Australian teachers are in their late 40s and have learnt very little about Indonesia or any other countries in the Asian region. The Asia Education Foundation has professionally develop over 100,000 Australian teachers, including sending 2,000 of them into the Asian region. Some 350 of those teachers have gone to Indonesia over the last six years. One thousand teachers have undertaken postgraduate qualifications and 30 are currently undertaking a master's degree in teaching about Asia.

We have provided nationally agreed policy advice on studies of Asia, and I have brought along some extra copies of this if members of the committee are interested. We have worked in partnership with principals associations, subject associations, and government, Catholic and independent schools. We have published 46 high-quality texts to support studies of Asia. I will show you two examples. The first is for primary school or younger children, and there are six countries in this series. The second is also for primary school and it is called *Indonesia Kaleidoscope*. It works with a web site called *Go Indonesia!*, which was funded by the Australia Indonesia Institute. For secondary schools, a CD-ROM funded by NALSAS provides our children with access to multimedia excerpts from Indonesian television, newspapers, popular press, traditional arts and crafts, and visual and performing arts. There is no national curriculum in Australia, and so bringing about change demands a huge investment in teacher knowledge. The NALSAS review that I referred to earlier concluded that the greatest barrier to further implementation is teacher knowledge, about not only Asia itself but how they can fit in another area in what they see as an already crowded curriculum.

I would like to finish with four points of what things I consider it is important for this review to consider. To achieve 100 per cent of our schools including the study of their nearest neighbours in their curriculums we need to continue the supply of high-quality contemporary curriculum materials—materials about Indonesia today and materials about Indonesian culture. We need to accompany those materials with high-quality teacher professional development. You can develop a CD-ROM—and this particular one was funded by the government to be sent free to every high school in Australia—but, unless you have a teacher professional development program to go with it, you are not going to get teachers to pick up this resource or to know what to do with it in their classrooms.

We need increased people-to-people links. When we send our teachers into Indonesia on three-week study tours what we capture is their hearts; we catalyse them into learning more about Indonesia and into being passionate about including studies of Indonesia in their classes. We need more sister school relationships, we need more joint curriculum projects. One successful one we did was called *My Place Indonesia Australia*. Children in Indonesia drew a picture and wrote about a place of key importance to them and Australian children did the same, and then they exchanged those in a series of exhibitions.

We need an investment—and this is a really critical area in which almost nothing has been done—in teacher preparation. In 2001, the Asia Education Foundation conducted a review of all teacher education courses in Australia, looking at what those courses were including about studies of Asia. There is no course in Australia that has more than five per cent of its content on the Asian region. We are moving into a period now of high levels of teacher training as the baby boomers are moving on and a lot of new teachers are coming in.

Lastly, we need policy and decision makers who give a high priority to knowledge of our nearest neighbours for future Australian citizens and commit appropriate funds to achieving this. Studies of Asia program budgets have been cut by about 60 per cent in all states and territories this year because of the cessation of the National Asian Languages and Studies in Australian Schools strategy in December last year.

Mr Harradine—I am here today representing my bookshop. We are the key supplier to schools in Australia of Indonesian language teaching materials, also to the academic community and to various echelons of government—the ADF, Foreign Affairs, ONA and the like. We have been operating in Melbourne for the past 10 years. Initially I was motivated to send in a submission to your inquiry because of the cessation of the funding for NALSAS, the National Asian Languages and Studies in Australian Schools program, which Minister Nelson declined to renew last year. I do not want to focus too much on how that will hit us in the hip-pocket. We have been doing it for 10 years and I am quite happy to move on to other things, possibly interstate. I hear there is a looming shortage of Independent senators, and that may have to be addressed at some stage—you never know.

I want to address three key points. Firstly, I want to knock on the head one major misunderstanding. There is a tendency at times, particularly in the education area or by those who are promoting Indonesian studies, to use the argument that, as long as everyone is literate in understanding the country, everything will be fine—the relationship between the two countries will be fine and problems will disappear and we will be able to get on to a mutually agreeable footing. I do not think that is necessarily going to be the case. In my time living in Indonesia and mixing with Indonesian students, at the end of the day one of the guys said to me, 'Right or wrong, my country'—to pull in a phrase from somewhere else. As countries we are expected to act in our own interest. That is how international politics works. We have to be realistic about that. No level of mutual understanding will ever get over the stumbling blocks that arise between two countries.

Nevertheless, it is important to focus on whether Australian-Indonesian relations are important, whether the study of Indonesia in Australia and in Australian schools is worth pursuing and whether the current situation, funding wise, is worth fighting for. Other people during these hearings may have referred to issues surrounding Bali or the *Tampa* or SIEVs or any of the issues where it is clear that a degree of understanding of Indonesia or of the Indonesian language has helped or could have helped. If you took a straw poll of people out in the community as to whether Australia-Indonesia relations are important, what would be the result? Half would probably say yes, half would say no. Is Indonesia going to be a threat? A majority may say yes. These are the sorts of issues we have to grapple with if we are going to work out whether Indonesian-Australian relations are important.

The only time that Indonesia is on an Australian radar is at a place like Jindalee or maybe at Kupang, if they get the radar going again. It is often not on people's minds here. That certainly

was the case 20 or more years ago when I first started learning Indonesian at school. Certainly over the last 10 years, with the advent of increased funding for Asian languages in Australian schools, there has been a concerted effort to bring an Asia literacy to schools and students in Australia. That is a commendable goal and, to some extent, has been a commendable achievement. But the relationship has to be on a multidimensional level. It is fair to say just from previous political experience here in Australia that you can collect French clocks and wear Italian suits and still think Asia is important. It does not have to be a zero sum game where we either look at Europe and America or we look at Asia. It has to be part of our overall educational focus in Australia that we in this part of the world sit in a unique position. That has to be communicated to students in Australia, and in the future that will assist us as a nation in our dealings with the region and with the world. That is the second point I want to make.

My third point is that we as Australians and as people involved in the education area, represented by the people at the table here, must capitalise on our comparative advantage. I mentioned in my submission that, outside of Indonesia, Australia is probably the only country that takes Indonesian studies seriously. If you go to North America, you might have three or four universities where it is studied. I do not know of any schools in the US where Indonesian is studied at a high school level. Here in Australia we have upwards of 2,000 schools involved with Indonesian studies.

One of the downsides of Australia being the only country with a focus on Indonesia is that we cannot rely on other countries to produce materials. We cannot bring in textbooks or teaching resources, which you can do for Japanese or a European language. So in a sense we are out on our own here. We have to sink or swim. Organisations such as Curriculum Corporation, the Asia Education Foundation and various Indonesian teacher associations around Australia have put in a sterling effort in producing—thanks largely to a lot of government funding—appropriate, up-to-date and Australian focused materials relating to Indonesia.

In some ways it is heartening to know that the materials that kids in Australian schools have when they deal with Indonesia have come from an Australian perspective; they are not things that we have brought in from overseas. But it gets back to funding: without Commonwealth-state funding for these initiatives they would not be done. There is a very small market in Australia for this sort of material. Sure, there might be 2,000 schools. To get a good textbook up and running, to get other resources funded, you need many more schools than that to make it viable. So seed funding from Commonwealth and state sources has been very influential and, hopefully, will be influential in the future.

To summarise, Australia has to look at where we are in the world. From an educational perspective we are very focused and very close to the Asian region. The decision to cut federal funding from the studies of Asia and of Asian societies and languages in Australian schools is, I believe, a retrograde step. It will lead to the downgrading of courses and of teaching materials. I suppose the key point, quite apart from all those aspects, is the negative signal it sends to teachers, to students and to their parents as to the degree to which we are committed to this region. If I can impress anything upon the committee, it is that a change in focus in outlook for Australia is a generational thing. It cannot be achieved in five, six, seven or eight years and then, if the wheel squeaks over there, we move over there and start oiling it. It needs to be funded on an ongoing basis. The fact that there is funding on a federal-state level is a clear indication that it is taken seriously by people in the political arena who are leading our country. That is the main point I would like to put across.

Mr Say—My motivation in responding to the invitation to make submissions was to emphasise the importance that Commonwealth funding and Commonwealth priority have had in the development of the teaching of Indonesian language and Asian studies across our schools. I am interested that both these people have mentioned either 50 per cent or halfway there or something like it because in my submission, in a one-liner I say exactly the same: 'We are halfway there.'

I want to pick up on Bede's comment that it is a generational thing. If you look at the situation in Victoria, in 1985 the ministerial paper No. 6 first recommended that state owned and state run primary schools should offer a second language. From 1985 to 2002 is 17 years and, if you take the lifespan of a student through primary school, secondary school and university, it is about one educational span of a student. We are about halfway there and we need another push from high up, from Commonwealth and state education and government systems, in order to galvanise what has been achieved, to get another whole generation through that system and to establish a rigorous program that has really good outcomes.

From 1985 to 2002 we have been through enormous confusions: does a teacher of language teach the culture or do students learn the culture through the music, arts and English language programs? I have been through the system where we were supposed to be teaching the culture and I have been through the process where we were told we were to be teaching not the culture but the language. I was involved in the first writing of the curriculum standards framework, which is the curriculum from the beginning up to year 10, for the Board of Studies of the education department in Victoria. At that stage, we were writing a curriculum standards framework for a language that did not exist, because we were trying to write it for all LOTEs—what on earth can a kid do after two years in a program of some notional language that does not exist because it could be a character based language like Japanese, it could be a phonetically spelt language like Indonesian or it could be French or German? So we were writing a curriculum standards framework for a language that did not exist.

In the late nineties I was involved in writing the next curriculum standards framework for students who did not exist but for Indonesian, a language which did exist. What happened there was we were writing a curriculum standards framework for a language, but there were no classes of children in Victoria who had done Indonesian for two hours a week from kindergarten level, through primary school to year 10. So we were sitting around a table as Indonesian teachers and Board of Studies people saying, 'What would our kids be able to do if they had done some sort of ideal program for a couple of hours a week, which was coherent and sequential and so on?'

At the end of 2002 I was involved with Melbourne University people who were specialists in assessment in writing assessment tasks in reading, speaking, listening and writing for kids in their third year, fifth year, seventh year and ninth year of learning a language. We were asking: what sorts of tasks should these kids be able to do? In all this, I am trying to say that in 2002 these tasks were sent out to all schools in Victoria, interpreting for the first time a set of expectations that teachers might have of what kids may be able to do—according to our notional expectations—in languages, rigorously taught through a coherent and sequential program by teachers of sufficient quality in their language and classroom management skills and everything else. After 17 years, we are just at the point of being on the launching pad of something that is coherent, rigorous, really worth while and able to produce a really rigorous program. So the need for Commonwealth emphasis and support for a continued program, which

helps the community and the system see that it is taken seriously, is important for another period of 10 to 15 years.

CHAIR—At lunchtime, a couple of us were having a yarn about the teaching of Indonesian as a language in secondary schools. I notice that Mr Harradine mentioned that he learnt it about 20 years ago. It was about 20 years ago, in my state of Queensland, that Indonesian seemed to go through an incredible boost—every school was after Indonesian teachers or seemed to be teaching it. I do not have anything to back this up but it seems to me that the teaching of Indonesian as a language in secondary schools has probably declined in Queensland; you never hear about it now.

Ms Kirby—If you want the statistics on the spreads of Asian languages and others, the national review of NALSAS provides them. Nationally, there are now 260,000 Australian students who learn the Indonesian language, and that has increased by 150 per cent since 1994, just prior to NALSAS. So there has been a 150 per cent increase from 1994 to 2000, which was the last time that data was collected nationally. About 12 months ago, Japanese became the most taught language in Australian schools, followed by French, German, Indonesian and Chinese. Still only four per cent of our year 11 and 12 students study an Asian language.

CHAIR—Is a state-by-state breakdown available within that review?

Ms Kirby—There is some state information available. The charts are not in this particular report, but there is some issue with data collection on these figures in some states and territories. In those figures I gave you, if I remember correctly, at the bottom of the graph there were no figures from Queensland.

CHAIR—It would be interesting to see, because I think Queensland was one of the first states to go for the Asian languages, particularly Japanese, because it saw it as a means of getting into the tourist industry in a big way.

Ms Kirby—Yes.

Mr Harradine—Could I make a comment on that? I first started studying Indonesian in 1975, but by 1983 it had just about died across Australia. It went off in a big boost. One of the first things I remember listening to was the ABC produced series—I cannot recall its name—on little floppy 45s.

CHAIR—Plastic discs.

Mr Harradine—That is something that was floating around at home in about 1974-75. It was excellent. It was probably the first tool that came out to learn Indonesian in Australia, but by about 1983 it was on its last legs. It has tended to be a bit cyclical. What I think we should aim for as a country is to take that cyclical nature out of it somehow. If it is just a flavour of the month thing and if it has very little political and funding support—if all the funding goes in, then a few years later it is all pulled out—that will reinforce that cyclical nature of it and it will die for another five or 10 years. That is the worry about where we are heading at the moment: that it will reinforce that natural tendency for it to be cyclical. You get a group of teachers coming through, all enthusiastic, and maybe after five or 10 years the wind goes out of their sails a little bit. You want continued professional development and you want other teachers to

see this as a going issue and to take it on at a university level. But if particularly the funding side makes it cyclical or reinforces that cyclical element of it, I think we will be in a similar situation in three or four years time to that which we were in in 1983.

Ms Kirby—The Asian Studies Association of Australia last year presented a report called *Maximizing Australia's Asia knowledge*, in which they looked at the teaching of Asian languages in the tertiary sector. Their statistics showed quite a rapid decline in the last two years in the teaching of Indonesian in Australian universities, with one exception, which was a New South Wales university. I guess I am just backing up Bede's point about the passion and enthusiasm and then the lack of support.

Mr BEAZLEY—Now is not the time to drop the ball because there will be the block obsolescence of the teaching profession over the next four or five years. They will have to be replaced. The skills of those who replace them will basically determine the character of the education system for the next 30 or 40 years. Could you give us a picture of what you think is going to happen as a result of the elimination of NALSAS funding. You said funding is down 60 per cent. Is any of that slack being taken up by the states? What will it mean in flesh and blood in terms of declining rates of study amongst students, declining numbers of teachers and that sort of thing?

Ms Kirby—From the data that the Asia Education Foundation collected at the end of last year and at the start of this year—and that is where my statistics come from—there are 40 to 60 per cent cuts in each state and territory. The main things that are going to be cut are teacher professional development programs because they cost money either in taking teachers out of school or in employing people—universities or independent suppliers—to provide teacher professional development. The AEF has been sending 160 teachers a year on in-country programs. That program will not continue; it was funded by NALSAS. The purchase of curriculum materials is going to be severely affected because many schools have been using NALSAS grants to be able to purchase materials.

In general, in the studies of Indonesia and of Asia the AEF had built up a very strong national network and a program in each state and territory of Access Asia Schools. That program's capacity to support teachers and schools has just been cut by 50 per cent. At a national level, one of the key very successful projects we were funded by NALSAS to do was to develop a framework for a graduate certificate program for Australian teachers. Last year that was being delivered in four states and territories. It will not be delivered this year.

Mr BEAZLEY—It was all dependent on NALSAS, was it?

Ms Kirby—That was funded by NALSAS.

Mr BEAZLEY—And no university will keep the graduate certificate now that that is over?

Ms Kirby—They will not, because the teachers' participation—their fee costs and so on—was being provided by NALSAS funds. When we have talked to directors of curriculum in states and territories—and I did this exercise about 18 months ago—I asked them to name the top five priorities in curriculum, and studies of Asia or Asian languages do not rate. If you go to the top 10 there might be about two states that would include those as priorities. Bede made the point about this area being in the national interest. I still think we are in a situation where, if the

Commonwealth does not take leadership in this area, the various states and territories are not going to.

Mr BEAZLEY—Let me go back to the graduate certificate, because that is critical for teacher development. What is the cost of the grad certificate in terms of a teacher or person who decides to pursue it privately?

Ms Kirby—Because the funds available were relatively modest, we developed a framework and then we negotiated with various universities to deliver it. They could deliver it per subject or package two or three subjects together. If a teacher were to do the whole of the graduate certificate program, you are probably looking at an investment of around $5,000 per teacher.

Mr BEAZLEY—For a one-year course?

Ms Kirby—It is part time.

Mr BEAZLEY—Part time for one year or part time for two?

Ms Kirby—Not full time.

Mr BEAZLEY—So you could do it part time in one year.

Ms Kirby—That is right. They did intensive blocks in their holiday periods. We have had 2,000 teachers who have gone through that program over the last two years. It is really a critical form of teacher professional development because it is actually providing some needed knowledge about Asia and about how to teach issues to do with stereotyping and acknowledging the diversity of the region and so on. In the states that treated that program most seriously—and South Australia is one of those states—they had 30 teachers move on to do a masters after they had completed the graduate certificate program.

Mr BEAZLEY—Which they paid for themselves?

Ms Kirby—NALSAS provided the funds for teachers—

Mr BEAZLEY—For the masters as well?

Ms Kirby—Some funding support for the masters.

CHAIR—NALSAS was 100 per cent Commonwealth funded?

Ms Kirby—NALSAS was originally designed for the Commonwealth to put in 50 per cent and the states and territories to match that funding. I do not believe that anybody can determine whether that is what actually happened.

Mr BEAZLEY—The states tended to do it in kind. You could never tell from the states whether it was real money or whether it was substitution. But the Commonwealth's was real money, so when it goes, it goes. Were the teachers to pursue the course for themselves and you extracted from the cost of the course the NALSAS component and any private component that

they or their schools had to make up and you compared that with the tax deduction available to teachers who did a degree directly related to their teaching responsibilities—I assume the degree would be tax deductible or at least the fees for the degree would be tax deductible—might there be a false economy going on here, potentially anyway? Have you ever done a cost analysis of that?

Ms Kirby—One of the comments that I would make concerns teachers' prioritising of investing their own time and money, whether it was tax deductible or not, in this area. There are many other priorities for teachers to do with literacy and mathematics and student development and so on, and our experience has shown us that, unless you provide incentives to teachers to encourage them to take up this study, it is very difficult. We have just surveyed education jurisdictions around Australia in the last few weeks to ask if there would be any interest in continuing the in-country experience program through alternative funding sources. The answer has been a resounding no, even though over the eight years we have run this program it has been seen as one of our flagships—a highly successful, independently evaluated effective program. So it is about priorities.

Mr Say—One of the other things is that the advertising of the assistance is part of what is the carrot. It gets publicity and it buys the program credibility. The administration and the teachers and the community see it as a national priority because of these bursaries and awards, and teachers are being told: 'If you want to go on and train in a language other than English or in Indonesian, then your HECS will be waived and there will be a bit of study leave. It might be only half a day a fortnight or a day a month, but these things will be funded.' That in a sense gives the conservative world of teachers—and sometimes they live in a very conservative world—the courage of knowing this is not just an initiative of some Mad Hatter within the staff but that it is a national and state initiative.

Mr Harradine—As a supplier of teacher resources, I can testify to the fact that most of the people who are doing these courses are putting their hands in their own pockets and purchasing their own materials. Even when they go on in-country programs, they are significantly out of pocket for various things.

Ms Kirby—Definitely, they are paying at least 50 per cent of it.

Mr Harradine—To go back to the other issue about the state-federal situation, it must be stressed that the COAG approach back in 1993 or 1994 is a very good model for it, because it is about the Commonwealth—as Kathleen was saying, it is in our national interest. We are not saying that it is in our national interest but we are going to wash our hands of it. It is the Commonwealth saying: 'This is for the future of our country and we are going to put our money where our mouth is. Not only that but we are also going to play a leading role in getting all the states on board.' We are trying to work out what should be the proportion of funding. Figures are probably fudged a little bit along the way and the Commonwealth may have put in more than its share, and if it were to be renewed at some stage I think it may have to be reined in a bit more strongly. But there have not been people putting their nose in the trough and getting buckets of money for this, that and the other; it has been targeted. Given the very short period of time, I think the outcomes have been quite remarkable, but it is only partially done.

CHAIR—Thank you very much indeed for your input today. If there are any matters on which we might need additional information, the secretary will be in contact with you.

Resolved (on motion by **Mr Beazley**):

That this subcommittee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned at 4.46 p.m.